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IN THE UNITED KINGDOM ("**UK**"), THE DOCUMENT AND THE OFFERING, WHEN MADE, ARE ONLY ADDRESSED TO AND DIRECTED AT PERSONS WHO ARE "QUALIFIED INVESTORS" (AS DEFINED UNDER ARTICLE 2(E) OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018) (THE "**UK PROSPECTUS REGULATION**"). IN ADDITION, IN THE UNITED KINGDOM, THIS DOCUMENT IS BEING DISTRIBUTED ONLY TO, AND IS DIRECTED ONLY AT, QUALIFIED INVESTORS WHO: (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "**ORDER**"); (II) ARE HIGH NET WORTH ENTITIES FALLING WITHIN IN ARTICLE 49(2) (A) TO (2D) OF THE ORDER; AND/OR (III) OTHER PERSONS TO WHOM IT MAY LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS BEING REFERRED TO IN (I), (II), AND (III) ARE DEFINED AS "**RELEVANT PERSONS**"). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS ONLY AVAILABLE TO, AND WILL ONLY BE ENGAGED WITH: (I) IN ANY RELEVANT STATE, QUALIFIED INVESTORS AND (II) IN THE UNITED KINGDOM, RELEVANT PERSONS.

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The Managers are acting exclusively for the Company and the Company's shareholders selling securities pursuant to the Offering and no one else in connection with the Offering. The Managers will not regard any person (whether or not a recipient of this Document) as their client in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

Confirmation of your representation: This Document is delivered to you on the basis that you are deemed to have represented to the Company and the Managers that you: (i) are (a) in the United States and a QIB, or acting on behalf of a QIB or (b) outside the United States;
(ii) if you are in the United Kingdom, are a Relevant Person, and/or a Relevant Person who is acting on behalf of Relevant Persons in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the United Kingdom and/or the EEA;
(iii) if you are in any member state of the EEA, are a Qualified Investor and/or a Qualified Investor acting on behalf of Qualified Investors or relevant persons, to the extent that you are acting on behalf of persons or entities in the EEA and/or the United Kingdom; (iv) are an institutional investor that is eligible to receive the Document; (v) the securities acquired by you in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the EEA to Qualified Investors; (vi) if you are outside the US, UK and EEA

(and the electronic mail addresses that you gave us and to which this Document has been delivered are not located in such jurisdictions) you are a person into whose possession this Document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located; and (vii) consent to delivery by electronic transmission.

NKT A/S
(a public limited liability company incorporated in Denmark under company registration (CVR) no. 62725214)

Rights issue and admission to trading and official listing of up to 10,744,009 new shares at a subscription price of DKK 255 per new share with pre-emptive rights for the existing shareholders of NKT A/S at the ratio of 1:4

This document (the **Prospectus**) has been prepared in connection with a capital increase comprising an offering (the **Offering**) of up to 10,744,009 new shares with a nominal value of DKK 20 each (the **New Shares**) in NKT A/S (the **Company**) with pre-emptive rights to subscribe for New Shares (the **Pre-emptive Rights**) for the Existing Shareholders (as defined below) of the Company at the ratio of 1:4, meaning that each holder of shares in the Company who is registered as a shareholder of the Company (the **Existing Shareholders**) with Euronext Securities (as defined below) on 13 June 2023 at 5:59 p.m. CEST will be allocated one (1) Pre-emptive Right for each one (1) Existing Share (as defined below). For every four (4) Pre-emptive Rights, the holder is entitled to subscribe for one (1) New Share at a price of DKK 255 per New Share (the **Subscription Price**).

Immediately prior to the Offering, the registered share capital of the Company is DKK 859,520,720 divided into 42,976,036 shares with a nominal value of DKK 20 each (the **Existing Shares** and together with the New Shares, the **Shares**). The Existing Shares are listed on Nasdaq Copenhagen A/S (**Nasdaq Copenhagen**) under the ISIN code DK0010287663.

On 8 June 2023, the board of directors of the Company (the **Board of Directors**) exercised the authorization granted in article 3.A.1 of the Company's articles of association and resolved to increase the share capital by a nominal amount of up to DKK 214,880,180 by the issue of up to 10,744,009 New Shares with a nominal value of DKK 20 each with Pre-emptive Rights for Existing Shareholders. The Pre-emptive Rights have been approved for trading on Nasdaq Copenhagen under the temporary ISIN code DK0062495826.

The trading period for the Pre-emptive Rights commences on 12 June 2023 at 9:00 a.m. CEST and closes on 23 June 2023 at 5:00 p.m. CEST (the **Rights Trading Period**). The subscription period for the New Shares commences on 14 June 2023 at 9:00 a.m. CEST and closes on 27 June 2023 at 5:00 p.m. CEST (the **Subscription Period**). Once a holder of Pre-emptive Rights has exercised such rights and subscribed for New Shares, such subscription cannot be withdrawn or modified by such holder, except as set forth in this Prospectus. Any of the Pre-emptive Rights that are not exercised during the Subscription Period will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to any compensation. After payment of the Subscription Price, the New Shares will be issued in the temporary ISIN code DK0062495909. The temporary ISIN code DK0062495909 will not be admitted to trading and official listing on Nasdaq Copenhagen. The temporary ISIN code is, thus, registered in Euronext Securities (as defined below) solely for the subscription of the New Shares. The New Shares will be registered with the Danish Business Authority after completion of the Offering, expected no later than 4 July 2023. The New Shares will be admitted to trading and official listing on Nasdaq Copenhagen under the same ISIN code as the Existing Shares with the expected first day of trading and official listing being 5 July 2023.

New Shares which have not been subscribed for by holders of Pre-emptive Rights before the expiry of the Subscription Period (the **Remaining Shares**) may, without compensation to the holders of unexercised Pre-emptive Rights, be subscribed for by Existing Shareholders or Qualified Investors, who have made binding undertakings to subscribe for such shares by use of the application form in Annex A before the expiry of the Subscription Period. In case of oversubscription of the Remaining Shares in connection with binding undertakings, such Remaining Shares will be allocated according to allocation principles determined by the Board of Directors. The Offering is not underwritten by the Managers.

Investors should be aware that an investment in the Pre-emptive Rights or the New Shares involves a high degree of risk. See section 1 *Risk factors* for a description of certain factors that should be considered before investing in the Pre-emptive Rights or the New Shares.

The Pre-emptive Rights and the New Shares will be delivered in book-entry form through allocation to accounts with Euronext Securities Copenhagen, legal name VP Securities A/S (**Euronext Securities**). The New Shares have been accepted for clearance through Euroclear Systems (**Euroclear**) and Clearstream Banking S.A. (**Clearstream**).

The Offering consists of a public offering in Denmark and a private placement outside of Denmark, in compliance with applicable securities laws.

The offering is subject to Danish law and this Prospectus has been prepared in accordance with Danish legislation and regulations in compliance with the requirements set out in the Danish Consolidated Act no. 41 of 13 January 2023 on capital markets (the Danish Capital Markets Act), Regulation (EU) no. 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended (the Prospectus Regulation) and Commission Delegated Regulation (EU) no. 2019/980 of 14 March 2019, as amended, (the Commission Delegated Regulation) as well as Commission Delegated Regulation (EU) no. 2019/979 of 14 March 2019, as amended. This Prospectus has been prepared in accordance with Article 14 (Simplified disclosure regime for secondary issuances) of the Prospectus Regulation, Annex 3 (Registration document for secondary issuances of equity securities) and Annex 12 (Securities note for secondary issuances of equity securities or of units issued by collective investment undertakings of the closed-end type) to the Commission Delegated Regulation. The Company has elected to apply the aforementioned Annexes, as the proportionate disclosure regime has been specifically implemented to be used in rights issues.

This document does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any of the Pre-emptive Rights and/or New Shares in any jurisdiction to any person to whom it would be unlawful to make such an offer in such a jurisdiction.

The Pre-emptive Rights and the New Shares have not been and will not be registered under the United States Securities Act 1933, as amended, (the U.S. Securities Act), or under the securities laws of any state or other jurisdiction of the United States. The Pre-emptive Rights and the New Shares may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and, in each case, in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the New Shares in the United States.

The New Shares are being offered (i) outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the U.S. Securities Act (Regulation S) and (ii) within the United States only to "qualified institutional buyers" (QIBs) (as defined in Rule 144A under the U.S: Securities Act (Rule 144A)) which have executed and delivered the QIB Letter in the form set forth in Appendix 1 to this Prospectus pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act. Prospective investors are hereby notified that the sellers of the New Shares or Pre-emptive Rights may be relying on the exemption from the provisions of Section 5 to the U.S. Securities Act by Rule 144A. There will be no public offer of the Pre-emptive Rights or the New Shares in the United States.

The distribution of this document and the offer, sale, subscription, acquisition or exercise of the Pre-emptive Rights and/or New Shares in certain jurisdictions are restricted by law. Persons into whose possession this document comes are required by the Company and the Managers to inform themselves about and to observe such restrictions. See section 2 *Certain information with respect to this Prospectus* and section 25.5 *Selling and transfer restrictions.*

Joint Global Coordinators and Joint Bookrunners

Danske Bank **J.P. Morgan** **Nordea**

Joint Lead Managers

SEB **Nykredit**

This document is dated 8 June 2023

CONTENTS

SUMMARY

Section A - Introduction and warnings

This summary should be read as an introduction to the Prospectus. Any decision to invest in the Pre-emptive Rights and the New Shares should be based on a consideration of the Prospectus as a whole by the investor. Prospective investors in the Pre-emptive Rights and the New Shares could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Pre-emptive Rights and the New Shares.

Issuer information	The issuer of the Pre-emptive Rights and the New Shares is NKT A/S. The address and other contact details of the Company are Vibeholms Allé 20, DK-2605 Brøndby, Denmark, telephone: (+45) 43482000. The Company has the legal entity identifier (LEI) 529900197LKWCEQ0NL18 and company registration (CVR) no. 62725214. The ISIN code for the Existing Shares is DK0010287663. The temporary ISIN code for the Pre-emptive Rights is DK0062495826. The temporary ISIN code for the New Shares is DK0062495909. The New Shares issued in the temporary ISIN code will not be admitted to trading and official listing on Nasdaq Copenhagen, a regulated market.
Competent authority	This Prospectus has been approved on 8 June 2023 by the Danish Financial Supervisory Authority as competent authority under the Prospectus Regulation. The address and other contact details of the Danish Financial Supervisory Authority are Strandgade 29, DK-1401 Copenhagen K, Denmark, telephone: (+45) 33558282, email: finanstilsynet@ftnet.dk and fax: (+45) 33558200.

Section B - Key information on the issuer

Who is the issuer of the securities?

Domicile and legal form	The Company has its registered office at Vibeholms Allé 20, DK-2605 Brøndby, Denmark, and is incorporated in Denmark as a Danish public limited liability company under the laws of Denmark. The Company has the legal entity identifier (LEI) 529900197LKWCEQ0NL18 and company registration (CVR) no. 62725214.
Principal activities	Founded in 1891 during the second industrial revolution and listed on the Danish stock exchange since 1898, the Group (at that time Nordisk Elektrisk Ledningstråd og Kabel-Fabrik) pioneered the telecom cable industry in the Nordics. Over the years, the Group evolved into a conglomerate with a number of focused businesses operating separately from each other: NKT Cables, Nilfisk A/S, NKT Photonics A/S (**NKT Photonics**) and NKT Flexibles. Following the divestment of NKT Flexibles in 2012, the demerger of the Group in 2017, which involved the spin-off of Nilfisk A/S, the Group has transitioned from an industrial conglomerate to a focused, power-cable manufacturing and turnkey solution provider increasingly focused on the global green transformation. As of the date of this Prospectus, the Group consists of two businesses operating separately of each other: NKT and NKT Photonics. NKT is a leading provider of power cable products and solutions with cost-effective and technologically advanced production facilities located in Europe and the United Kingdom, including Runcorn in the United Kingdom, Karlskrona, Falun, and Alingsås in Sweden, Asnæs in Denmark, Nordenham and Cologne in Germany, Kladno and Velke Mezirici in the Czech Republic and Warsowicze in Poland, Gurgaon in India and additional offices around the world. As a full-service partner in the power cable industry, NKT strives to deliver technology-advanced long-lasting solutions that enable its customers to create a safe and sustainable future in a world increasingly dependent on power. NKT believes that, with a technology-leading portfolio in the high-voltage (**HV**) power cable segment, it is well positioned to capture parts of the growing demand driven particularly by the transition to renewable energy. Furthermore, NKT holds strong market positions within the low-voltage (**LV**) and medium-voltage (**MV**) power cable markets in selected Northern and Eastern European markets. To serve the different segments of the power cable market, each with its own separate characteristics, customer profiles, and demand patterns, NKT is organized into three business lines: HV power cable solutions (*Solutions*), LMV power cable solutions (*Applications*) and offshore and onshore power cables services and accessories across the HV and MV categories (*Service & Accessories*).

For the financial year 2022, NKT reported revenue (std. metal prices) (non-IFRS) of EUR 1,447 million (EUR 1,263 million for the financial year 2021), revenue (market prices) of EUR 2,079 million (EUR 1,828 million for the financial year 2021), Operational EBITDA (non-IFRS) of EUR 154.5 million (EUR 131.1 million for the financial year 2021) and EBIT of EUR 69.2 million (EUR 23.9 million for the financial year 2021).

The Group's other business, NKT Photonics, which operates largely separately from NKT, is a leading company in the market for fiber laser and photonic crystal fibers. The business is involved in the research, development and manufacture of optical fiber lasers that are used in a variety of ultrahigh-precision applications. NKT Photonics has a long track record of developing cutting-edge photonic lasers, which are now deployed in a number of successful commercial applications for a wide variety of medical and life science, quantum, medical, industrial and aerospace and defense customers. For the financial year 2022, NKT Photonics reported revenue of EUR 86.5 million (EUR 80.1 million for the financial year 2021) and EBITDA (non-IFRS) of EUR 14.6 million (EUR 7.5 million for the financial year 2021). On 24 June 2022, the Company announced the entry into an agreement to divest NKT Photonics to Photonics Management Europe S.R.L, a 100 percent owned subsidiary of Hamamatsu Photonics K.K. (jointly **Hamamatsu**). On 2 May 2023, the Company received notification that Hamamatsu had been denied the requisite authorization under the Danish Investment Screening Act to acquire NKT Photonics, which is a condition to the completion of the sale. According to the decision adopted by the Danish Minister for Industry, Business, and Financial Affairs (in Danish: *Erhvervsministeren*), Hamamatsu's acquisition of NKT Photonics would pose a threat to national security in Denmark. Therefore, as of the date of this Prospectus, there is a material risk that the divestment of NKT Photonics to Hamamatsu will not proceed to closing. The aforementioned decision means that as it currently stands, Hamamatsu's acquisition of NKT Photonics cannot close. If the transaction does not proceed to closing, the Company will undertake a new strategic review of the ownership of NKT Photonics. The decision of the Danish Minister for Industry, Business, and Financial Affairs may make finding of an alternative buyer or agreeing and completing an alternative divestment of NKT Photonics more challenging. As of the date of this Prospectus, NKT Photonics will for accounting purposes remain to be considered a discontinued operation and an asset held for sale until the completion of the review process.

Major share-holders

As of the date of this Prospectus, the Company has received notifications of holdings of five (5) percent or more of the share capital or voting rights from the following shareholders: Arbejdsmarkedets Tillægspension (ATP) (above 5.0 percent), Greenvale Capital LLP (5.25 percent) and Norges Bank (5.12 percent). The Company is not aware of being majority-owned or controlled, directly or indirectly, by any third party, and the Company is not aware of any agreements that could later result in any third party taking over the control of the Company.

Managing directors

As of the date of this Prospectus, the Board of Directors consists of Jens Peter Due Olsen (Chair), René Svendsen-Tune (Deputy Chair), Andreas Nauen, Karla Marianne Lindahl, Nebahat Albayrak, Anne Vedel, Pernille Blume Simonsen (employee representative), Christian Dyhr (employee representative), Stig Nissen Knudsen (employee representative), Jean Leif Iversen (alternate employee representative) and Ákos Frank (alternate employee representative). The Executive Management consists of Claes Westerlind and Line Andrea Fandrup.

Statutory auditors

The statutory auditors of the Company are PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab. PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab was elected new statutory auditors of the Company on the annual general meeting held on 23 March 2023. The consolidated interim financial statements for the three-months period from 1 January 2023 to 31 March 2023 (excluding the comparative numbers for the three-months period from 1 January 2022 to 31 March 2022 which have neither been audited nor reviewed) have not been audited but have been reviewed in accordance with ISRE 2410 by State Authorised Public Accountants Kim Tromholt (identification no. (MNE) mne33251) and Søren Ørjan Jensen (identification no. (MNE) mne33226), PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab. Deloitte Statsautoriseret Revisionspartnerselskab was statutory auditors of the Company from 2013 to the Company's annual general meeting held on 23 March 2023. The consolidated financial statements of the Group for the financial year ended 31 December 2022 were audited by State Authorized Public Accountants Kirsten Aaskov Mikkelsen (identification no (MNE) mne21358) and Niels Skannerup Vendelbo (identification no. (MNE) mne34532), and the consolidated financial statements of the Group for the financial years ended 31 December 2021 and 2020 were audited by State Authorized Public Accountants Kirsten Aaskov Mikkelsen and Kåre Kansonen Valtersdorf (identification no. (MNE) mne34490), all Deloitte Statsautoriseret Revisionspartnerselskab. All aforementioned consolidated financial statements have been incorporated into this Prospectus by reference.

What is the key financial information regarding the issuer?

Key financial information

The key financial information shown below has been derived from:

a. the audited consolidated financial statements of the Group as of and for the financial years ended 31 December 2022, 2021 and 2020, respectively, each prepared in accordance with International Financial Reporting Standards (**IFRS**) as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies; and

b. the unaudited but reviewed consolidated interim financial statements of the Group for the three-months period from 1 January 2023 to 31 March 2023 (with unaudited and unreviewed comparison numbers for the three-months period from 1 January 2022 to 31 March 2022) prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and adopted by the EU and additional Danish disclosure requirements for listed companies;

all of which are incorporated by reference into this Prospectus. The Company presents its consolidated financial statements in EUR.

EUR million (unless otherwise indicated)	**Three months ended 31 March**		**Financial year ended 31 December**		
	2023	**2022**	**2022**	**2021**[1]	**2020**[2]
Income statement	*Unaudited, but reviewed*	*Unaudited and non-reviewed*		*Audited*	
Revenue	589.5	489.5	2,079.0	1,827.9	1,470.2
Revenue in std. metal prices (non-IFRS)[3]	421.7	319.2	1,446.8	1,263.1	1,154.7
Operational EBITDA (non-IFRS)[4]	56.9	38.3	154.5	131.1	59.3
EBITDA (non-IFRS)[5]	56.9	38.8	154.6	118.4	49.4
Depreciation, amortisations and impairment.	-22.4	-19.6	-85.4	-94.5	-97.3
Operational EBIT (non-IFRS)[6]	34.5	18.7	69.1	36.6	-38.0
EBIT.	34.5	19.2	69.2	23.9	-47.9
Financial items, net.	4.9	-6.6	9.1	-8.2	-16.7
EBT.	39.4	12.6	78.3	15.7	-64.6
Tax.	-9.9	-1.7	-23.2	-3.8	-9.9
Net result - continuing operations.	29.5	10.9	55.1	11.9	-74.5
Net result - discontinued operations.	-1.9	4.0	7.3	-7.8	0.0
Net result.	27.6	14.9	62.4	4.1	-74.5
Cash flow					
Cash flow from operating activities.	-66.6	-40.9	298.2	208.8	136.3
Cash flow from investing activities excl. acq. & div (non-IFRS)[7]	-31.0	-38.3	-189.1	-213.3	-107.4
Free cash flow excl. acq. & div (non-IFRS)[8]	-97.6	-79.2	109.1	-4.5	28.9

[1] Financials for 2021 have been derived from the 2022 Consolidated Finanical Statements due to NKT Photonics as discontinued operation.

[2] Financials for 2020 are as reported in the 2020 Consolidated Financial Statements, hence including NKT Photonics as continuing operation.

[3] Revenue in std. metal prices (non-IFRS) is defined as revenue calculated using standard metal prices for copper and aluminium set at EUR/tonne 1,550 and EUR/tonne 1,350, respectively.

[4] Operational EBITDA (non-IFRS) is defined as earnings before interest, tax, depreciation, amortisation, impairment (EBITDA) (non-IFRS) and one-off items (non-IFRS).

[5] EBITDA (non-IFRS) is defined as earnings before interest, tax, depreciation and amortisation (EBITDA).

[6] Operational EBITDA (non-IFRS) is defined as earnings before interest, tax, depreciation, amortisation, impairment (EBITDA) (non-IFRS) and one-off items (non-IFRS).

[7] Cash flow from investing activities excl. acquisitions & divestments (non-IFRS) is defined as cash flows from investments in and disposals of property, plant and equipment, excluding cash flows from acquisition and divestments of business.

[8] Free cash flow excl. acquisitions & divestments (non-IFRS) is defined as free cash flow from operating activities plus cash flow from investing activities, and less cash flow from acquisition and divestment of businesses.

EUR million (unless otherwise indicated)	Three months ended 31 March		Financial year ended 31 December		
	2023	**2022**	**2022**	**2021[1]**	**2020[2]**
Income statement	*Unaudited, but reviewed*	*Unaudited and non-reviewed*		*Audited*	
Balance sheet					
Capital employed (non-IFRS)[9].	1,220.4	1,325.4	1,089.0	1,173.1	1,050.6
Working capital (non-IFRS)[10].	158.7	65.8	-303.0	-93.2	-137.1
Financial ratios and employees					
Organic growth (non-IFRS)(%)[11].	34%	7%	15%	15%	15%
Operational EBITDA margin, continuing operations (std. metal prices) (non-IFRS)(%)[12].	13.5%	12.0%	10.7%	10.4%	5.1%
RoCE (non-IFRS)(%)[13].	8.0%	4.1%	6.6%	3.4%	-3.5%
Average number of employees.	4,291	4,008	4,062	3,775	3,800

Section B - Key information on the issuer

What are the key risks that are specific to the issuer?

Key risks

The key risks that are specific to the Group are:

- The HV power cable market in which NKT operates is characterized by increasingly large and complex orders
- NKT experiences intense competition and price pressure in the power cable markets in which it operates, which may result in losing orders or market position
- Uncertain macroeconomic and geopolitical developments may affect the availability and size of new orders in NKT's power cable markets and could cause customers to reduce or defer their spending on new initiatives and technologies
- NKT faces operational and technological risks in delivering increasingly complex, customized and/or large projects and any failures in delivering such projects could result in a number of adverse consequences for it
- NKT is subject to the pricing of raw materials and volatility in such prices may materially adversely affect its business and its ability to pass on cost increases to its customers
- Any disruptions to the supply chain could materially affect NKT's business
- NKT may not be able to successfully execute on its updated strategy ReNew BOOST and could fail to manage growth
- NKT could be subject to liabilities if its subcontractors or third parties with whom NKT partners cannot deliver their contributions to its projects on time or at all
- Failure to maintain high utilization levels in NKT's factories may have an adverse effect on its margins
- NKT is dependent on certain key assets
- There is a material risk that the Company's agreed sale of NKT Photonics to Hamamatsu will not close as a result of the Danish government's denial to authorize the sale and such denial may have material adverse consequences for the prospects and value of NKT Photonics and a potential future divestment of NKT Photonics
- The Group is dependent on operative IT systems and may encounter disruptions in such systems or security breaches, including cyber-attacks
- NKT needs continued access to credit facilities, not least guarantee capacity, in support of its business growth, and is subject to certain covenants and other restrictions

[9] Capital employed (non-IFRS) is defined as Group total equity plus net interest-bearing debt (which is defined as cash and interest-bearing receivables less interest-bearing debt).

[10] Working capital (non-IFRS) is defined as current assets minus current liabilities (excluding interest-bearing items and provisions).

[11] Organic growth (non-IFRS) is defined as revenue growth (std. metal price) as a percentage of prior-year adjusted revenue (std. metal price).

[12] Operational EBIT margin, continuing operations (std. metal prices) (non-IFRS) is defined as Operational EBITDA (non-IFRS) as a percentage of revenue in std. metal prices (non-IFRS) over a given period.

[13] Return on capital employed (RoCE) (non-IFRS) is defined as Operational EBIT LTM (non-IFRS) as a percentage of five quarters average capital employed (non-IFRS).

Section B - Key information on the issuer

	• NKT depends on third-party financiers to issue guarantees to its customers, which are a pre-requisite for participating in tenders for power cable orders, in particular large HV power cable orders

Section C - Key information on the securities

What are the main features of the securities?

Type, class and ISIN	The Shares, including the New Shares, are not divided into share classes. The ISIN code for the Existing Shares is DK0010287663. The temporary ISIN code for the Pre-emptive Rights is DK0062495826. The temporary ISIN code for the New Shares, which will not be admitted to trading and official listing on Nasdaq Copenhagen, is DK0062495909. Subject to completion of the Offering, the New Shares are expected to be admitted to trading and official listing on Nasdaq Copenhagen under the permanent ISIN code for the Existing Shares on 5 July 2023. The temporary ISIN code for the New Shares is expected to be merged with the ISIN code of the Existing Shares on 6 July 2023 after 5:59 p.m. CEST. The Existing Shares are denominated in DKK. As of the date of this Prospectus, the Company's registered share capital is DKK 859,520,720 divided into 42,976,036 shares with a nominal value of DKK 20 each. Upon completion of the Offering, the Company's registered share capital will be DKK 1,074,400,900 divided into 53,720,045 Shares with a nominal value of DKK 20 each, assuming all New Shares are subscribed.
Rights attached to the New Shares	The New Shares will have the same rights as the Existing Shares, including with respect to eligibility for any dividends. Any dividends will be paid in DKK to the shareholder's account with Euronext Securities. No restrictions on dividends or special procedures apply to holders of the New Shares who are not residing in Denmark. All Shares in the Company rank pari passu, including with respect to voting rights and pre-emptive rights. In case of the dissolution or winding-up of the Company, the New Shares will be entitled to a proportionate part of the Company's assets after payment of the Company's creditors. The Company's articles of association do not contain any provisions on redemption or exchange of the Shares.
Restrictions	The Shares, including the New Shares, are negotiable instruments and no restrictions under the Company's articles of association or Danish law apply to the transferability of the Shares.
Dividend policy	The dividend policy of the Company targets distribution of approximately one third of the net result for the year as dividend, provided that the capital structure allows this. Excess cash may be distributed as share buybacks or extraordinary dividends. No dividend payment has been or is expected to be proposed in 2023 due to the need to continue to strengthen the Company's capital structure based on the positive market outlook and the planned continued execution of investments, and the Company does not expect to pay out dividends in the coming two years.

Where will the securities be traded?

Admission to trading and official listing	Registration of the New Shares with the Danish Business Authority is expected to occur no later than on 4 July 2023 and the New Shares are expected to be issued through Euronext Securities on the same day. The New Shares will be admitted to trading and official listing on Nasdaq Copenhagen under the same ISIN code as the Existing Shares, DK0010287663, with the expected first day of trading and official listing being on 5 July 2023.

What are the key risks that are specific to the securities?

Key risks	The key risks that are specific to the Offering are: • Due to the Offering, the prices on the Existing Shares, the Pre-emptive Rights and the New Shares may be volatile regardless of the Company's operating performance and results; the stock market may in general experience considerable volatility and as such investors may not be able to resell Shares at or above the Subscription Price

Section D - Key information on the offering and the admission

Under which conditions and timetable can I invest in this security?

Conditions and timetable	The Offering comprises up to 10,744,009 New Shares with a nominal value of DKK 20 each. Shareholders registered with Euronext Securities on 13 June 2023 at 5:59 p.m. CEST will as Existing Shareholders be entitled to an allocation of one (1) Pre-emptive Right for each one (1) Existing Share. For every four (4) Pre-emptive Rights, the holder will be entitled to subscribe for one (1) New Share against payment of the Subscription Price. Shares traded after 9 June 2023 at 5:00 p.m. CEST will be traded excluding Pre-emptive Rights provided that the Shares are traded with a customary two-day settlement period. Any Pre-emptive Rights not exercised during the Subscription Period will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to compensation. Once a holder of Pre-emptive Rights has exercised such rights and subscribed for New Shares, such subscription cannot be withdrawn or modified by the holder. If a holder of Pre-emptive Rights does not want to exercise such rights to subscribe for New Shares, the holder may sell the Pre-emptive Rights during the Rights Trading Period. New Shares that have not been subscribed for by Existing Shareholders through the exercise of their allocated or acquired Pre-emptive Rights or by other investors through the exercise of their acquired Pre-emptive Rights before the expiry of the Subscription Period may, without compensation to the holders of unexercised Pre-emptive Rights, be subscribed for by Existing Shareholders and Qualified Investors that, before expiry of the Subscription Period, have made binding commitments to subscribe for Remaining Shares at the Subscription Price by use of the application form in Annex A. The Pre-emptive Rights and the New Shares will be delivered in book-entry form through allocation to accounts held with Euronext Securities.

Publication of Prospectus	8 June 2023
Last trading day in Existing Shares including Pre-emptive Rights	9 June 2023 at 5:00 p.m. CEST
First day of trading in Existing Shares excluding Pre-emptive Rights	12 June 2023
Rights Trading Period commences	12 June 2023
Allocation Time of Pre-emptive Rights[14]	13 June 2023 at 5:59 p.m. CEST
Subscription Period for the New Shares commences	14 June 2023
Rights Trading Period closes	23 June 2023 at 5:00 p.m. CEST
Subscription Period for New Shares closes	27 June 2023 at 5:00 p.m. CEST
Expected publication of result of the Offering	29 June 2023
Allocation of New Shares not subscribed for by Existing Shareholders (Remaining Shares)	29 June 2023
Completion of the Offering, including settlement of the New Shares	4 July 2023
Registration of the share capital increase regarding the New Shares with the Danish Business Authority	4 July 2023
First day of trading and official listing of the New Shares on Nasdaq Copenhagen in the existing ISIN code	5 July 2023
Expected merger of temporary and permanent ISIN codes	6 July 2023 after 5:59 p.m. CEST

Admittance to trading	The Existing Shares are admitted to trading and official listing on Nasdaq Copenhagen under the ISIN code DK0010287663. In connection with the Offering, the Pre-emptive Rights have been approved for admission to trading on Nasdaq Copenhagen to the effect that they can be traded on Nasdaq Copenhagen during the period from 12 June 2023 at 9:00 a.m. CEST to 23 June 2023 at 5:00 p.m. CEST, under the temporary ISIN code DK0062495826. The New Shares will be admitted to trading and official listing on Nasdaq Copenhagen under the same ISIN code as the Existing Shares, DK0010287663, with the expected first day of trading and official listing being on 5 July 2023.
Dilution	If an Existing Shareholder decides not to exercise its Pre-emptive Rights, such shareholder's proportionate ownership interest will be diluted by up to 20 percent. If any Existing Shareholder exercises its Pre-emptive Rights in full, such Existing Shareholder will not be diluted.

[14] Trading in Shares after the last trading day in Existing Shares including Pre-emptive Rights on 9 June 2023 at 5:00 p.m. CEST will be exclusive of rights to receive Pre-emptive Rights for the buyer unless the parties to the trade in question have taken measures to settle the trade in Euronext Securities prior to the time of allocation of Pre-emptive Rights on 13 June 2023 at 5:59 p.m. CEST and, thus, chosen not to settle according to the customary settlement cycle with settlement two trading days after the transaction date.

Estimated expenses	The estimated costs and expenses related to the Offering payable by the Company to the Managers, other advisor fees and expenses (including the subscription commission to Danish account holding institutions), assuming subscription to all New Shares, are approximately DKK 86.9 million. The fee to the Managers is variable and, therefore, the total expenses are subject to the results of the Offering. The Company will pay Danish account holding institutions a subscription commission of 0.125 percent of the Subscription Price of the New Shares subscribed for through the relevant account holding institution, in connection with the Offering.
	Why is this prospectus being produced?
Use of proceeds	The Offering is expected to raise gross proceeds to the Company of approximately DKK 2,740 million, assuming all New Shares are subscribed. The net proceeds to the Company from the issue of the New Shares are expected to be approximately DKK 2,653 million after deduction of costs and expenses payable by the Company in relation to the Offering, assuming all New Shares are subscribed. The net proceeds are to be applied for investments in production and installation capacity in order to execute on the current record-level HV order backlog as well as meet anticipated future customer demand, and to strengthen the capital base in order to provide the Company with improved balance sheet flexibility (for instance when NKT issues guarantees, which customers typically require as security under HV power cable projects). Combined with the Company's strategic direction, the net proceeds from a successful Offering are expected to support the Company's commitment to a conservative capital structure and its targeted leverage ratio (non-IFRS)[15] of up to 0.0x and a solvency ratio (non-IFRS)[16] of above 30 percent.
Rights issue agreement	The Company and the Managers have entered into a rights issue agreement (the **Rights Issue Agreement**). The Joint Global Coordinators and Joint Bookrunners, on behalf of the Managers, are entitled to terminate the Rights Issue Agreement upon occurrence of certain exceptional events and/or unpredictable circumstances. The Rights Issue Agreement also contains completion conditions, which the Company believes to be customary for the Offering, and the completion of the Offering is subject to compliance with all conditions as set out in the Rights Issue Agreement. If one or more conditions for completion are not met, the Joint Global Coordinators and Joint Bookrunners may, acting jointly and at their sole discretion, also terminate the Rights Issue Agreement, which may cause the Company to withdraw the Offering. The Managers have not agreed to purchase New Shares that are not subscribed for pursuant to the exercise of Pre-emptive Rights under the Rights Issue Agreement.
Material conflicts of interest	Certain members of the Board of Directors and the Executive Management are shareholders in the Company and have indicated that they intend to exercise their Pre-emptive Rights in whole or in part and therefore have an interest in the Offering. The Managers and their respective affiliates have from time to time been engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with the Company. The Managers have received and will receive customary fees and commissions for these transactions and services and may come to have interests that may not be aligned or could potentially conflict with the interests of the Company's shareholders and prospective investors. In addition, in the ordinary course of business the Managers and their respective affiliates may make or hold a broad array of investments including serving as counterparties to certain derivative and hedging arrangements and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans and guarantees) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Company. The Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In particular, Danske Bank, Nordea, Nykredit and SEB are lenders under the Company's facility agreement and guarantee facility agreement and accordingly have an interest in the Group's financial position and the Group's ability to honor its terms under these agreements.

[15] Net-interest bearing debt relative to Operational EBITDA (non-IFRS).

[16] Equity as percentage of total assets.

PART I. DESCRIPTION OF THE GROUP

1. RISK FACTORS

Investing in the Pre-emptive Rights and/or the New Shares involves a high degree of financial risk. Prospective investors should carefully consider all information included in this Prospectus (including any information or material incorporated by reference), including the risks described below, before they decide to invest in the Pre-emptive Rights and/or the New Shares. This section addresses both risks associated with the industry and markets in which the Group operates that are relevant to the Group, and risks associated with its business. If any such risks were to materialize, the Group's business, results of operations, cash flows, financial condition and/or prospects could be materially and adversely affected, resulting in a decline in the value of the Pre-emptive Rights and/or the Shares, including the New Shares, and a loss of part or all of the prospective investor's investment. Further, this section describes certain risks relating to the Offering and the Pre-emptive Rights and the New Shares which could also adversely impact the value of the Pre-emptive Rights and/or the Shares, including the New Shares. Regarding the general risks and uncertainties of the forward-looking statements included in this Prospectus, see also section 4.4 Forward-looking statements.

The risks and uncertainties discussed below are those that the Company's management currently views as material, but these risks and uncertainties are not the only ones that the Company faces. Additional risks and uncertainties, including risks that are not known to the Company at present or that its management currently deems immaterial, may also arise or become material in the future, which could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects resulting in a decline in the value of the Pre-emptive Rights and/or the Shares, including the New Shares, and a loss of part or all of the prospective investor's investment. The most material risks, as currently assessed by the Company, are set out first in each category of risk factors below. The same exercise has also been undertaken for each category of risks set out below, resulting in the most material risk categories appear first. In determining the materiality of each such risk, the Company has considered both (i) the expected magnitude of the possible negative impact on the Company should such risk occur and (ii) the probability of such risk occurring. It is the Company's assessment that it is not possible to make a specific assessment of the probability of occurrence for all of the risks. However, the Company has, where possible and if found not to be misleading, included examples of historical events, which may be an indicator of probability. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties in that risk factor are not genuine and potential threats, and they should therefore be considered prior to making an investment decision.

1.1 RISKS RELATED TO THE GROUP

1.1.1 **Risks related to the Group's industry**

1.1.1.1 ***The HV power cable market in which NKT operates is characterized by increasingly large and complex orders***

NKT operates, among others, in the HV (high voltage) power cable market (through its *Solutions* business line) providing offshore and onshore power cables. NKT has experienced a general trend of HV power cable projects becoming more complex, in particular in respect of their size, scoping and interdependency amongst several suppliers working on separate parts of the projects. For instance, implementation of the German HVDC corridor projects, which is part of Germany's transition towards renewable energy (the **German Corridor Projects**), requires permissions from, notices to and other public procedures vis-à-vis a vast number of German landowners, on whose's ground the power cables are to be sinked, which add complexity to the projects (see also risk factor in section 1.1.2.22 *NKT is subject to risks in respect of consents and permits for its HV power cable projects*). As projects become larger in size (square meters), such permissions, notices and other public procedures may be required for even more landowners, adding further complexity to the projects. This trend also translates into higher order values in the HV power cable market. NKT expects this trend towards larger, more valuable and more complex projects to continue in the near future.

As a significant part of NKT's revenue derives from the sales generated from HV power cable projects, which represented on average 50 percent of NKT's total consolidated sales at std. metal prices (copper set at EUR/ton 1,550 and aluminum set at EUR/ton 1,350) in the past two years, it increases NKT's dependency on being able to participate in and win such projects. An increase in portion of sales derived from HV power cable projects will further increase dependency and potential volatility in overall revenue if NKT fails to win projects. As set forth in section 5 *Background to the Offering and use of proceeds*, NKT intends to grow its *Solutions* business line further to make it an even larger part of NKT's operations. This will make NKT relatively more exposed to sizeable HV power cable projects and the associated risks.

Successful participation in large HV power cable tenders will depend on NKT's ability to meet its customers' technical and financial demands. Customers' technical demands require NKT to have sufficient technical and technological capabilities to ensure delivery of conforming products that meet quality requirements, operational and execution capabilities to ensure successful delivery of the project. For instance, in order to enter the tender phase and be eligible to bid for certain HV power cable projects, NKT and other participating cable producers have to pass certain prequalification tests to show the suitability and durability of the relevant cable technology. Direct current (**DC**) solutions are generally more complex and require more sophisticated technological capabilities and know-how compared to alternating current (**AC**), and with the market's general shift from AC to more DC solutions due to their higher effectiveness, the complexity in these orders is generally increasing. Customers' financial demands require NKT to have financial capabilities to fund implementation and procure financial guarantees of NKT's performance. These financial capabilities require the necessary cash flows, balance sheet and the ability to provide the customer with the required payment and performance guarantees issued by NKT's finance providers, which in turn will increase NKT's need to have the necessary guarantee facilities available (see also risk factor in section 1.1.3.2 *NKT depends on third-party financiers to issue guarantees to its customers, which are a pre-requisite for participating in tenders for power cable orders, in particular large HV power cable orders.*

Large HV power cable projects may fail to be launched for tender in the future, and, even if launched, NKT may not be able to, or willing to, fulfil the requirements to participate in such tenders and/or be awarded orders that it tenders for in the future. The failure by NKT to be awarded such significant projects, or if awarded, misestimated costs in connection with executing contracts, may have a material adverse effect on its business, financial condition, cash flows, results of operations and/or prospects. In addition, these projects by nature lead to fluctuations in working capital due to the phasing of receipt of milestone payments from customers, which may have a material adverse effect on NKT's business and financial position.

The availability and size of orders in the power cable markets fluctuates from year to year. Periods of general low market activity and few and/or small order awards in the power cable markets, as was seen in the HV power cable market during 2018 and 2019 and which could occur again in the future, increase competition amount market participants in the tenders available, which may result in general price pressure in these markets and/or overcapacity at NKT's factories, decline in organic growth, decreased revenue, profitability and cash flows, and longer periods of low market activity and few and/or small order awards may impair NKT's ability to maintain operations and fund its obligations.

1.1.1.2 ***NKT experiences intense competition and price pressure in the power cable markets in which it operates, which may result in losing orders or market position***

NKT faces strong competition in the power cable markets in which it operates. The level and parameters of competition differs between these markets, depending on the characteristics of the markets and their competitors.

In the HV power cable market, and in particular within the 525kV segment, there are relatively few global competitors due to the size and complexity of the power cables offered in this market. Compared to NKT, certain of these competitors have, or may have, greater financial resources enabling them to, for example, bid for large HV power cable projects which require significant financial capabilities to fund implementation and procure necessary financial guarantees, as well as greater critical mass in terms of production size, which may allow such competitors to bid for projects at lower costs or at higher margins compared to NKT. Especially within the 525kV segment, the entry barriers are significant, requiring a high level of technological capability and competitors of NKT with greater financial resources may be more successful in developing and/or acquiring new technologies which provide them with a competitive advantage over NKT.

The low-medium voltage (**LMV**) power cable markets are more diverse, featuring both large international operators, mid-size regional cable manufactures, trading companies and wholesalers, each with their own potential competitive advantage over NKT. In these markets in Europe, regional presence, and proximity to manufacturing facilities generally determine competitive strength. Whilst NKT has production sites in a number of selected European countries, projects may in the future be tendered in regions where NKT has very little or no regional presence and/or proximity to manufacturing facilities, providing competitors with such presence a competitive advantage over NKT. Additionally, a relatively small range of customers account for a significant share of overall sales which also affects the competitive landscape in such markets. This significant competition has led to pricing pressure in these markets (and to some extent in the HV power cable market). Pricing pressure in the LV segment, including building wire (**BW**) and 1KV construction cables, generally increased during 2022 as a result of the economic and industry downturn within the construction industry, in particular. To compete effectively, NKT must successfully market and competitively price its products and solutions, especially in this LV segment where the LV power cables are based on industry standards and are often interchangeable with similar products from NKT's main competitors. NKT may be forced to increase prices due to higher costs and inflation, for instance costs of raw materials, labor costs or other factors beyond NKT's control, and NKT's may be unable to pass on such increased costs to its customers, which may reduce its sales volume.

In all its markets, NKT's market positions are constantly challenged by established competitors as well as new industry players trying to enter the market utilizing low-cost locations, production equipment and organizational structures. The current high demand in NKT's addressable HV power cable markets have caused NKT, as well as certain of its competitors, to invest significantly in expanding production facilities to meet demands. In 2021 and 2022, for example, two of NKT's main established competitors in the HV power cable market, Prysmian and Nexans, announced plans to expand their HV power cable production capacity, and have planned or completed the construction of new advanced cable laying vessels, strengthening their offshore cable installation capabilities, thereby increasing competition for the operations of NKT, including NKT's cable laying vessel the NKT Victoria, and the general HV power cable market. New players are emerging in the HV power cable markets, such as Sumitomo Electric, which established itself in the European HV power cable market a few years ago and was awarded a major part of the A-Nord part of the German Corridor Projects and that in April 2023 announced a plan to establish a power cable factory in Scotland. Moreover, LS Cable & System, which in October 2022 was awarded the Norfolk Boreas 320 KV DC project as its first DC project in the European HV power cable market. Additionally, established European players which are currently not featured in the direct current HV (**HVDC**) power cable market may seek to expand into this market. In NKT's *Applications* business line, new participants from low-cost regions are continuously trying to enter the LMV market and recently new players have managed to gain a significant part of the European MV market. Industry players seeking to establish themselves in the power cable markets may bid with prices and on other terms which NKT cannot or will not match and which may cause NKT to lose new orders and market position.

Additionally, industry consolidation may generate competitors with financial, technical and other resources superior to those of NKT, which may make it increasingly difficult for NKT to compete effectively. A number of takeovers, acquisitions, mergers and other consolidating transactions in the power cable markets have occurred over the past few years and may occur in the future, including the acquisition by Prysmian of General Cables in 2018 and the acquisition by Nexans of Reka Cables in 2022. Such industry consolidations shift market positions among competitors and may occur without NKT being involved or not being able or willing, for regulatory, financial or other reasons, to compete for the acquisition targets.

A materialization of any of these risks may materially and adversely affect the Group's business, results of operations, cash flows, financial condition and/or prospects.

1.1.1.3 *Uncertain macroeconomic and geopolitical developments may affect the availability and size of new orders in NKT's power cable markets and could cause customers to reduce or defer their spending on new initiatives and technologies*

The level of spending by NKT's existing and potential customers in the HV and LMV power cable markets in which NKT operates is influenced by general economic and geopolitical conditions in the relevant markets, and such conditions may also affect the pricing that NKT is able to obtain in respect of its contracts. As many of NKT's customers are European, particularly its large customers, economic conditions in Europe may in particular affect the demand for NKT's offerings and the pricing it is able to obtain in respect of its contracts. Such conditions have in the past undermined, and could in the future undermine, business confidence and cause NKT's customers to reduce or defer their spending on new initiatives and technologies, or may result in customers significantly reducing, delaying or eliminating spending. Such factors may also result in investments in renewable energy being delayed or cancelled. For example, Equinor's Wistling project related to the development of an oilfield, which would also have involved a power cable part, was recently postponed to 2026 due to, inter alia, an increase in costs.

Most recently, Russia's invasion of Ukraine has caused severe market uncertainty, an energy crisis in Europe and volatility in raw material prices and integrated supply chains. For example, in 2022, NKT's *Accessories* business line was negatively impacted by challenges to global supply chains leading to higher transportation costs and shortages of certain raw materials. Additionally, rising inflation and interest rates as well as foreign exchange rate volatility contributed to material uncertain global macroeconomic conditions in 2022, which caused a general downturn within the construction industry, with lower revenues in particular in the BW and 1KV construction cable segments within the *Applications* business in Poland and Germany that NKT was unable to offset immediately. NKT expects the market for BW and 1KV construction cable in particular to remain uncertain in 2023. The general uncertainty of the global economic environment during 2023 may also impact the *Accessories* business on some local markets where levels of investments may be impacted by economic uncertainty leading to fewer and/or smaller projects being tendered.

NKT's input costs (namely raw materials and energy) increased significantly in 2022 as compared to 2021. The primary impact was caused by significant increase in energy prices due to Russia's invasion of Ukraine which in turn caused a significant increase in prices for a broad range of raw materials, including metals (copper and aluminum) as the processing of these metals require substantial amounts of energy, causing some producers to temporarily limit or shut down completely their production further driving up prices. Additionally, Russia was a major producer and exporter of aluminum and the sanctions imposed on Russia and the general shift away from sourcing aluminum from Russia also contributed to supply shortage and higher prices. Similarly, the increased inflation rate in 2022 broadly impacted NKT's input costs in other areas as well, resulting in lower profitability for those contracts which do not permit full pass-through of NKT's costs to its customers.

Geopolitical developments may also impact NKT's ability or willingness to continue commercial operations in certain countries. For example, NKT decided to cease all commercial operations in or related to Russia in 2022 as a result of Russia's invasion of Ukraine. Future geopolitical developments impacting other countries and markets may have a more material impact on the business of NKT. Additionally, macroeconomic developments such as increasing urbanization, ageing utility networks and the shift to electric vehicles and heat pumps, which necessitate a significant and costly update and upgrade of power grids across countries may affect NKT's business opportunities and prospects.

NKT expects to invest approximately EUR 1 billion over 2023-2026 for adding production capacity to the facility in Karlskrona, Sweden, including one additional extrusion tower, and acquisition of an additional HV cable-laying vessel, necessitated by its record-high HV order backlog. If the power cable markets were to experience a downturn due to general economic and/or geopolitical developments, these investments may be delayed or they may prove to fail to realize the expected return, and NKT may experience underutilization at its Karlskrona factory and the new HV cable-laying vessel, which may adversely affect NKT's earnings and result of operations and have an adverse effect on its margins.

A materialization of any of these risks may materially and adversely affect the Group's business, results of operations, cash flows, financial condition and/or prospects.

1.1.1.4 *NKT's business is affected by timing of political decision making*

The ongoing global transition towards renewable energy, in particular the transition towards solar energy and wind farms, is a key factor in market developments in the HV and MV power cable markets in which NKT operates. This global transition towards renewable energy is highly dependent on direction and timing of political decision making, which especially impacts the large project driven HV power cable market, where NKT derives a significant part of its revenue. The outlook of NKT's HV power cable business is therefore materially affected by the direction and timing of political decision making, in particular in the European Union (the **EU**) and in the Group's main markets such as Denmark, Germany, Sweden, the United Kingdom and Poland. For example, Global Net Zero Emission targets have been set and on an EU-level, the EU has adopted an ambition to be carbon neutral by 2050 (as demonstrated in the proposed Net-Zero Industry Act, which is part of the broader Green Deal Industrial Plan), NextGeneration EU (NGEU) recovery plan (developed to supplement the Multi Financial Framework for 2021-2027 (MFF)) and 2030 Climate and Energy Framework. NKT expects, as a result of these targets, that a number of offshore and interconnector projects will be tendered across NKT's addressable in the future, but such projects may fail to proceed and even if tendered, NKT may not be invited to participate or be successful. Additionally, political decision making in the Unites States may affect NKT and the transition towards renewable energy. For instance, in July 2022, NKT was awarded a turnkey contract for the Champlain Hudson Power Express transmission line in the United States facilitating transmission of sustainable hydropower from Canada to New York City (the **Champlain Project**). The Champlain Project has been underway for more than ten years and part of the reason for this relatively long process is generally believed to be caused by the changing political environment affecting the priority of this project.

A decrease in demand for NKT's products and solutions will result in decreased revenue, cash flow and, to the extent NKT is unable to lower its short-term fixed and variable costs in consequence of a decrease in order in-take, profitability, which may impair its ability to maintain operations and fund its obligations to others.

1.1.1.5 *NKT Photonics' markets are characterized by fast-growing advanced technology, which create intense competition. NKT Photonics' competitiveness is dependent on its ability to develop its technologies in a timely manner, which may be adversely affected by the Danish government's decision not to authorize the agreed sale of NKT Photonics to Hamamatsu*

NKT Photonics is mainly operating in markets where advancement in technology has created new opportunities for the application of lasers, and the competition in these markets are intense, in particular in the largest segment NKT Photonics operates in, *Industrial*, where there are global companies operating in different parts of this market. NKT Photonics has recently expanded into the fast-growing *Quantum & Nano Tech* market where an increasing number of new and existing participants are trying to establish themselves with various technologies. This market is still relatively new, and it is still very uncertain what technology will be the most effective technology to build quantum computers for commercial use. The competition in this market is further intensified by the increasing funds being spent in the market. If NKT Photonics' products within its *Quantum & Nano Tech* segment are not considered competitive or if it turns out that NKT Photonics' technology is not the most, or among the most, effective technologies, NKT Photonics may experience a decline in sales and lose its market positioning and NKT Photonics may not render a return on its investment into the *Quantum & Nano Tech* segment, which may also cause harm to its reputation.

The development and improvement of technology is a key competitive factor in all markets in which NKT Photonics operates. The technological demands are rapidly evolving in the photonics markets, and competitors to NKT Photonics, in particular market leaders, may develop attractive alternative offerings that enable them to compete more effectively against NKT Photonics' offerings.

NKT Photonics and the Company will be exposed to the above-described risks for a longer period, such risks may intensify and/or NKT Photonics' competitiveness may be adversely affected if the agreed sale of NKT

Photonics to Hamamatsu does not proceed to closing and this could adversely affect the sale price and terms the Company can agree with any potential alternative buyer of NKT Photonics. See risk factor in section 1.1.2.10 *There is a material risk that the Company's agreed sale of NKT Photonics to Hamamatsu will not close as a result of the Danish government's denial to authorize the sale and such denial may have material adverse consequences for the prospects and value of NKT Photonics and a potential future sale of NKT Photonics*. The Danish government's decision not to authorize the agreed sale of NKT Photonics and the lack of public insight into the reasons for such decision and the uncertainty concerning the future ownership of NKT Photonics caused by the decision may make potential partners hesitant or avoid entering into partnerships with NKT Photonics.

The Company is not able to make a specific assessment of the probability of this risk factor materializing.

1.1.1.6 ***NKT faces risks in respect of fixed fee contracts and framework contracts***

The pricing component of contracts in the HV power cable markets consists in most cases of fixed fee contracts, which is a mix of lump-sum payments and various methods for indexation and escalation of cost elements to take into account potential fluctuations in NKT's costs and overall inflation during the timespan of a project (which will typically run for several years for larger projects). Accurate pricing of these contracts and the ability to put the relevant and necessary adjustment mechanisms in place at the outset of the contract are highly dependent on NKT's internal estimates and assumptions in respect of the cost and complexity of providing the relevant project, which may be based on limited data and could turn out to be inaccurate. NKT experiences every year that the actual costs of performing the work, the costs of materials and supplies, including raw materials, the timing for completing projects and/or the risks associated with potential contracts to a lesser or greater extent deviate from NKT's estimates and assumptions, leading such contracts to become less profitable than anticipated and potentially even unprofitable for NKT. NKT rarely experiences material deviations from its estimates and assumptions. Moreover, potential low margins on NKT's larger HV power cable projects and contractual obligations could cause it to incur a loss if its estimates prove to be inaccurate. Similarly, NKT may fail to have put in place the relevant and necessary adjustment mechanism to allow it to recover from such increased costs. These risks associated with the pricing mechanisms of these contracts increase with the increased timescale, complexity and size of the individual project. Reference is made to the risk factor in section 1.1.1.1 *The HV power cable market in which NKT operates is characterized by increasingly large and complex orders.*

Additionally, the Company has observed a trend towards more framework contracts being tendered in the European HV power market, such as NKT's recent award of a framework agreement for TenneT's 2GW Program in May 2023. The requirement of accurate pricing and ability to put in place relevant and necessary adjustment mechanisms and associated risks of mis-estimates likewise exist in respect of such framework contracts. However, framework contracts often run for longer periods than the fixed fee contracts, which amplifies the risk associated with them. Additionally, if NKT is not awarded such framework contracts, or only to a limited extent. NKT may be unable to maintain utilization levels.

If NKT is not awarded framework contracts, or succeeds in winning such contracts only to a limited extent, or if NKT mis-estimates the costs in connection with executing its fixed fee and framework contracts, this may have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and/or prospects.

1.1.1.7 ***The level of spending of NKT Photonics' customers is dependent on general economic conditions. Such conditions as well as geopolitical conditions and developments may adversely affect NKT Photonics' business. NKT Photonics' customers may be reluctant to place new orders with NKT Photonics due to the Danish government's decision not to authorize the agreed sale of NKT Photonics to Hamamatsu***

The level of spending by NKT Photonics' existing and potential customers is influenced by general economic conditions in the countries in which NKT Photonics operates, especially developments in Europe and the United States where a considerable part of NKT Photonics' customers is based, and economic conditions may affect the demand for NKT's Photonics' offerings and contract pricing. NKT Photonics has experienced a downturn in its customers' spending due to the instability on the markets caused by Russia's war on Ukraine and rising inflation. Negative or uncertain economic conditions in NKT Photonics' customers' markets have in the past undermined, and could in the future undermine, business confidence and cause customers to reduce or defer their spending on new initiatives and technologies, or may result in customers reducing, delaying or eliminating spending.

Geopolitical conditions and developments may also impact NKT Photonics. NKT Photonics has only limited sales in China but depends on certain Chinese suppliers. An increased tension between the United States and China could cause disruptions to NKT Photonics' supply chains, higher costs or decline in sales. Also, countries could decide to further restrict the use of Quantum technology, including transfer of the technology between countries. Quantum technology is e.g. used in the fields of space exploration. If a country were to restrict Quantum technology, this could impact NKT Photonics' ability to continue to develop its technologies within its *Quantum & Nano Tech* segment, which could have an impact on its competitiveness.

NKT Photonics and the Company will be exposed to the above-described risks for a longer period, such risks may intensify and/or NKT Photonics' competitiveness may be adversely affected if the agreed sale of NKT Photonics to Hamamatsu does not proceed to closing and this could adversely affect the sale price and terms the Company can agree with any alternative buyer of NKT Photonics. See the risk factor in section 1.1.2.10 *There is a material risk that the Company's agreed sale of NKT Photonics to Hamamatsu will not close as a result of the Danish government's denial to authorize the sale and such denial may have material adverse consequences for the prospects and value of NKT Photonics and a potential future sale of NKT Photonics*. The Danish government's decision not to authorize the agreed sale of NKT Photonics, the lack of public insight into the reasons for such decision and the uncertainty concerning the future ownership of NKT Photonics caused by the decision, may for instance make NKT Photonics' customers cancel existing orders or be reluctant to place new orders with NKT Photonics and may otherwise adversely affect NKT Photonics' relationships with suppliers, public authorities, and other partners.

1.1.1.8 *The power cable industry in which NKT operates is subject to increased regulation*

The power cable markets in which NKT operates are subject to regulatory demands, including increased demand for higher levels of compliance with the EU Construction Products Regulation (CPR) and sustainability declarations. As such regulations change and new regulations are enacted, NKT may need to modify its products to address such changes, which will lead to an increase in the costs related to the design, manufacturing and sale of products, thereby potentially decreasing margins or demand for the products if the Group is unable to successfully pass on the costs to its customers. Competitors of NKT with greater financial capabilities and/or critical mass in terms of production size may have better possibilities to make such changes faster than NKT and with less impact on margins compared to NKT.

For example, there is the proposed legislation by the EU to introduce a ban on the use of lead in a broad range of products, which could impact NKT as lead is a common component in subsea cables utilized by to ensure water tightness and corrosion protection in case the cable is damaged. If the ban is adopted, the use of lead in subsea cables will be required to be substituted by new technical methods or new materials that fulfil the same needs, but which is currently not technologically feasible for commercial use at scale for NKT. NKT may be required to incur significant costs in developing or acquiring such new methods or new materials to substitute for its use of lead, and it may not be able to pass on such costs to its customers, which will affect its margins. If NKT fails to develop or acquire such new technical methods or new materials, it may not be able to comply with technical and regulatory contract requirements and may not be able to tender for new projects with such technical and regulatory requirements, which will have a material impact on its earnings and market position (especially if competitors of NKT are able to develop or acquire such new methods or materials).

Another example is the EU Carbon Border Adjustment Mechanism (**CBAM**), putting in place an emission tariff on imports of raw material and other goods with a high risk of carbon leakage from countries which are not members of the EU Emissions Trading System, i.e. countries other than the EU and European Economic

Area (the **EEA**) member states. The CBAM will *inter alia* cover aluminum imported to the EU/EEA starting in 2026. NKT uses aluminum in the production of its cables, and currently NKT sources 50 percent of its aluminum outside the EU/EEA. From 2026 at the latest, any aluminum sourced by NKT outside the EU/EEA may therefore be subject to tariffs, which will affect NKT's costs and margins if NKT continues to source aluminum outside the EU/EEA.

1.1.2 Risks related to the Group's business

1.1.2.1 *NKT faces operational and technological risks in delivering increasingly complex, customized and/or large projects and any failures in delivering such projects could result in a number of adverse consequences for it*

NKT faces operational and technical risks in delivering the increasingly large, complex and customized HV power cable projects required by its customers, and its record high HV order backlog (as of 31 March 2023, the value of NKT's HV order backlog was EUR 7.0 billion at market prices compared to EUR 2.75 billion as of 31 March 2022) puts pressure on NKT's production facilities and test centers. NKT has also seen, to some extent, this trend of increasing complexity in customized LMV power cable projects.

The performance of a complex customized and/or large project demands specialists and employees with a high level of expertise and involves many challenges, including complying with the specific requirements and specifications for the project as well as with general international and local standards and regulations, including the EU Construction Products Regulation. The potential impact of risks related to execution of projects generally increases concurrent with the size of the individual power cable project. Customers increasingly demand new cable technologies, custom-designed cables and delivery of power cables under certain time constrains. The increasing customer demands may impact NKT's ability to meet demands, which could impact its ability to participate in a given tender. For instance, the demand for power transmission over longer distances is increasing, as the source of energy being used is located ever further away from the point of consumption. As power cables produced by NKT increase in length, this increases the risk involved of cascading failures as a result of e.g. variances in quality of materials or production processes – the effects of which may not be identified during production, but only when the power cable is being installed or is in use – delays in materials from suppliers, variances in production processes or equipment breakdown. NKT could furthermore be faced with higher claims and losses arising in case of quality issues or damages caused to the power cables during storage, transportation and installation. In addition, power cable systems are also gradually being required to transmit more power to support the increased electrification, further increasing the risk and impact of failures.

NKT has six test centers for testing of its HV and MV power cables, both existing and new cables. Periods of high demand and activity, such as the current period where NKT has experienced a record high HV order backlog, may lead to capacity constraints on the test centers, creating bottlenecks for the delivery of projects. Although NKT could engage third-party test centers to relieve bottlenecks and NKT's own test centers potentially being out of commission, such external capacity may not be available at the required time, which could potentially lead to delays in delivering the projects and increased costs.

If NKT fails to deliver on its power cable projects, including as a result of failing to meet relevant requirements and specifications, or failure to pass technical tests in connection with the delivery of the projects, or if its power cables malfunction following installation or if the projects are delayed, discontinued or otherwise not carried out, not completed within budget or otherwise fail to meet NKT's customers' expectations, this could, *inter alia,* lead to (i) significant penalties being incurred; (ii) NKT being forced to replace the power cables concerned, and the reproduction of a power cable for one project may result in production capacity being unavailable in respect of other power cable projects; (iii) damage claims being filed against NKT; (iv) warranty periods having to be extended; and/or (v) NKT not being able to win future power cable orders from that specific customer or other future customers as a result of damage to NKT's reputation. In certain instances, larger projects may involve multiple engagements or stages, and for such projects there is also a risk that a customer does not choose to retain NKT for additional stages.

A materialization of any of these risks may materially and adversely affect the Group's business, results of operations, cash flows, financial condition and/or prospects. The Company is not able to make a specific assessment of the probability of this risk factor materializing.

1.1.2.2 ***NKT is subject to the pricing of raw materials and volatility in such prices may materially adversely affect its business and its ability to pass on cost increases to its customers***

NKT is dependent on the availability of raw materials for its operations, specifically aluminum, copper, lead, steel, oil by-products (plastics), powders compounds, tapes used as cable insulation, halogen free flame retardant materials (HFFR) and gas/oil in its production of power cables and operation of its factories. NKT relies on a limited number of key suppliers for the supply of these raw materials, and for certain raw materials relies on a single supplier.

The cost of both copper and aluminum, the most significant raw materials used by NKT, has been subject to significant volatility over the past few years, driven partly by global supply chain disruptions following the COVID-19 pandemic and with a further sharp acceleration as a direct consequence of Russia's invasion of Ukraine, where comprehensive trade sanctions and embargoes imposed on Russia has severely impacted the availability and supply of raw material such as aluminum, steel and timber and also energy, specifically in terms of natural gas and oil. Volatility in the price and general availability of polyethylene, petrochemicals, and other raw materials, as well as fuel, natural gas, and energy, may in turn lead to significant fluctuations in cost of sales and decrease NKT's margins if it fails to adequately pass on the increase in raw material and energy prices unto its customers. NKT may have limited ability to pass on such increased costs to its customers based on the contractual agreements, which may differ from country to country and within customer segments. Hence, while some contracts may include relevant and adequate adjustment mechanisms to pass on such cost increases, other contracts may not, or may do so only to a limited extent, which will require a renegotiation of the contract in order for NKT to pass on any costs increases, and NKT may not be successful in negotiating amended contract terms. Even if NKT is able to pass on increased costs to its customers, such price increases may reduce NKT's sales volume or result in a shift in sales volume to lower margin products, or NKT may be unable to achieve proportionate reductions in costs which could adversely affect its financial results. Sharp increases in the price of raw materials can also reduce demand if customers decide to postpone or delay their purchases of cable products, delay their investments, or seek to purchase substitute products.

NKT uses a limited number of sources for some of its raw materials and in some cases relies on a single source of supply and is therefore exposed to concentration risk with respect to its key suppliers. Thus, NKT may have limited options in the short-term for alternative supply if these suppliers fail to continue to supply material or components for any reason, including their business failure, trade embargoes, inability to obtain raw materials, lack of energy availability or financial difficulties. Failure to secure the supply of the raw materials required for NKT's operations in the necessary quantity, quality and on acceptable commercial terms, including prices, and within a timeframe needed for NKT to meet its obligations towards the customers could adversely affect the completion and/or costs of NKT's offerings.

For NKT's large HV projects, the Company generally aims to hedge using financial instruments (such as forwards and swaps) its exposure to price developments in the principal raw materials required for a project, specifically in respect of movements in market prices of aluminum, copper, lead, and oil by-products. The Company carries out its hedging activities under Credit Support Annex agreements pursuant to which NKT is required to post collateral, partly or fully, to cover any adverse market value development of derivatives. Any such hedging activities may therefore require the Company to post collateral, which could have an impact on the Company's financial position. Additionally, such hedging, if used, may prove to be insufficient to protect the Company against price increases on all raw materials, and the Company may also choose not to hedge against adverse developments in certain raw materials, if such hedges become too expensive, particularly in respect of certain products or services within its LMV power cable markets, where hedging is used to a lesser extent. In LMV power cable markets, the Company may have limited ability to pass on to its customers such unhedged increases in costs based on the contractual agreements, which may differ from country to country and within customer segments.

A materialization of any of these risks may materially and adversely affect NKT's margins and results of operations. The Company is not able to make a specific assessment of the probability of this risk factor materializing.

1.1.2.3 ***Any disruptions to its supply chain could materially affect NKT's business***

Interruptions of supplies from NKT's key suppliers – the majority of which have their production facilities located in Europe – could disrupt NKT's production or impact its ability to increase or maintain production and sales. Such disruptions could arise from acts of war (as was seen in connection with Russia's invasion of Ukraine where the general shift away from sourcing aluminum from Russia contributed to supply shortage in NKT's markets) or other significant economic or geopolitical events, pandemics, volatility in energy prices and natural gas shortages. For example, the European natural gas market was volatile in 2022. If the natural gas becomes volatile again the future, NKT's key suppliers may seek to pass on to NKT any increases in the prices of natural gas. Additionally, the increase in copper demand driven in part by the transition towards renewable energy, which requires substantial electrification, could potentially and on longer-term lead to temporary or more protracted shortages of supply due to risk of global mining capacity potentially being underdeveloped, which would impact NKT's business.

If a supplier of components or raw material mixture were to suddenly change its composition or the recipe without informing NKT in advance, this could result in NKT being forced to re-test and re-qualify power cables, which would likely cause delays to contract fulfillment and increased costs for NKT. In addition, a new composition for components or a new recipe for a relevant mixture may fail to meet the required quality for NKT's products, which could lead to even further delays and increased costs if NKT were to source components or raw material mixture from other suppliers, and such components or raw material mixture of the necessary quality may not be available.

NKT's contractual remedies for breach of contract may not be sufficient to compensate it for a loss caused by a supplier's failure to meet its contractual commitments. If a supplier were to fail to provide supplies to NKT or NKT decides or is forced to terminate the relationship with a supplier, it may be difficult for NKT to replace these relationships on commercially reasonable terms, or at all, and seeking alternate relationships could be time consuming and result in interruptions to its business, including prolonged interruptions in the supply of NKT's products to affected markets. In 2022, NKT decided to close deliveries from Russian suppliers, which increased purchase of metal for production in new markets located further away from Northern Europe resulting in increased pricing and higher risks of delays or other disruptions with respect to delivery of such metal.

In addition to selling its accessories products to third-party customers, NKT's *Accessories* business line delivers accessories to its *Solutions* business line. If *Accessories* cannot deliver on time, or at all, or if delivered accessories are not of a proper quality, including due to circumstances outside its control, this will cause delays in *Solutions* delivering its projects to its customers and have a material adverse effect on NKT's business. NKT's current record high HV order backlog creates pressure on *Accessories'* ability to deliver to *Solutions*, in particular in respect of 525kV products, as any interruption of the timely delivery of *Accessories* products to *Solutions* may lead to delays that could potentially cascade to other *Solutions* projects as well, due to the limited float in production schedules.

A materialization of any of these risks may materially and adversely affect the Group's business, results of operations, cash flows, financial condition and/or prospects.

1.1.2.4 ***NKT may not be able to successfully execute on its updated strategy ReNew BOOST and could fail to manage growth***

The success of NKT's ReNew BOOST strategy is subject to several factors, some of which are outside its control. The successful execution of its strategy will *inter alia* depend on its ability to continue the development of technologies, increase its number of employees, increase its market share and enter new markets. There is also an inherent risk that NKT's ReNew BOOST strategy may not translate into the anticipated level of growth even if the strategic objectives are met and achieved in a timely manner. Furthermore, the assumptions and market developments on which NKT's ReNew BOOST strategy is based, including the political and policy consensus which underlies the ongoing transition towards renewable energy, may fail to be implemented according to the scale and timing currently expected. The success of NKT's ReNew BOOST strategy is further dependent upon its ability to raise sufficient funds to finance its strategy.

NKT has expanded its operations significantly in recent years through organic growth and strategic acquisition (see also risk factor in section 1.1.2.11 *NKT faces risks in respect of its M&A activities, joint ventures and strategic partnership agreements*). From 2019 to 2022, NKT's revenue grew organically by 15 percent each year. NKT's strategy involves further organic growth. Sustaining and managing growth requires NKT to adapt continuously to meet the needs of its growing business and exposes NKT to a number of risks, such as its ability to successfully adapt its systems, including internal controls and procedures over financial reporting and to increase production, through expansion and more efficient use of capacity at existing production sites.

A materialization of any of these risks may materially and adversely affect the Group's business, results of operations, cash flows, financial condition and/or prospects and cause harm to the Group's reputation. The Company is not able to make a specific assessment of the probability of this risk factor materializing.

1.1.2.5 ***NKT could be subject to liabilities if its subcontractors or third parties with whom NKT partners cannot deliver their contributions to its projects on time or at all***

NKT's ability to serve its customers and deliver and install its power cable solutions in a timely manner is dependent on the ability of its subcontractors and other third parties it utilizes across its business, and in particular on large projects in its *Solutions* business line, to deliver their products and services in a timely manner and in accordance with project requirements as well as its ability to effectively oversee the performance of such subcontractors. In the vast majority of its power cable projects, NKT experiences insignificant delays by subcontractors and other third parties. Only on rare occasions has NKT in the past experienced that a failure to deliver on the part of a subcontractor or other third party has caused a material delay or non-delivery vis-à-vis NKT's customers.

NKT is responsible to its customers for the timely and competent performance of its subcontractors and is not always able to enter into back-to-back contracts with its major subcontractors to pass on its risks of liability to the customers which may result from its subcontractors failing to perform such obligations. Even where NKT does enter such back-to-back contracts, these may fail to eliminate fully NKT's liability risks vis-à-vis its customers. For example, a subcontractor's potential liability for damages or penalties may be capped or otherwise limited at a lower level than NKT's own caps and limits with its customers, and hence NKT may prove unable to fully recover its losses from a subcontractor (including as a result of the bankruptcy of a subcontractor) and/or its back-to-back contracts may not be interpreted in a manner favorable to NKT which may adversely affect NKT's earnings and result of operations.

1.1.2.6 ***Failure to maintain high utilization levels in NKT's factories may have an adverse effect on its margins***

A significant percentage of NKT's operating expenses, particularly employees and rent for office space, warehouses, land and manufacturing sites, are fixed in advance of any quarterly period and are independent of the number and timing of NKT's power cable projects. Full utilization of NKT's production facilities requires seamless production and installation. As a result, unanticipated variations in the number and timing of NKT's power cable projects (and the timing of payments under its contracts), or in the production process, including as a result of equipment breakdown, lack of quality or sufficiency of materials, logistics issues and utilization rates, may cause significant variations in NKT's operating results. For instance, a shift between the types of HV power cable projects awarded, e.g. among HVDC power cable projects and alternating current HV (**HVAC**) power cable projects, may result in lower capacity utilization in NKT's factories as production flows and equipment requirements vary between the different power cable types. A lower capacity utilization could result in NKT obtaining lower margins and profitability. In 2018 and 2019, the power cable markets were impacted by the lack of and postponements of HV power cable project awards, which for NKT resulted, in particular, in underutilization on its factory in Karlskrona, Sweden, and lower earnings.

Any material reduction in utilization rates for NKT's employees or fluctuations in the on-site/offshore staffing mix that cannot be offset through lay-offs or reshuffling of employees, an unanticipated termination of a major power cable project, the loss of a customer representing a significant portion of a particular production unit's business, a customer's decision not to pursue a new project or proceed to succeeding stages of a current project or the completion of several major customer projects during a quarter could result in under-utilization of NKT's employees and ultimately could lead to the closure of certain manufacturing lines. Any required closure of manufacturing lines and lay-offs or reshuffling of employees may take time and materially adversely affect NKT's margins until such closure and/or lay-offs or reshuffling have been completed, and NKT may incur costs in connection herewith (e.g. redundancy costs). The current high demand in NKT's addressable HV power cable markets have caused NKT, as well as certain of its competitors, to invest significantly in expanding production facilities to meet demands. If the market were to experience a downturn and decrease in demand (see also risk factor in section 1.1.1.3 *Uncertain macroeconomic and geopolitical developments may affect the availability and size of new orders in NKT's power cable markets and could cause customers to reduce or defer their spending on new initiatives and technologies*), this could conversely lead to an underutilization of production sites and employees which may adversely affect NKT's earnings and result of operations and have an adverse effect on its margins.

Additionally, NKT may be unable to source and scope all the required subcontractor services at the time of being awarded a power cable project, as some of these subcontractor activities may not be executed until several years later. This entails a risk for NKT that the costs involved for such subcontractor services may not have been accurately estimated by NKT at the time the project is awarded, or may have increased significantly in the meantime due to other unforeseen circumstances or general economic developments (e.g. inflation), which could lead to financial impact on the overall profitability of the project and impact NKT's margins.

1.1.2.7 ***NKT is dependent on certain key assets***

In its HV power cable business, NKT is heavily dependent on the availability of its factories in Karlskrona, Sweden and Cologne, Germany, and NKT's cable laying vessel, NKT Victoria, due to their technical capabilities, which are expensive and difficult to replace. For instance, a fire in NKT's test center in Karlskrona, Sweden in 2019 resulted in extra costs (such as costs related to repair of fire damages and certain derived costs, including rental of external testing capacity while the test center was being rebuild) for NKT. Any material unanticipated or prolonged interruption of operations of such assets could materially affect NKT's ability to meet its obligations towards customers and thus materially and adversely affect NKT's business results of operations, cash flows, financial condition and/or prospects. Specifically, the operationality of NKT's cable laying vessel, NKT Victoria, which is especially designed to transport and lay submarine HV power cables over long distance and in deep waters, may suffer from adverse weather conditions, e.g. hurricanes, tornados and storms, which are outside NKT's control, and which may result in delays or other disruptions in delivering on a project and NKT's contractual obligations towards its customers.

NKT's Cologne factory has recently obtained DC qualification that enables it to produce HVDC onshore power cables for the German Corridor Projects and other future large HVDC power cable projects, and transferred the factory from AC to DC power cable production. The Cologne factory has, however, limited in-house operational experience in DC power cable production, and there is a risk that the factory will not be able to deliver in the right quality, quantity and time, which could cause delays, delivery failures and projects not being completed within budget and thus not rendering expected return.

1.1.2.8 ***The Group is dependent on operative IT systems and may encounter disruptions in such systems or security breaches, including cyber-attacks***

The Group is dependent on information technology (**IT**) systems to operate its business, *inter alia*, to control the supply chain, perform customer service and manage production and labor resources. The Group is subject to IT and cyber risks, such as IT systems, websites and other public-facing media (such as its social media accounts being subject to damage, cyber security breaches, disruptions, unauthorized access, leaks or shutdowns due to power outages, hardware failures, structural or operational failures, computer viruses, attacks by computer hackers, other data security issues, telecommunication failures, user error, malfeasance, catastrophes, system or software upgrades, integration or migration, or other foreseeable and unforeseen events. Specifically regarding the risks of cyber-attacks, these include (i) systems may be hacked and data locked and/or the Group's systems may become unavailable, potentially for an extended duration, and the hackers then demand a ransom to release the data or make systems available; (ii) hackers attack with the intention to harm or even destroy the Group's IT infrastructure with no obvious monetary benefit; or (iii) hackers attack with the intent to obtain sensitive data, such as confidential industrial information, bank details or personal data, in order to gain monetary benefits by selling or misappropriating such data. The Group continuously experiences such cyber-attacks, including distributed denial-of-service (DDoS) attacks, which are averted, and as of the date of this Prospectus, the Group has not experienced any material cyber-attacks. Accordingly, while the vast majority of these attacks do not reach a level of sophistication that could pose a threat to the Group or its customers, the Group may not be able to stop cyber-attacks in the future. In addition, the Group may not be able to adapt to new threats. Given the general increase of activities of such cyber-attacks, the Group considers the likelihood of this risk materializing to be increasing.

The Group, as most other companies of similar size and scope of operations, relies heavily on IT systems to maintain business operations and production processes. Hence, material errors, breakdowns or interruptions of IT systems, whether caused by cyber-attacks or other causes, could result in the loss of existing or potential business relationships, interruption to production at one or more sites, and/or give rise to regulatory investigations and potential sanctions, including fines. Such incident may result from a failure by the Group or by external third parties, on which the Group relies to supply and service some of its IT hardware and software, to timely and adequately maintain and update the Group's IT systems, causing its operations to be vulnerable and inefficient.

A materialization of any of these risks may materially and adversely affect the Group's business, results of operations, cash flows, financial condition and/or prospects and cause harm to its reputation.

1.1.2.9 ***NKT Photonics remains affected by the COVID-19 pandemic, which has led to disruptions to its supply chain, and the availability of and prices of components are volatile***

NKT Photonics is dependent on certain materials, such as electronic components for its fiber lasers. Any disruptions to NKT Photonics' supply chain could cause delays and increased costs. For example, NKT Photonics is currently experiencing disruptions to, and challenges with, its supply chains caused by the effects of the COVID-19 pandemic. Certain of NKT Photonics' suppliers ceased production due to the pandemic and such productions have not been fully established, which continues to cause challenges for NKT Photonics in securing the necessary electronic components for its fiber laser. At the same time, there is a resurgent demand for electronic components, which has led to a supply-demand imbalance and resulted in higher costs prices of these components. While such disruptions and supply-demand imbalances have to date only affected NKT Photonics' costs and earnings to a limited extent, continuous disruptions and imbalances could have a material effect on NKT Photonics' costs and earnings.

1.1.2.10 ***There is a material risk that the Company's agreed sale of NKT Photonics to Hamamatsu will not close as a result of the Danish government's denial to authorize the sale and such denial may have material adverse consequences for the prospects and value of NKT Photonics and a potential future sale of NKT Photonics***

Introduction

On 24 June 2022 the Company announced the entry into an agreement (the **NKT Photonics SPA**) to divest NKT Photonics to Photonics Management Europe S.R.L, a 100 percent owned subsidiary of Hamamatsu Photonics K.K. (jointly, **Hamamatsu**), which is a Japanese company engaged in developing photoelectric devices and application products (such divestment of NKT Photonics to Hamamatsu, the **NKT Photonics Transaction**). Hamamatsu Photonics K.K. has guaranteed Photonics Management Europe S.R.L's fulfilment of its obligations towards the Company under the NKT Photonics SPA. The NKT Photonics Transaction was based on an agreed enterprise value of NKT Photonics of approximately EUR 205 million.

Completion of the NKT Photonics Transaction is subject to certain conditions, including Hamamatsu obtaining regulatory approvals in accordance with merger control and foreign direct investment laws in certain jurisdictions. Under the NKT Photonics SPA, the parties undertook to use reasonable efforts and act in good faith to ensure the conditions precedent were satisfied. Hamamatsu has in the NKT Photonics SPA undertaken to take certain actions etc. that may be necessary to obtain such approvals. After the signing of the NKT Photonics SPA, Hamamatsu, with the assistance of the Company, made filings etc. with the relevant regulatory authorities. By the end of March 2023, all required governmental approvals had been obtained, including from the Bundesministerium für Wirtschaft und Klimaschutz in Germany, the Department for Business, Energy & Industrial Strategy in the United Kingdom, and the Committee on Foreign Investment in the United States, except that Hamamatsu had still not obtained the requisite authorization from the Danish authorities under the Danish Investment Screening Act (the **DIS Act**, in Danish: *Investeringsscreeningsloven*). Under the DIS Act, certain investments by foreign investors in Denmark are subject to prior authorization from the Danish Business Authority (in Danish: *Erhvervsstyrelsen)* if the target company operates within certain critical sectors. NKT Photonics' business and activities falls within the scope of the DIS Act and, consequently, any sale of 10 percent or more of the shares of NKT Photonics requires prior authorization under the DIS Act. Under the DIS Act, the Danish authorities may deny such authorization if the relevant authorities determine that the foreign investor's investment would cause a threat to national security or public order in Denmark.

On 2 May 2023, the Company received notification that Hamamatsu had been denied authorization under the DIS Act to acquire NKT Photonics. According to the decision adopted by the Danish Minister for Industry, Business, and Financial Affairs (in Danish: *Erhvervsministeren*), Hamamatsu's acquisition of NKT Photonics would pose a threat to national security in Denmark (the **Danish FDI Decision**). The Danish FDI Decision means that as the NKT Photonics Transaction currently stands, it cannot close.

Potential termination of the NKT Photonics SPA and possible effects thereof

Pursuant to the NKT Photonics SPA, each party (provided such party is not in breach of certain of its obligations under the NKT Photonics SPA) is entitled to terminate the NKT Photonics SPA if closing of the NKT Photonics Transaction has not occurred on or before 30 June 2023 or such later day as the Company and Hamamatsu may agree (the **Long Stop Date**). The NKT Photonics SPA further provides that Hamamatsu shall, if closing does not occur due to Hamamatsu not obtaining the requisite regulatory approvals under relevant foreign direct investment laws (such as the DIS Act) and the Company is not in breach of the NKT Photonics SPA, pay a break fee to the Company (the size of the break fee being a mid-single digit million EUR amount). In addition, Hamamatsu shall on demand pay to the Company any and all costs incurred by the Company in connection with the NKT Photonics Transaction provided the Company has not caused a condition to closing not to be timely fulfilled. Payment of the break fee and the cost coverage is according to the terms of the NKT Photonics SPA due irrespective of whether Hamamatsu is in breach of its obligations under the NKT Photonics SPA, however there is a risk that Hamamatsu will nevertheless dispute its obligation to make such payments to the Company and more generally NKT's compliance with the NKT Photonics SPA. Payment of the break fee and cost coverage is without prejudice to the Company's right to seek other remedies available to it under the NKT Photonics SPA and applicable laws if Hamamatsu is in breach of its obligations under the NKT Photonics SPA, including the right to claim damages for losses incurred by the Company (in excess of the break fee and cost coverage) due to such breach.

Following the receipt of the Danish FDI Decision, the Company has engaged in a dialogue with Hamamatsu with a view to explore whether it may be possible for Hamamatsu, with the assistance of the Company, to alleviate the national security concerns in Denmark that resulted in the Danish FDI Decision so that Hamamatsu can obtain the required authorization under the DIS Act and the NKT Photonics Transaction can complete in accordance with the NKT Photonics SPA. While the Company considers there is a material risk that it will still not be possible for Hamamatsu to obtain the requisite authorization under the DIS Act, given that the Danish authorities have already conclusively decided that Hamamatsu's acquisition of NKT Photonics would pose a threat to national security in Denmark, at this time the Company intends to assist Hamamatsu in its continued efforts to obtain such authorization. Although the Company is under no obligation to do so, such assistance may include agreeing, if so deemed reasonable and in the best interest of the Company, to extend the Long Stop Date for a reasonable period in order to allow Hamamatsu to submit a revised application for the purpose of obtaining the authorization under the DIS Act to complete the agreed acquisition of NKT Photonics. The Company's dialogue with and any assistance rendered to Hamamatsu in order to obtain the requisite authorization under the DIS Act to complete the agreed sale of NKT Photonics is without prejudice to the Company's rights under the NKT Photonics SPA.

While the Company has reserved its legal position towards Hamamatsu under the NKT Photonics SPA, it has not as the date of this Prospectus decided what further steps, if any, it will take against Hamamatsu or other third parties (including the Danish State) in response to the Danish FDI Decision and any resulting failure of the NKT Photonics Transaction to close. Any legal proceedings will be subject to inherent risks about the outcome thereof and may require the Company to incur substantial costs and devote considerable resources to such proceedings.

In addition, Hamamatsu has reserved its legal position towards the Company and may commence legal proceedings against the Company in connection with the NKT Photonics SPA, or the Company may become involved in any proceedings Hamamatsu brings against third parties (including the Danish State) in connection with the Danish FDI Decision and any resulting failure of the NKT Photonics Transaction to close. While the Company would defend such proceedings, there is a risk that it would not be successful, and in any event any such action may require the Company to incur substantial costs and devote considerable resources to such proceedings.

Consequences of the NKT Photonics Transaction not closing

If the NKT Photonics Transaction does not close, the Company intends to undertake a new strategic review of the ownership of NKT Photonics. The Company continues to believe that it is not the best longer-term owner of NKT Photonics and NKT Photonics will for accounting purposes remain to be considered a discontinued operation and an asset held for sale until the completion of the review process. The timing and outcome of such strategic review are uncertain.

Based on a dialogue with Danish regulators, the Company believes that a *bona fide* third party will be able to obtain an authorization under the DIS Act to acquire NKT Photonics, potentially subject to agreeing to certain commitments in accordance with the DIS Act deemed necessary to alleviate threats to Danish national security due to NKT Photonics' business. However, the indications received by the Company are not legally binding and any decision to be taken by the Danish authorities under the DIS Act will be taken based on an assessment of the nature of the proposed transaction, the specific purchaser, and whether the prospective purchaser's ownership of NKT Photonics would pose a threat to national security or public order in Denmark. Despite such indications, given the uncertainty caused by the Danish FDI Decision and the lack of public insight into the specific reasons for such decision, it may be difficult for the Company to find suitable prospective alternative purchasers of NKT Photonics and, even if it does, the Danish FDI Decision may adversely affect the proceeds the Company can realize from a divestment of NKT Photonics and other terms and conditions of such a sale. A future sale of NKT Photonics would likely also be subject to the prospective purchaser obtaining regulatory approvals (e.g. under applicable antitrust and foreign direct investment laws) in countries other than Denmark. Consequently, there is a risk that the Company will not be able to successfully divest NKT Photonics in the foreseeable future at all or on terms and conditions acceptable to the Company and the proceeds realized may be materially less than those payable by Hamamatsu under the NKT Photonics SPA. In addition, NKT Photonics' business may underperform expectations (including due to the risks noted in these risk factors, including in paragraph below) prior to an alternative divestment being agreed, which may adversely impact the proceeds and terms of any such divestment.

Effects on NKT Photonics' business and prospects

The Danish FDI Decision may further have adverse effects on NKT Photonics' ongoing business and prospects. It may, for instance, cause customers and partners of NKT Photonics to cancel existing relationships or cause prospective suppliers, customers, or partners to abstain from entering commercial relationships with NKT Photonics. This may in turn materially adversely affect the business and prospects of NKT Photonics, including its financial performance and competitiveness, which could lead to a material decline in the value of NKT Photonics. This could, in turn, have material adverse effects for *inter alia* the Company's financial situation and prospects.

For potential adverse effects should the NKT Photonics Transaction not proceed to closing, see also the risk factors set out in section 1.1.1.7 *The level of spending of NKT Photonics' customers is dependent on general economic conditions. Such conditions as well as geopolitical conditions and developments may adversely affect NKT Photonics' business. NKT Photonics' customers may be reluctant to place new orders with NKT Photonics due to the Danish government's decision not to authorize the agreed sale of NKT Photonics to Hamamatsu*, section 1.1.2.13 *The Group's success largely depends on its ability to hire, retain, integrate and motivate sufficient numbers of qualified personnel, including senior management* and section 1.1.2.17 *NKT Photonics markets products to the aerospace and defense as well as medical and life sciences industries, involving increased requirements with respect to certifications and authorizations*.

1.1.2.11 ***NKT faces risks in respect of its M&A activities, joint ventures and strategic partnership agreements***

Acquisitions, joint ventures and other strategic partnerships or investments to the extent undertaken by NKT may require significant time, costs and resources. Most recently, in 2022 NKT acquired Ventcroft Ltd., which is a United Kingdom based market-leading manufacturer of fire-resistant BWs with 29 employees. Acquisitions may result in the diversion of management attention and resources from NKT's existing business or other priorities and budget limitations and inability to generate sufficient revenue to offset the costs and expenses of acquisitions or investments. If an acquisition or investment is unsuccessful, for example due to the fact that the target does not generate the expected return or such return takes longer time than expected or if NKT experiences difficulties in integrating the target into NKT's business or obtaining the expected synergies, NKT may ultimately decide to withdraw from the investments. This may result in NKT incurring a loss or it could harm NKT's reputation and thereby its business and prospects, including if NKT were unable to withdraw from the investment (e.g. by sale of the target) in a timely manner, or at a lower price than originally acquired by NKT or at all, and NKT could incur significant costs in the period until such sale would complete.

NKT is party to a certain number of partnership or consortium agreements. These agreements can only work if the partners or consortium members have the same objectives, and there is always a risk that these objectives may diverge, leading to operational difficulties for the entities concerned, and may therefore present a risk to the overall success of NKT's strategy. NKT may also incur costs and time in trying to solve such divergences and difficulties, and NKT may decide to end its partnership or consortium agreements, which could have an impact on its competitive position, reputation and business.

Additionally, as NKT focuses on growth opportunities, it continues to review its business offerings and address its non-strategic business offerings through various options including divestments and cessation of operations. If NKT is unable to execute divestments on favorable terms or if realignment is costlier or more distracting than expected or has a negative effect on NKT's organization, employees and retention, then the Group's business and operating results may be adversely affected. Divestments may also involve warranties, indemnification or covenants that could restrict NKT's business or result in litigation, additional expenses or liabilities. NKT has entered into an agreement to divest NKT Photonics, see risk factor in section 1.1.2.10 *There is a material risk that the Company's agreed sale of NKT Photonics to Hamamatsu will not close as a result of the Danish government's denial to authorize the sale and such denial may have material adverse consequences for the prospects and value of NKT Photonics and a potential future sale of NKT Photonics* and section 8.11.9 *The Company's ownership of NKT Photonics*. If the NKT Photonics Transaction does not close, this is not expected to have any material impact on the Company, including in respect of any of the Company's power cable investments or projects. However, if the Company is unable to divest NKT Photonics to another potential buyer, this could affect the Company's financial situation and prospects. It may be difficult for the

Company to find suitable prospective alternative purchasers of NKT Photonics and, even if it does, the proceeds the Company can realize from a divestment of NKT Photonics may be lower than those payable by Hamamatsu under the NKT Photonics SPA and such sale may be on terms and conditions less favorable to the Company as agreed with Hamamatsu.

1.1.2.12 ***NKT's competitiveness is dependent on its ability to adapt, expand, and develop its products, services and solutions in response to changes in technology or customer demand***

If NKT does not adapt, expand, and develop its products, services and solutions in response to changes in technology or customer demand for power cables which are integrated into the customers' complex operations, or if competitors develop new technologies leading to superior products or to more efficient and cost-reduced production, NKT's ability to develop and maintain a competitive advantage could be negatively affected. NKT's power cables are highly advanced cables, and NKT's power cables are not necessarily constructed in the same way as its competitors. Moreover, the development of or otherwise exclusive access to new technologies by competitors of NKT, or the failure by NKT to adequately protect its intellectual property rights pertaining to its technologies could make it more difficult or increasingly costly for NKT to compete effectively in certain markets.

The technological demands in the power cable markets in which NKT operates are increasing, especially in the HV power cable market. Project requirements often require power cables which are tailored to specific projects, leading to a need for a bespoke type of power cables and factory tests. Any delays in development of the power cables, lack of passing type and/or factory tests, may cause significant delay or loss of contract. Additionally, power cable systems are also gradually being required to transmit more power to support increased electrification demands, and over longer distances.

Further, the demand for the power cables supplied by NKT could be undermined by advances in power-to-X technology, such as development in electrolysis capacities, whereby electricity could be converted into hydrogen at or nearby the site of wind turbines, and transported by vessels instead of cables, which could reduce demand for NKT's products or make NKT's products obsolete which would impact its earnings and its ability to win new orders.

These factors may require use of new materials and development of new production methods, which in turn may adversely affect NKT's operations if NKT is unable to develop competitive solutions based on the new requirements. At the same time, the increasing pressure to develop more advanced and innovative solutions increases the risks of new innovations revealing technical issues, problems or shortcomings once implemented. NKT believes it is taking steps to protect its innovations by filing patent applications in strategic markets and product segments. However, if NKT does not obtain intellectual property rights in countries where there are market development prospects, or if it is unable to defend its rights, its competitors could develop and/or use similar technologies and products to those developed by NKT's operating subsidiaries which are insufficiently protected.

A materialization of any of these risks may materially and adversely affect the Group's business, results of operations, cash flows, financial condition and/or prospects and cause harm to its reputation. The Company is not able to make a specific assessment of the probability of this risk factor materializing.

1.1.2.13 ***The Group's success largely depends on its ability to hire, retain, integrate and motivate sufficient numbers of qualified personnel, including senior management***

The Group's business and the implementation of its strategy is dependent upon its ability to attract and retain highly qualified and talented individuals to management positions and to other positions in key business areas, who oversee the Group's day-to-day operations, strategy and growth of its business. NKT particularly relies on highly specialized engineers to develop their products and solutions as well as electricians, machine operators and other blue-collar employees for the development and installation of NKT's power cables. Highly skilled engineers and other groups of employees are in high demand in NKT's markets, and NKT competes with many others to attract the qualified candidates in sufficient numbers. The success of NKT's updated

ReNew BOOST strategy is, among other things, dependent on its ability to hire new qualified employees, in particular skilled engineers and machine operators. Additionally, NKT plans to expand its factory in Karlskrona, Sweden, necessitated by its record-high HV order backlog, and expects that more than 500 new employees are required to be hired for this expansion. There is a risk that NKT may not be able to hire all required 500 new employees for its expansion.

The loss of one or several key employees, without a properly executed transition plan, could have an adverse effect on the Group's business, including the loss of institutional knowledge, experience, expertise and other benefits of continuity as well as the ability to attract and retain other key employees. The simultaneous loss of key employees who have intimate knowledge of the Group's core processes could lead to increased competition to the extent that those employees are hired by competitors and are able to recreate the Group's processes. The Group may also be required to increase its levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that its business requires.

In addition, the Group must carefully balance the size of its employee base with its current infrastructure, management resources and anticipated operating cash flows. If the Group is unable to manage the size of its employee base, particularly its engineers and machine operators, it may fail to develop and introduce new products or services successfully and in a cost-effective and timely manner. Furthermore, the Group's ability to deliver on its ambitious strategic objectives depends on its ability to ensure that the entire global organization is fully aligned with its strategy and that this translates into seamless strategy execution.

NKT Photonics and the Company will be exposed to the above-described risks for a longer period, such risks may intensify and/or NKT Photonics' competitiveness may be adversely affected if the agreed sale of NKT Photonics to Hamamatsu does not proceed to closing and this could adversely affect the sale price and terms the Company can agree with any alternative buyer of NKT Photonics. See the risk factor in section 1.1.2.10 *There is a material risk that the Company's agreed sale of NKT Photonics to Hamamatsu will not close as a result of the Danish government's denial to authorize the sale and such denial may have material adverse consequences for the prospects and value of NKT Photonics and a potential future sale of NKT Photonics*. The Danish government's decision not to authorize the agreed sale of NKT Photonics and the uncertainty about the prospects of NKT Photonics this has caused and the lack of public insight into the reasons for such decision, may make it more difficult for NKT Photonics to attract and retain the talents needed to develop its business.

1.1.2.14 ***NKT is subject to risks associated with its international operations***

NKT operates in the international HV power cable market and in European LMV power cable markets, and has production facilities in Europe, the United Kingdom and India, and additional offices around the world. NKT's business is subject to various legal and compliance risks as a result of its presence in multiple jurisdictions, for instance to fully capitalize on growth in HV power cables. NKT intends to expand its HV installation and service footprint and is preparing to establish a presence in the United States and will need to further familiarize it and comply with U.S. laws, rules and regulations.

There are multiple national and local regulatory and compliance requirements from different markets, as well as labor, human rights, health, safety and environment, anti-corruption, personal data protection, export control and sanctions and other regulatory regimes; potential adverse tax consequences (including related to transfer pricing); corporate (including, e.g. rules requiring local ownership or employee ownership); an inability to enforce legal rights in certain jurisdictions; geopolitical and social conditions in certain sectors of relevant markets; and local rules and regulations favoring established players in new markets to the disadvantage of NKT. Compliance with all these requirements increases NKT's cost of doing business in the various jurisdictions, and any non-compliance with such requirements may subject NKT to civil or criminal penalties, cause harm to its reputation, and prohibit its ability to offer power cables in one or more countries, for example by being barred from participating in public or private tenders or already awarded tenders being withdrawn resulting in loss of revenue or by revocations or restrictions of licenses, permits or consents granted to NTK, and/or asset seizures. These risks will also further intensify when NKT potentially expands its *Solutions* business line into its opportunistic market segment, comprising of Latin America and the Asia-pacific region

(APAC). If NKT was found to have violated such requirements, laws and regulations, it may result in civil lawsuits with third parties (including its business partners or other parties) claiming damages, compensation or similar payments. Depending on the nature of such claim, they could be substantial, significantly impacting NKT's financial situation.

As demonstrated by the Danish FDI Decision in respect of the agreed sale of NKT Photonics (see the risk factor in section 1.1.2.10 *There is a material risk that the Company's agreed sale of NKT Photonics to Hamamatsu will not close as a result of the Danish government's denial to authorize the sale and such denial may have material adverse consequences for the prospects and value of NKT Photonics and a potential future sale of NKT Photonics*), almost all countries where NKT operates have, due to, among others, the current geopolitical situation an increased and intense focus on whether foreign investments may pose a threat to national security or public order. This may make it impossible or more difficult for NKT to make investments in certain countries if such investments are deemed by national regulators to pose a threat to national security or public order. Enforcement of foreign direct investment laws (such as, in Denmark, the DIS Act) is a highly political process the outcome of which may be difficult to predict. The general uncertainties relating to direct investments in foreign countries, in particular outside of the EU, may be more acute for NKT than for certain other companies since it supplies cables that are often part of the country's critical infrastructure. Furthermore, there can be no assurances that foreign governments will not react negatively to the Danish FDI Decision in respect of the agreed sale of NKT Photonics to a Japanese listed company and make it more difficult for Danish businesses in general, and NKT in particular, to obtain requisite authorizations and approvals under applicable foreign direct investment laws.

1.1.2.15 ***The Group faces risks in respect of competition laws and regulations and has in the past been fined for non-compliance***

In the last decade, local competitive authorities have shown increasing attention to commercial activities by power cable market players. The geographical distribution of employees, the lack of knowledge at times of applicable regulations as well as market dynamics make it difficult to monitor anti-competitive conduct by third parties including suppliers and competitors, exposing the Group to the risk of incurring economic sanctions from competition authorities with extremely high negative repercussions for the Group's reputation. The Group is from time to time party to various disputes and litigation, as well as enquiries from public authorities related to competition laws and regulations.

Currently, NKT is subject to a class action in the United Kingdom and a claim made before the District Court in Köln in Germany by a Middle Eastern electricity company, both claims arising out of a case from 2014 in which NKT received a fine of EUR 3.9 million following the investigation conducted by the European Commission into alleged price-fixing activities with regard to HV power cable projects delivered several years earlier. As a consequence of the European Commission's decision in the 2014 case, NKT faces exposure to such claims for damages in proceedings brought by customers or other third parties, which could have a substantial influence on the Company's financial results. Additionally, in June 2022, the German Federal Cartel Office (FCO) carried out unannounced inspections at NKT's two main German sites based on a suspicion that power cable and wire manufacturers potentially have coordinated the calculation methodology for metal surcharges in Germany. In June 2022, an unannounced inspection was carried out at NKT's site in Kladno in the Czech Republic by the Czech competition authorities, which also led Slovak competition authorities to initiate administrative proceedings in March 2023. Reference is made to section 16.4 *Legal and arbitration* proceedings.

It is not possible yet to assess how the outcome of any of these inspections may affect the Group's business, financial conditions and results of operations, but if the ultimate outcome of any such inspections is detrimental to NKT, including if any competition authorities decide to fine, penalize or otherwise sanction NKT or initiate legal proceedings against it, or if NKT incurs significant costs as a result of or in defending any legal proceedings or actions which it is unable to recover, the Group’s business results of operations, cash flows, financial condition and/or prospects could be materially adversely affected.

1.1.2.16 ***The Group is subject to increased litigation in the ordinary course of its business, including as a result of the European Commission's decision concerning price fixing activities***

The Group may be subject to claims, lawsuits (including class actions and individual lawsuits), government investigations and other proceedings involving competition, intellectual property, labor and employment, environmental, securities, tax, marketing, commercial disputes and other matters. An unfavorable outcome of any litigation or arbitration matter could require the Group to pay substantial damages. Whether or not the Group will ultimately prevail in future litigation matters, litigation and arbitration are costly and can divert management's attention from its business.

In 2022, NKT was informed that it was included in a class action claim in the United Kingdom. The claim has not yet been quantified or documented. NKT understands that there are several cable manufacturers among the defendants and the distribution of a potential claim between these is uncertain. Additionally, NKT faces exposures for claims for damages in certain proceedings brought by customers or other third parties as a consequence of the European Commission's decision concerning alleged price-fixing activities (see risk factor in section 1.1.2.15 *The Group faces risks in respect of competition laws and regulations and has in the past been fined for non-compliance*). If the ultimate outcome of any such legal proceedings or regulatory investigations is detrimental to NKT and/or not in accordance with NKT's expectations, or if NKT incurs significant costs as a result of or in defending proceedings or actions which it is unable to recover, the Group's business results of operations, cash flows, financial condition and/or prospects could be materially adversely affected.

1.1.2.17 ***NKT Photonics markets products to the aerospace and defense as well as medical and life sciences industries, involving increased requirements with respect to certifications and authorizations***

NKT Photonics' activities within the *Aerospace & Defense* segment, and to a certain extent the *Medical & Life Science* segment, require special certifications and authorizations. For instance, NKT Photonics Inc. has been registered with the United States Directorate of Defense Trade Controls as a manufacturer and exporter of defense articles. Also in United Kingdom, NKT Photonics Ltd. has obtained the required Private Venture Grading from the UK Ministry of Defense, authorizing NKT Photonics Ltd. to conduct certain development activities, and an Open General Export License has been granted by the UK Department for International Trade, Export Control Organization, allowing NKT Photonics Ltd. to market its products within the *Aerospace & Defense* segment to certain low-risk destinations. NKT Photonics also holds and will from time to time be required to take out contracts or customer specific export licenses (not only for aerospace and defense, but also dual use) required for certain products or certain uses of the products under applicable EU or national export control regimes. If NKT Photonics fails to obtain required authorizations and licenses, if it is not successful in renewing authorizations and licenses or if it breaches the terms hereof, NKT Photonics may not be able to sell its products and may be exposed to claims, injunctions and civil or criminal sanctions.

The Company is not able to make a specific assessment of the probability of this risk factor materializing.

1.1.2.18 ***NKT is subject to public scrutiny over ESG performance***

Customers, investors, regulators and other public authorities etc. are increasingly focusing on environmental, social and governance (ESG) as well as emission reduction endeavors and reporting. There is a risk that NKT may be unable to manage its operational energy needs or other requirements within its sustainability goals, and NKT could also be met with allegations or claims that it conveys a false impression or misleading information about its products environmental effect, so-called “green washing”. Such allegations of perceived green washing, even if unjustified, may cause serious harm to NKT's reputation, and NKT may have to spend costs, time and other resources on defending such allegations, which may be unsuccessful. Additionally, if NKT were to be found guilty of green washing, the fines may be material. For example, the European Commission introduced in March 2023 a proposal for a Green Claims Directive providing for maximum fine levels of at least four percent of annual turnover. There is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” or “sustainable” or an equivalently labelled project, or as to what precise attributes are required for a particular project to be defined as “green” or “sustainable” or such other equivalent label, nor can any assurance be given that such a clear definition or consensus will develop over time or, if developed, that NKT will be able to meet such definitions required to market its products as "green", "sustainable" or with similar attributions.

New regulatory requirements on a national or regional level related to environmental standards and the growing demand for low-energy consumption, recyclable and less polluting products as well as value-for-money solutions may also impact NKT's ability to develop competitive solutions. NKT is committed to a 90 percent reduction in scope 1 and scope 2 emissions by 2030 (relative to 2019). In order to meet this goal, the Company is actively working with suppliers and customers to identify and implement more low-carbon solutions. The Company may not be able to deliver this goal, and failure to do so and transition towards lower net carbon alternatives could have significant impact on NKT, its customers and supply chain, including product obsolescence, drop in revenue, loss of market share to competitors, failure to attract and retain talent and a negative impact on reputation. In addition, the Company is experiencing an increasing demand from customers for the use of low-carbon metals (particularly copper and aluminum) in power cables but there are currently limited number of suppliers of such low-carbon metals. If NKT is unable to secure low-carbon metals, or only at high prices, it may not be able to win new projects, deliver projects in compliance with the contract, may be forced to forego or delay attractive investment, business development or other strategic opportunities and/or its margins could come under pressure. The Company could also face governmental intervention to limit emissions and increased regulatory scrutiny.

A materialization of any of these risks may materially and adversely affect the Group's business, results of operations, cash flows, financial condition and/or prospects.

1.1.2.19 ***NKT's operations may be adversely impacted by weather conditions and other circumstances beyond its control***

The installation of NKT's HV and LMV power cables is dependent on weather conditions and long periods of poor weather conditions or other circumstances beyond its control, such as fire, occurring can cause project delays, potentially subjecting NKT to claims or penalties. Offshore projects are in general more complex, and more subject to weather conditions, than those onshore, due to more challenging cable design installation conditions. Poor weather and other natural conditions have in the past resulted in delays and cost overruns for NKT. For instance, in 2018, NKT experienced challenges with installation of MV power cables in its *Applications* business line due to weather conditions in Sweden, which caused delay and extra costs for NKT. Further, there are risks naturally associated with the handling of HV power cables, which for example caused a fire in NKT's test center in Karlskrona, Sweden in 2019 that resulted in delays and extra costs, and more recently in March 2020 a fire in NKT's storage facilities in Rotterdam, the Netherlands, caused damage to cables. NKT's business may also suffer from disruptions to its operations caused by, among others, breakdowns, failure or substandard performance of equipment, including NKT Victoria, labor disputes, natural disasters, pandemic disease and/or production stoppages.

Terminations, cancellations or delays of NKT projects and other orders may result from factors that are wholly or partly beyond the control of NKT. In particular, the water level in the Rhine has impacted NKT's ability to transfer power cables by sea from NKT's facility in Cologne, Germany. Two projects were delayed in the fourth quarter of 2018 due to an extraordinary low water level in the Rhine. When faced with such delays, NKT may seek to negotiate with its customer to amend the related contractual provisions but may have to temporarily or permanently bear extra production or installation costs as a result.

NKT has production sites in various locations, with the highest number of sites dedicated to the LMV power cable part of its business. As part of the continuous assessment and recalibration of the overall production footprint and efficiency, parts of production are from time to time moved from one production site to another, or existing sites may be expanded, to consolidate NKT's production footprint and gain efficiency. Such movement of production capacity and production lines and/or expansion of existing production sites risk facing unanticipated challenges and is subject to execution risk as a result of unanticipated or prolonged interruption of production and operations. If the affected production site is also supplying its products to other business lines of NKT (e.g. if the *Accessories* business line is delivering components to the *Solutions* business line), other NKT business lines could also be impacted by the movement of production capacities and product lines.

See also risk factor in section 1.1.2.3 *Any disruptions to its supply chain could materially affect NKT's business.*

Any material unanticipated or prolonged interruption of operations of such assets could reduce production and service capacities as well as affect NKT's ability to meet its obligations towards customers and thus materially and adversely affect the Group's business results of operations, cash flows, financial condition and/or prospects.

1.1.2.20 ***The Group could fail to manage and protect its intellectual property rights***

The development of technologies and protection of intellectual property rights related to such technologies are important for the Group's competitiveness and business, both NKT and NKT Photonics. The Group primarily relies upon a combination of patents and trade secrets to protect its intellectual property rights and continuously files for patents in strategic market segments and countries. The strength of the Group's patents involves complex legal and technical questions and analysis which are subject to uncertainty. From time to time, the Group experiences third parties infringing on its intellectual property rights. While none of these cases have had a material impact on the Group to date, there is a risk that the Group in the future may continue to experience third parties infringing on its intellectual property rights and such infringements may have a material adverse effect on the Group's business and competitive position, and it may incur significant costs and time in defending its intellectual property rights vis-à-vis such third parties. The protection of the Group's products and solutions from unauthorized use by third parties is dependent upon these being covered or protected by valid and enforceable patents and trade secrets, and the Group may not be successful in adequately protecting its intellectual property rights in all situations. Indeed, even if it is documented that a third party has infringed the Group's intellectual property rights, it may be difficult, excessively costly or indeed impossible for the Group to enforce its rights or recoup any losses incurred. Additionally, any enforcement actions in themselves may be both time consuming and costly. Similarly, third parties may challenge the validity of the patents already granted to the Group. If the Group does not own the intellectual property rights in the countries or markets in which it operates, its competitors could develop and use similar technologies and products, thereby adversely affecting the competitiveness of the Group's offerings.

NKT has established a joint venture in Taiwan with Walsin Lihwa Corporation, using Energy Cable System Co., Ltd. as the corporate vehicle. Pursuant to a technology license agreement between the parties, Walsin Energy Cable System Co., Ltd. has been granted a license by NKT to certain intellectual property rights of NKT for purposes of the joint venture. The agreement contains customary termination rights in case of material breach and other circumstances. NKT may, however, not identify breaches of the intellectual property rights by Walsin Energy Cable System Co., Ltd. in time or at all to terminate the agreement, and even if identified, NKT may incur costs in defending its rights vis-à-vis Walsin Energy Cable System Co., Ltd. Walsin Energy Cable System Co., Ltd.'s liability towards NKT is capped, except in case of fraud.

In addition to the protection afforded by patents, the Group relies on trade secrets and confidentiality agreements to protect technical specifications and other proprietary know-how. The Group contractually requires employees engaged in R&D activities to assign to the Group any inventions or innovations made in the course of their relationship with the Group. In addition, the Group's policies require that all employees, consultants, advisors and any third party who have access to the Group's proprietary know-how and information enter into confidentiality agreements that prevent the party from disclosing any confidential information developed by the party or made known to the party during the course of the party's relationship with the Group. Notwithstanding the Group's policy of putting such confidentiality agreements in place, any such agreements may fail to provide adequate protection or may be breached by contractual counterparties, and trade secrets and confidential information may otherwise be disclosed without the Group's knowledge or consent. If the Group is unable to prevent material disclosure of its confidential information and trade secrets, the Group may not be able to establish or maintain a competitive advantage in its market.

If it is not feasible or possible to obtain, enforce, or protect the Group's intellectual property rights, trade secrets or other confidential information, its competitiveness, business, results of operations, cash flows, financial condition and/or prospects could be materially and adversely affected.

1.1.2.21 ***The Group could violate third parties' intellectual property rights***

There is risk that the Group infringes on patents and other intellectual property rights of third parties, which becomes more acute going forward, given the increased complexity of the technologies used in power cables. The technologies currently used or under development by the Group may from time to time be subject to claims for alleged infringement of patents or other intellectual property rights by third parties. In February 2023, a civil lawsuit was filed against NKT Photonics' US subsidiary, NKT Photonics Inc., in the District Court of Massachusetts by a third party, who is not an active player in the industry, claiming that NKT Photonics Inc. is infringing patent rights and raised a claim against NKT Photonics Inc. for USD 14 million. In addition, the claimant has claimed triple damages for an amount of USD 42 million. NKT Photonics Inc. has disputed both the allegations of infringement and the damage claim and have filled a motion to dismiss the case to the court, and as at the date of this Prospectus, the case is ongoing. Reference is made to section 16.4 *Legal and* arbitration proceedings. If the ultimate outcome of such legal proceedings is detrimental to NKT Photonics and/or not in accordance with NKT Photonics' expectations, or if NKT Photonics incurs significant costs as a result of or in defending proceedings which it is unable to recover, the Group's business results of operations, cash flows, financial condition and/or prospects could be adversely affected.

Claims by third parties that the Group's products infringe their patents or other intellectual property rights, regardless of their merit, could require the Group to incur substantial costs and losses and divert management's attention to defend the Group against such claims, which could have a material adverse effect on its business, results of operations, cash flows, financial condition and/or prospects and cause harm to the Group's reputation.

1.1.2.22 ***NKT is subject to risks in respect of consents and permits for its HV power cable projects***

To install HV power cables, NKT and NKT's customers must often obtain necessary consents and permits from the relevant authorities. Such consents and permits may be necessary for both onshore and offshore installation of HV power cables. The comprehensiveness of such consents and permits, and the procedures for obtaining them, may vary across countries. For example, the installation of the HVDC power cables for the German Corridor Projects has required permits in accordance with German district plans. In most cases permits and consents must be obtained by both the relevant customer and NKT. Failure to obtain such consents and permits, by either NKT or its customer, in a timely fashion, or at all, may result in delays or termination of the project, renegotiations of the contracts pertaining to the project and/or subject NKT to liabilities, monetary claims or penalties by the customer or payment of performance guarantees to the extent any issue relates to consents or permits for which NKT is responsible for obtaining under the relevant contract or applicable law. In cases where the customer is responsible for obtaining consents and permits, a failure on the part of the customer to obtain such consents and permits may result in a delay of the project and may cause NKT to reallocate resources on such delayed projects from other projects, and ultimately it could result in NKT being forced to terminate the contract, delay other projects (which could subject NKT to penalties) or not being able to tender for new projects as long as its resources are committed to the delayed project.

The granting of such consents and permits may be subject to hearings by the public and by authorities who may object to NKT or the customer, as relevant, being granted consents and permits or otherwise direct criticism to NKT or its customer which could adversely affect the project. Moreover, after having obtained such consents and permits, NKT is required to comply with any conditions included (also where the consent or permit has been obtained by the customer), and failure to do so may result in fines, sanctions and/or revocation or suspension of the consents and permits. Failure to obtain or delay in obtaining the necessary consents and permits could result in termination or delay of such projects, and could also result in write downs of the development costs incurred.

See also the risk factors in section 1.1.2.14 *NKT is subject to risks associated with its international operations* for a description of certain risks related to foreign direct investment laws etc. and section 1.1.2.17 *NKT Photonics markets products to the aerospace and defense as well as medical and life sciences industries, involving increased requirements with respect to certifications and authorizations*.

1.1.2.23 ***The Group's insurance policies provide limited coverage, potentially leaving it uninsured against some risks***

The Group maintains insurance policies relating to certain risks affecting its business, including general all-risk insurance, product liability insurance, directors' and officers' liability insurance, project insurance and credit insurance. The Group's insurance policies may not cover, partially or fully, the consequences of a loss event, and the premiums or costs of the Group's insurance policies may increase as a result of loss events covered under its insurance policies or for other reasons. Further, there may be extended periods of uncertainty as to payment, or delays in receiving payment, for a loss event under the Group's insurance policies, for instance due to discussions with insurance providers on coverage, and such delay in payment could compound such losses and materially affect the Group's results of operations and financial position. In general, the Group has insurance coverage in respect of NKT's power cable projects and as of the date of this Prospectus, the Group has not experienced any projects where it did not have insurance coverage.

In the future, the Group may not be able to continue or obtain insurance coverage at relevant levels, or at all, and premiums may increase significantly on the coverage that is maintained, including due to insurance events occurring increasing the premiums. NKT is for instance currently experiencing an increasing reluctance from insurance providers to provide coverage for its business, in particular the HV offshore power cable projects. Increasing insurance costs or other less attractive insurance terms may affect NKT's ability to competitively bid for projects, or if awarded, affect the profitability of a project and/or expose the Group to risks which are not fully or partially covered by insurance. Competitors of NKT with larger financial resources and leverage may be able to obtain more attractive insurance terms, which could impact NKT's ability to compete effectively for tenders. In addition, NKT seeks to use project insurance to provide protection against customer claims under the manufacture and installation warranties that NKT contractually provides to customers in respect of its projects. Going forward, NKT may not be able to obtain insurance coverage for the entire warranty period, or only be able to at unattractive premiums and costs, and if a loss event occurs in the warranty period not covered by insurance, NKT could suffer material losses.

A materialization of any of these risks may materially and adversely affect the Group's business, results of operations, cash flows, financial condition and/or prospects.

1.1.2.24 ***The Group is subject to credit risks on its customers***

The nature of NKT's contracts sometimes requires it to commit resources to a project prior to receiving advance, milestone, progress, or other payments from customers in amounts sufficient to cover NKT's expenditures on the project as they are incurred. As of 31 December 2022, the Group had made a provision for expected credit losses (bad debt) of EUR 2.7 million (EUR 3.2 million as of 31 December 2021). Whilst the Group historically has only had few material losses, it could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and/or other prospects, if a customer defaults in making its payments on a project to which the Group has devoted significant resources or if a project in which it has invested significant resources is delayed, cancelled, or does not proceed to completion.

The Group typically obtains third-party payment guarantees from or on behalf of its customers to mitigate credit risks, however, such guarantees may be subject to certain exemptions or only provide for the payment up to capped amount, which may be below the amounts incurred by the Group. Timely collection of customer receivables also depends on the Group's ability to complete its contractual commitments and bill and collect its contracted revenue.

1.1.2.25 ***The Group faces health, safety and environmental risks***

As an industrial enterprise, the Group incurs significant costs and expenditures to comply with the laws and regulations in the EU and other countries where it has production facilities, including health, safety and environmental laws and regulations. If such costs cannot be fully recouped through sales to customers, or if such laws and regulations force the Group to stop production for longer or shorter periods of time, this could have a material adverse effect on its business, results of operations, cash flows, financial condition and/or prospects. Violation of such laws and regulations may subject the Group to fines or other sanctions.

Both NKT's operations in its production facilities and NKT's activities within installation of power cables may result in occupational injuries. NKT had 47 recorded physical injuries during the year ended 31 December 2022, and as of 31 March 2023, NKT has had 17 recorded physical injuries, which the Company believes is on par with the general level of injuries in the industry. Although a substantial part of NKT's production is automated and NKT takes measures to ensure the safety and health of its employees, and although NKT has taken out industrial injury insurance, it may be subject to liability concerning industrial injury claims in the future.

Moreover, the Group is subject to local and foreign environmental laws and regulations. These laws and regulations impose increasingly strict environmental standards, particularly concerning emissions to air, water and land, wastewater disposal, the emission, use and handling of toxic waste and materials, waste disposal methods and site clean ups, and the failure to comply with such laws could subject the Group to material claims. Pursuant to certain environmental laws, the Group could be held jointly and severally responsible for the remediation of any hazardous substance contamination at its facilities and at third-party waste disposal sites and could also be held liable for any consequences arising out of human exposure to such substances or other environmental damage. Such incidents may also lead to a need for initiating remedial environmental measures or to suspension or shut down of operations. There is also the risk that environmental laws and regulations may force the Group to stop its production or installation of products for longer or shorter periods of time.

A materialization of any of these risks may materially and adversely affect the Group's business, results of operations, cash flows, financial condition and/or prospects.

1.1.3 Risks relating to financial matters

1.1.3.1 ***NKT needs continued access to credit facilities, not least guarantee capacity, in support of its business growth, and is subject to certain covenants and other restrictions***

NKT relies on external financiers to finance its operations and capital expenditures and to provide guarantees to its customers. As of 31 March 2023, NKT had net interest-bearing debt, including lease liabilities of EUR 50.1 million (EUR 109 million as of 31 March 2022) and a leverage ratio (non-IFRS)[17] of 0.3x (0.7x as of 31 March 2022), which is above NKT's target leverage ratio of up to 0.0x. As such, NKT is subject to various risks and restrictions associated with relying on third-party financiers, including the ones described below, as well as more generally the risk of financiers terminating (for cause or otherwise) or refusing to renew existing facilities or the risk of NKT being unable to obtain new external financing, including refinancing of existing facilities, on sufficiently attractive terms or at all.

The financial covenants in the RCF (for more details on the RCF, please see section 19.1.1 *RCF)* limit NKT's ability to incur indebtedness above a certain level. NKT's level of leverage could affect its ability to obtain additional financing for working capital, guarantee lines, capital expenditures, acquisitions, development or other general corporate purposes, and make it more vulnerable to a downturn in the business or the economy generally. Being largely a project-driven business, NKT's leverage ratio is very much dependent on the timing of payments and pricing of orders in the backlog. Delays in prepayments, or in respect of milestone payments from customers for NKT's power cable projects or reduced margins on projects compared to budget, will negatively affect NKT's level of debt. NKT may now or in the future have a greater degree of leverage than its regional or international peers, or both, which may adversely affect NKT's ability to compete for power cable tenders. If NKT fails to comply with the financial or other covenants, it would constitute an event of default and would entitle the lenders to terminate the RCF, demand additional payments from NKT and/or impose further restrictions and obligations on NKT in order to waive their rights towards NKT.

Both the RCF and NKT's other guarantee facility agreements contain, and any future financing arrangements may contain, restrictive covenants, undertakings, change of control provisions and event of default clauses,

[17] Net debt divided by Operational EBITDA (non-IFRS).

including cross default provisions, which could affect its operational and financial flexibility. Such restrictions could affect, and in many respects limit or prohibit, among other things, the Group's ability to pay dividends, incur additional indebtedness, create liens, sell assets or engage in mergers or acquisitions. These restrictions could further limit the Company's ability to plan for or react to market conditions or meet extraordinary capital needs or otherwise restrict corporate activities.

Additionally, under the Company's Bonds (for more details on the Bonds, please see section 19.1.3 *Other facilities and financing agreements etc.*) coupon payments may, at the discretion of the Company, be deferred and ultimately any deferred coupons outstanding in 3022 will be cancelled. If the Company fails to pay interest on the Bonds or is in breach of any of its other obligations under the Bonds, any Bondholder has the right to take such steps or actions or institute proceedings to enforce any such obligations on the Company.

If the Group's future cash flows from operations and other capital resources are insufficient to repay its financial obligations as they mature, to fund the Group's financial liquidity needs or to meet the financial covenants under its financial facilities, the Group may be forced to reduce the scope of its business activities, transfer or sell assets or ownership shares in assets, seek to obtain additional debt or equity capital (which may not be available on favorable terms, or at all, including due to conditions of the financial markets in general, the Group's creditworthiness and credit rating and its capacity to assume more debt at such time) or restructure or refinance all or a portion of its debt on or before maturity. Indeed, any refinancing of the Group's debt could be at higher interest rates and may require it to comply with more onerous covenants, which could further restrict its business operations. If the Group defaults on the payments required under certain elements or its indebtedness or the Group fails to abide by the terms thereof, then such indebtedness, together with the debt incurred pursuant to debt agreements or instruments, may become payable upon demand, and the Group may not have sufficient funds to repay all of its indebtedness and lenders may enforce any pledges or security and lack of funds may result in the bankruptcy of the Group.

1.1.3.2 ***NKT depends on third-party financiers to issue guarantees to its customers, which are a pre-requisite for participating in tenders for power cable orders, in particular large HV power cable orders***

When tendering for power cable orders, in particular large HV power cable orders, customers focus, in addition to *inter alia* NKT's technical offering, quality, capacity and price, on the tenderer's financial ability to fulfil its obligations under the contract. For this purpose, potential customers as part of the tender process, request NKT to provide guarantees, which are usually calculated on the basis of a fixed percentage of the contract price and which may be of considerable size. As of 31 March 2023, NKT has issued guarantees with a value of EUR 1,324 million. Accordingly, it is critical that NKT has in place a relevant guarantee framework under which such guarantees can be issued. The ability to enter into and maintain guarantee arrangements depends, among other things, on NKT's capital ratios and results. With its record high HV order backlog, NKT's need to enter into and maintain higher levels of guarantee arrangements and arrange for trading lines available to hedge raw material price exposure increases. The current public bank scrutiny after the failures of certain U.S. banks and Credit Suisse in March 2023 may cause banks in the future to safeguard their capital and thereby less willing to provide guarantee arrangements, or to provide guarantee arrangements on terms acceptable to NKT.

NKT relies on a number of third-party financiers to provide such guarantees. The guarantee facilities available to NKT are uncommitted facilities, and as a result the finance providers may not be willing to issue the guarantees when called upon to do so. Further, most guarantee facilities can be terminated or reduced in size on short notice, resulting in a requirement that the Company provide cash cover for any outstanding guarantees left uncovered. In case of default by the Company all guarantee facilities can be terminated without notice and the Company will have to provide 100 percent cash-cover for outstanding guarantees. Such termination or default may cause the termination of other contracts, including the RCF due to agreed cross-default or similar provisions and if NKT is not readily able to replace such guarantees, this may lead to default under contracts with customers. The Company seeks to strengthen its capital structure in order to ensure that it will continue to be able to obtain guarantees necessary for NKT to bid in future tenders. However, and irrespective of such intended strengthening of the Company's capital structure, NKT may not be able to establish or maintain the guarantee facilities needed in order for NKT to bid for power cable market tenders at all or on terms that the Company considers acceptable. In addition, the Company would need to provide cash collateral for the guarantees already issued in connection with a termination by any provider of guarantees.

1.1.3.3 ***The calculation of NKT's HV order backlog is based on certain assumptions and estimates, and estimated revenue may not be realized in full***

NKT's estimates of future revenue, and to a lesser extent, future operating profit margins, are to a significant degree dependent on its ability to realize its current HV order backlog. As such, the HV order backlog is an essential parameter in assessing the commercial and financial position of NKT at any point in time. However, the HV order backlog as of any date is not necessarily a complete predictor of future revenue or results of operations as projects included in the HV order backlog may be subject to customer cancellation, revision or delay. With a current record high HV order backlog, NKT faces heightened risk associated with calculation of its order backlog.

The calculation of NKT's HV order backlog is made subject to certain assumptions and estimates. For example, in calculating its order backlog, NKT estimates its expected billings under time-and-materials contracts for each applicable year and assumes the achievement of milestones, and receipt of milestone payments from customers, on a timely basis. There is a risk that NKT underprices its projects, fails to accurately estimate the costs of or time required for performing the work or fails to accurately assess the risks associated with fulfilling contracts resulting in missed milestones and delayed or reduced milestone payments which reduce the value of the contract as compared to the associated backlog value. See also risk factor in section 1.1.2.1 *NKT faces operational and technological risks in delivering increasingly complex, customized and/or large projects and any failures in delivering such projects could result in a number of adverse consequences for it*. Additionally, the time it takes to convert the HV order backlog into revenue varies significantly from project to project included in the HV order backlog both in terms of contractual terms, e.g. timing and size of milestone payments, and the duration of the project. Furthermore, some of NKT's customers could experience liquidity or other issues, which could ultimately lead to a customer seeking to postpone an order or repudiate, cancel or renegotiate a contract or going into bankruptcy, any of which could have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and/or other prospects.

The Company is not able to make a specific assessment of the probability of this risk factor materializing.

1.1.3.4 ***The Group is exposed to fluctuations in foreign currency exchange rates and interest rates***

The Group operates internationally and is therefore exposed to exchange rate risk in respect of the various currencies in which it operates (being principally EUR, Swedish krona, British pound, the U.S. dollar, the Canadian dollar, and Czech krona; however, the Group also has exposure to, *inter alia*, the Norwegian krona and Polish Zloty). The Group's principal currency exposure relates to sales and purchases in currencies other than the functional currency applied by the respective Group company. A significant portion of NKT's raw material purchases, in particular aluminum, copper, lead, polyvinylchloride (PVC) and XLPE, are priced by reference to benchmarks quoted in U.S. dollars. The Group seeks to hedge a portion of such currency risks based on an assessment of the likelihood of completion of the future transaction and whether the associated currency risk is significant, and these assessments require assumptions and estimates that may prove to be incorrect. According to the Group's policy, its consolidated actual and forecasted exposure in the form of future revenue, costs, cash and debt in each of U.S. dollar, British pounds, Canadian dollar, Swedish krona, Norwegian krona, Polish Zloty and Czech krona must be below EUR 5 million, resulting generally in a hedge level of 90 percent of currency fluctuations. The Company publishes its consolidated financial statements in EUR. There is a risk that fluctuations in the exchange rates used to translate financial statements of subsidiaries, which were originally calculated in a foreign currency, in preparing consolidated financial statements of the Group could adversely affect the Group's financial conditions and results of operations.

Changes in the value of EUR against other currencies will affect the Group's reported operating revenue and expenses and the value of balance sheet items originally denominated in other currencies. This can affect the Group's results as its operating revenue in any one currency is not matched by expenses in the same currency.

The Group's exposure to interest rates mainly relates to its long-term financial liabilities, which bear variable rates. Variable rate debt exposes the Group to interest rate volatility risk (cash flow risk) and thus changes in interest rates affect both the market value of the Group's financial assets and liabilities and its net finance costs. While the Group seeks to hedge its exposure to adverse developments in interest rates in the form of interest rates caps arrangements or interest rate swaps, the amount of such caps or swaps may prove to be insufficient to cover losses caused by adverse developments in interest rates. NKT's funding lines (with the exception of the RCF) are on fixed terms. The Group had as of 31 December 2022 a negative net debt, and therefore principally benefits from increasing deposit rates, but such favorable deposit rates may not continue to be available going forward. In addition, the Group is subject to increasing refinancing rates in case of a prolonged increased interest rate environment.

1.1.3.5 *NKT's long-lived assets, including intangible assets, constitute a significant portion of the Group's total assets and are subject to impairment and amortization*

NKT's assets include substantial long-lived assets, such as factories, equipment and the cable-laying vessel NKT Victoria, and intangible assets, primarily goodwill. NKT is an "asset heavy" business and as of 31 December 2022, the Group's assets totaled EUR 2,767.4 million. The Company assesses annually whether there has been an impairment in the value of its long-lived assets, or when certain events occur that require a more current valuation. Impairment test for goodwill is performed annually in connection with the annual report and throughout the year when a trigger event occurs.

In the impairment test of goodwill and long-lived assets, the Company makes various estimates to determine whether such assets will be able to generate sufficient positive net cash flow in the future to support their respective carrying values. Should any event, such as significant negative industry or economic trends, disruptions to NKT's business, unexpected significant changes or planned changes in use of the assets, divestitures and market capitalization declines, cause the Group to conclude that impairment exists, it would be required to record a non-cash impairment on its income statement and to write down the value of the affected assets which may adversely affect the Group's financial conditions and results of operations.

As of the date of this Prospectus, NKT Photonics is classified as an asset held for sale. Long-lived assets classified as assets held for sale are not depreciated or amortized. In the event classification as assets held for sale can no longer be maintained for accounting purposes, depreciations and amortizations are resumed from the initial date classified as assets held for sale, which may adversely affect the Group's financial condition and results of operations. Reference is made to section 10.4 *NKT Photonics as discontinued business.*

1.1.3.6 *The Group is exposed to risks in connection with its pension commitments*

The Group provides pension plans to its employees in the countries in which the Company considers it to be market practice to do so. Most of the Group's pension plans are defined contribution plans. However, the Group provides defined benefit pension plans in certain countries, primarily in Germany. As of 31 December 2022, the Group's defined benefit pension liabilities, net, amounted to EUR 41.3 million. In some countries, the Group's defined benefit pension plans are unfunded and accrued in accordance with local legislation. The funded defined benefit pension plans are funded by payments from Group companies and by payments by employees to plans independent of the Group. If actual returns on the pension plan assets are less than actuarial assumptions regarding the expected rate of return, it could result in a coverage shortfall for these pension liabilities, resulting in a significant increase in the Group's net pension payments. The Group is also exposed to the risk that actual results could differ from actuarial assumptions in areas such as mortality of plan participants, which could increase the Group's liabilities under these pension plans. Any such increase in the Group's net pension payments or its liabilities under its pension plans could adversely affect the Group's financial conditions and results of operations due to an increased additional outflow of funds to finance the pension obligations.

1.2 RISKS RELATED TO THE SECURITIES

1.2.1 Risks related to the Offering, the Shares and the Pre-emptive Rights

1.2.1.1 *Due to the Offering, the prices on the Existing Shares, the Pre-emptive Rights and the New Shares may be volatile regardless of the Company's operating performance and results; the stock market may in general experience considerable volatility and as such investors may not be able to resell Shares at or above the Subscription Price*

The market price of the Existing Shares, the New Shares and the Pre-emptive Rights may be volatile and be affected by numerous factors in addition to the ones described in the preceding risk factors, many of which are beyond the Company's control, including (a) overall performance of the Danish and global stock markets and the global economy as a whole; (b) changes in expectations or actual results as to the Company's future financial performance, including financial estimates and investment recommendations by securities analysts and investors, causing unfavorable coverage of the Group's business; (c) announcements of tender and order wins, acquisitions or capital raising activities or commitments, by the Group or by its competitors; (d) changes to the market's valuation of other similar companies; (e) circumstances, trends or changes in the power cable markets in which the Group operates; (f) changes in business or regulatory conditions affecting the Group; (g) outside systemic factors such as Russia's invasion of Ukraine causing instability on the markets, rising inflation and interest rates as was seen in 2022; and (h) the public's response to the Company's company announcements, press releases or other public announcements by the Company or third parties.

As such, the stock markets may be volatile, and, even if otherwise unrelated to the Group's business, may have a material adverse effect on the price of the Shares and the Pre-emptive Rights.

1.2.1.2 *The Offering may be cancelled or the Offer Period prolonged if material developments arise prior to final completion of the Offering or commencement of trading of the New Shares on Nasdaq Copenhagen, including in relation to the agreed sale of NKT Photonics to Hamamatsu*

Under Article 23 of the Prospectus Regulation, the Company will be required to publish a supplement to this Prospectus without undue delay if any significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus, which occurs or is ascertained between the time of approval by the Danish Financial Supervisory Authority of this Prospectus and the final completion of the Offering or the commencement of trading of the New Shares on Nasdaq Copenhagen (expected on or around 5 July 2023). Any such supplement shall be approved by the Danish Financial Supervisory Authority. Investors who have accepted to exercise Pre-emptive Rights prior to publication of any supplement will be entitled to withdraw their acceptance for two (2) business days after the publication of such supplement.

The risk of the Company becoming obliged to publish a supplement to this Prospectus, including completion of the Offering being delayed or, ultimately, the Offering being cancelled, is increased due to the current uncertainty about the NKT Photonics Transaction and the potential for the occurrence of related events, such as disputes relating thereto. See the risk factor in section 1.1.2.10 *There is a material risk that the Company's agreed sale of NKT Photonics to Hamamatsu will not close as a result of the Danish government's denial to authorize the sale and such denial may have material adverse consequences for the prospects and value of NKT Photonics and a potential future sale of NKT Photonics*. While the Company as of the date of this Prospectus has not terminated the NKT Photonics SPA nor does it currently intend to do so before, at the earliest, 30 June 2023, the Company may decide to do so and a dispute relating to the NKT Photonics SPA may arise. At this time, the Company intends to assist Hamamatsu in its efforts to obtain the requisite authorization under the DIS Act to complete the agreed sale of NKT Photonics, which may include agreeing, if so deemed reasonable and in the best interest of the Company, to extend the Long Stop Date for a reasonable period in order to allow Hamamatsu to submit a revised application under the DIS Act, although it is under no obligation to do so. In the Company's opinion, under the terms of the NKT Photonics SPA, Hamamatsu is not permitted to terminate such agreement prior to 30 June 2023. However, Hamamatsu may nevertheless attempt to do so or take other steps that may have an impact on the current situation in relation to the agreed sale of NKT Photonics.

Any material developments concerning the NKT Photonics Transaction, including developments that the Company is currently unable to predict or control, may cause the Company under applicable laws to issue public announcements and/or be obliged under the Prospectus Regulation to publish a supplement to this Prospectus or otherwise decide to prolong the Offer Period or, if deemed in the best interest of the Company, to cancel the Offering. If the Offering is cancelled, the subscription amount for the New Shares will be refunded (less any transaction costs) to the last registered owner of the New Shares as of the date of such cancellation, and consequently, investors who have acquired Pre-emptive Rights will incur a loss corresponding to the purchase price of the Pre-emptive Rights and any transaction costs.

1.2.1.3 ***The Company may issue additional shares or other securities in the future, which may have an adverse effect on the share price***

Upon completion of the Offering, the Company is subject to a lock-up agreement for a limited period of time and which may be waived by the Joint Global Coordinators and Joint Bookrunners in their discretion. See section 27.2 *Lock-up agreements* for a more detailed description of the agreement, including any exceptions thereto. Upon expiry of the lock-up period, or waiver, the Company may, subject to appropriate corporate approvals, freely issue shares and other securities, which may cause a decrease in the price of the Shares and the shareholdings of Existing Shareholders being diluted. The Company has conducted two major equity offerings in 2020 and may in the coming years issue further shares or other securities linked to shares e.g. in connection with acquisitions or other financing related offerings.

1.2.1.4 ***If the market price of the Shares declines significantly, the Pre-emptive Rights may lose their value and the market for the Pre-emptive Rights may offer only limited liquidity, and even if a market develops, the Pre-emptive Rights may not be effectively priced against the price of the Shares***

The market price of the Pre-emptive Rights depends on the price of the Shares. A decline in the price of the Shares could have an adverse effect on the value and market price of the Pre-emptive Rights. The Pre-emptive Rights will be traded on Nasdaq Copenhagen, however, a market for such rights may not develop, the Pre-emptive Rights may not be effectively priced against the price of the Shares and may be subject to greater volatility given that the trading price of the Pre-emptive Rights depends on the trading price of the Shares. In addition, in the event that the Existing Shareholders sell their Pre-emptive Rights, this could result in a significant decline in the market value of the Pre-emptive Rights and result in higher volatility of the Pre-emptive Rights as well as the Shares.

1.2.1.5 ***The Company expects to retain any available funds and future earnings to, among others, ensure an adequate capital structure, and as such, a shareholder's ability to achieve a return on investment will depend on an appreciation in the price of the Shares***

No dividend payment has been or is expected to be proposed in 2023 due to the need to continue to strengthen the Company's capital structure based on the positive market outlook and the planned continued execution of investments, and the Company does not expect to pay out dividends in the coming two years. Consequently, during this period, the only way for investors to realize future gains on their investments is through a sale of their Shares. Any future determination on the Company's dividend policy and the declaration of any dividends will be made at the discretion of the Board of Directors. Any future dividend payments will depend on a number of factors, including the Company’s results of operations, financial position, future prospects, potential general meeting approval, contractual restrictions, including under the Company's RCF and the Bonds, restrictions imposed by applicable law and other factors the Board of Directors deems relevant. Coupon payments under the Bonds may, at the discretion of the Company, be deferred and ultimately any deferred coupons outstanding in 3022 will be cancelled. Any such deferred coupon payments under the Bonds, however, become payable if the Company decides to pay dividends to shareholders and accordingly, the Company's ability to pay dividends will be impacted by such coupon payments, and the Company may pay out lower dividends than anticipated, if at all any dividends are paid. Additionally, if the Company defaults under its RCF or its leverage ratio exceeds the agreed level set forth therein, this may impair the Company's possibility to make dividend payments.

2. CERTAIN INFORMATION WITH RESPECT TO THIS PROSPECTUS

This Prospectus has been prepared for the public offering in Denmark and for the admission to trading of the Pre-emptive Rights and the admission to trading and official listing of the New Shares on Nasdaq Copenhagen in accordance with Danish law and neither this Prospectus nor any advertisement or any other offering material may be distributed, published or otherwise made available, the New Shares may not be offered, sold or subscribed for, directly or indirectly, and the Pre-emptive Rights may not be offered, sold, acquired or exercised, directly or indirectly, in any jurisdiction outside of Denmark, unless such distribution, offering, sale, acquisition, exercise or subscription is permitted under applicable legislation in the relevant jurisdiction, and the Company and the Managers may require satisfactory documentation from any prospective purchase of New Shares to that effect.

The distribution of this Prospectus and the Offering is restricted by law in certain jurisdictions, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer of, or an invitation to, acquire any Pre-emptive Rights or to subscribe for New Shares in any jurisdiction in which such offer or invitation would be unlawful. Persons into whose possession this Prospectus may come must inform themselves of and observe all such restrictions. Neither the Company nor the Managers accept any liability or any responsibility for any violation of any such restrictions by any person, whether or not such person is a prospective purchaser of the Pre-emptive Rights or a subscriber of the New Shares. For a more detailed description of certain restrictions in connection with the Offering, see section 25.5 *Selling and transfer restrictions.*

Although all Existing Shareholders, regardless of the jurisdiction in which they reside, will be allocated Pre-emptive Rights, due to restrictions under applicable laws and regulations in jurisdictions outside of Denmark, certain Existing Shareholders may not be able to receive this Prospectus and may not be able to exercise their allocated Pre-emptive Rights and to subscribe for the New Shares. The Company makes no offer or solicitation to any person under any circumstances that may be unlawful.

2.1 Notice to U.S. Investors

The Pre-emptive Rights and the New Shares have not been, and will not be, registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, taken up, exercised, resold, pledged renounced, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and, in each case, in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Pre-emptive Rights and the New Shares in the United States. The New Shares are only being offered (i) outside the United States in “offshore transactions“ as defined in, and in reliance on, Regulation S under the U.S. Securities Act, and (ii) within the United States only to QIBs who have executed and delivered the QIB Letter in the form set forth in Appendix 1 to this Prospectus pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act.

Accordingly, any New Shares acquired by an investor in the United States will be “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, and may not be offered, sold, pledged, or otherwise transferred, directly or indirectly, except (i) in a transaction pursuant to Rule 144A, (ii) in an offshore transaction complying with Rule 903 or 904 of Regulation S under the Securities Act, (iii) in accordance with Rule 144 under the Securities Act, if available, or (iv) pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and, in any case, in accordance with all applicable securities laws of the states or other jurisdictions of the United States.

In addition, until 40 days after the admission to trading of the New Shares, an offer, sale or transfer of the New Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of Section 5 of the U.S. Securities Act. The Company is not subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934, as amended.

By accepting delivery of this Prospectus, exercising the Pre-emptive Rights or purchasing New Shares, prospective investors will be deemed to have made the acknowledgments, representations, warranties and agreements set out under section 25.5 *Selling and transfer restrictions.* The Pre-emptive Rights and the New Shares are subject to restrictions on transferability and resale and may not be transferred or resold in the United States except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration.

Each U.S. investor will, in connection with its purchase of New Shares, be required to deliver a letter in the form of Appendix 1 of this Prospectus.

Neither the Pre-emptive Rights nor the New Shares have been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Any person in the United States who obtains a copy of this Prospectus and who is not a QIB is required to disregard it.

2.2 Notice to Investors in Canada, Australia and Japan

The Pre-emptive Rights and the New Shares have not been approved, disapproved or recommended by any foreign regulatory authorities, nor have any of such authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus.

This Prospectus may not be distributed or otherwise made available, the New Shares may not be offered, sold or subscribed for, directly or indirectly, and the Pre-emptive Rights may not be offered, sold, acquired or exercised, directly or indirectly, in Canada, Australia or Japan, unless such distribution, offering, sale, acquisition, exercise or subscription is permitted under applicable legislation in the relevant jurisdiction, and the Company and the Managers receive satisfactory documentation to that effect.

2.3 European Economic Area restrictions

In relation to each member state of the European Economic Area where the Prospectus Regulation applies, other than Denmark (each a **Relevant State**), no offering of Pre-emptive Rights or New Shares has been or will be made to the public in that Relevant State prior to the publication of a prospectus concerning the Pre-emptive Rights and the New Shares which has been approved by the competent authority in such Relevant State or, where relevant, approved in another Relevant State and notified to the competent authority in such Relevant State, all pursuant to the Prospectus Regulation, except that an offering of Pre-emptive Rights and New Shares may be made to the public at any time in such Relevant State pursuant to the following exemptions under the Prospectus Regulation:

a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation (**Qualified Investor**);

b) to fewer than 150 natural or legal persons other than Qualified Investors, subject to obtaining the prior written consent of the Company and the Joint Global Coordinators and Joint Bookrunners; or

c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

provided that no such offer of Pre-emptive Rights or New Shares shall require the Company nor any Joint Global Coordinator or Joint Bookrunner to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public" in relation to the Pre-emptive Rights and the New Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offering, the Pre-emptive Rights and the New Shares so as to enable an investor to decide whether to acquire the Pre-emptive Rights and acquire or subscribe for the New Shares.

2.4 United Kingdom restrictions

In the United Kingdom, an offer to the public of any Offer Shares which are the subject of the Offering contemplated by this Prospectus may not be made, except that an offer to the public in the United Kingdom of any Offer Shares may be made at any time under the following exemptions under the UK Prospectus Regulation:

a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Company for any such offer; or
c) in any other circumstances falling under the scope of Section 86 of the Financial Services and Markets Act 2000 (the **FSMA**),

provided that no such offer of Offer Shares shall require the Company or the Managers to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression **offer to the** public in relation to any Offer Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Offer Shares, and the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended.

In addition, in the United Kingdom, this Prospectus is being distributed only to, and is directed only at, and any offer subsequently made in relation to any Pre-emptive Rights and New Shares may only be directed at persons who are Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **Order 2005**); (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order 2005 ; and/or (iii) other persons to whom it may lawfully be communicated (all such persons referred to in (i), (ii) and (iii) are defined as **Relevant Persons**). In the United Kingdom, any investment or investment activity to which this Prospectus relates is only available to, and will be engaged in with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person must not act on or rely upon this Prospectus or any of its contents.

2.5 Information to distributors

MiFID II product governance / target market

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (**MiFID II**); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the **MiFID II Product Governance Requirements**), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any manufacturer (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the securities that are the subject of the Offering have been subject to a product approval process, which has determined that the Pre-emptive Rights and the New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the **EU Target Market Assessment**).

Notwithstanding the EU Target Market Assessment, distributors (for the purposes of MiFID II) should note that: the price of the Pre-emptive Rights and the Shares of the Company, including the New Shares, may decline and shareholders and investors could lose all or part of their investment; the Pre-emptive Rights and the Shares of the Company, including the New Shares, offer no guaranteed income and no capital protection; and an investment in the Pre-emptive Rights and the Shares of the Company, including the New Shares, is compatible only with shareholders and investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The EU Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the EU Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties (except for a public offering to Existing Shareholders and investors in Denmark conducted pursuant to this Prospectus that has been approved by and registered with the Danish Financial Supervisory Authority).

For the avoidance of doubt, the EU Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or Existing Shareholder in the Company or group of investors or Existing Shareholders in the Company to invest in, or purchase, or take any other action whatsoever with respect to, the Pre-emptive Rights and the New Shares.

Each distributor, subject to MiFID II, is responsible for undertaking its own target market assessment in respect of the Pre-emptive Rights and the New Shares and determining appropriate distribution channels.

UK MiFIR product governance / target market

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK Product Governance Rules**), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer (for the purposes of the UK Product Governance Rules) may otherwise have with respect thereto, the securities that are the subject of the Offering have been subject to a product approval process, which has determined that the Pre-emptive Rights and the New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as clients as defined in paragraph 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all distribution channels (the **UK Target Market Assessment**).

Notwithstanding the UK Target Market Assessment, distributors (for the purposes of the UK Product Governance Rules) should note that: the price of the Pre-emptive Rights and the Shares of the Company, including the New Shares, may decline and shareholders and investors could lose all or part of their investment; the Pre-emptive Rights and the Shares of the Company, including the New Shares, offer no guaranteed income and no capital protection; and an investment in the Pre-emptive Rights and the Shares of the Company, including the New Shares, is compatible only with shareholders and investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The UK Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the UK Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties (except for a public offering to Existing Shareholders and investors in Denmark conducted pursuant to this Prospectus that has been approved by and registered with the Danish Financial Supervisory Authority).

For the avoidance of doubt, the UK Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapter 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or Existing Shareholder in the Company or group of investors or Existing Shareholders in the Company to invest in, or purchase, or take any other action whatsoever with respect to, the Pre-emptive Rights and the New Shares.

Each distributor subject to the UK Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Pre-emptive Rights and the New Shares and determining appropriate distribution channels.

3. RESPONSIBILITY STATEMENT

The Company's responsibility

NKT A/S, Vibeholms Allé 20, DK-2605 Brøndby, Denmark, is responsible for the Prospectus in accordance with Danish law.

The Company's statement

We, as the persons responsible for this Prospectus on behalf of the Company, hereby declare that to the best of our knowledge the information contained in this Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

We furthermore declare that this Prospectus has been approved by the Danish Financial Supervisory Authority as competent authority under the Prospectus Regulation. The Danish Financial Supervisory Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company that is the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Pre-emptive rights and the Shares. The Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

Brøndby, 8 June 2023

Board of Directors

Jens Due Olsen Chair	René Svendsen-Tune Deputy Chair	Anne Vedel Board member
Andreas Nauen Board member	Karla Marianne Lindahl Board member	Nebahat Albayrak Board member
Pernille Blume Simonsen Board member (employee representative)	Christian Dyhr Board member (employee representative)	Stig Nissen Knudsen Board member (employee representative)

Jens Due Olsen is a professional board member.
René Svendsen-Tune is professional board member.
Anne Vedel is Senior Vice President, Product Solutions and Integrations, at Vestas Wind Systems A/S.
Andreas Nauen is Operating Partner at Sandbrook Capital.
Karla Marianne Lindahl is Executive Vice President for the South Europe and Mediterranean region at KONE Corporation.
Nebahat Albayrak is Executive Vice President for Sustainability and Corporate Relations at Fortum Oyj.
Pernille Blume Simonsen is lean specialist at NKT.
Christian Dyhr is warehouse coordinator at NKT Photonics.
Stig Nissen Knudsen is Senior production Engineer at NKT Photonics.

Executive Management

Claes Westerlind	Line Andrea Fandrup
Chief Executive Officer	Chief Financial Officer

4. GENERAL INFORMATION

In this Prospectus, the **Company** refers to NKT A/S, the **Group** refers to the Company together with its consolidated subsidiaries, **NKT** refers to the Company together with its consolidated subsidiaries other than NKT Photonics and its consolidated subsidiaries, **NKT Photonics** refers to the Company's wholly-owned subsidiary NKT Photonics A/S and its consolidated subsidiaries, unless the context requires otherwise. See section 31 *Glossary* for a list of terms and definitions frequently used in this Prospectus.

Danske Bank A/S (**Danske Bank**), J.P. Morgan SE (**J.P. Morgan**) and Nordea Danmark, filial af Nordea Bank Abp, Finland (**Nordea**) act as Joint Global Coordinators and Joint Bookrunners (collectively, the **Joint Global Coordinators and Joint Bookrunners**), and Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ.) Sverige (**SEB**) and Nykredit Bank A/S (**Nykredit**) act as Joint Lead Managers (together with the Joint Global Coordinators and Joint Bookrunners, the **Managers**) in connection with the Offering and will receive remuneration from the Company for their services. In the course of their usual business activities, the Managers or certain companies affiliated with each of them may have provided and may in the future provide investment banking advice and carry-on normal banking business with the Company and any subsidiaries and affiliates. The Managers act exclusively for the Company and no one else in connection with the Offering and admission to trading of the Pre-emptive Rights and the New Shares on Nasdaq Copenhagen. The Managers will not regard any other person as their respective client and will not be responsible to anyone other than the Company for providing the protections afforded to clients of the Managers or for providing advice in relation to the Offering and admission to trading of the Pre-emptive Rights and the New Shares on Nasdaq Copenhagen.

This Prospectus is not intended to provide the basis of any credit or any other evaluation and should not be considered as a recommendation by the Company or the Managers that any recipient of this Prospectus should acquire or exercise any Pre-emptive Rights or subscribe for any New Shares. Each Existing Shareholder and prospective investor should determine for itself the relevance of the information contained in this Prospectus, and any acquisition or exercise of the Pre-emptive Rights or subscription of the New Shares should be based upon such information as it deems necessary.

Existing Shareholders and investors are authorized to use this Prospectus for the purpose of considering the acquisition or exercise of Pre-emptive Rights and subscription to the New Shares described in this Prospectus. The information contained in this Prospectus has been provided by the Company and by other sources identified herein. The Managers make no representation or warranty, whether expressed or implied, as to the accuracy or completeness of the information contained in the Prospectus. Nothing contained in this Prospectus is or may be relied upon as a promise or representation by the Managers in this respect, whether as to the past or the future. The Managers assume no responsibility for the accuracy or completeness of the Prospectus and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which the Managers may otherwise be found to have in respect of this Prospectus or any such statement.

Neither the delivery of this Prospectus nor the exercise of Pre-emptive Rights or the subscription or acquisition of the New Shares will create any implication that the information contained herein is correct as at any time subsequent to the date of this Prospectus. Any material changes in connection with the information in this Prospectus which may affect the evaluation of the Pre-emptive Rights, the New Shares or the Existing Shares, which occur or are ascertained between the time of approval of this Prospectus and the final completion of the Offering or the commencement of trading on Nasdaq Copenhagen, will be published as a supplement pursuant to applicable rules and legislation in Denmark. Existing Shareholders and investors who exercised Pre-emptive Rights prior to publication of the supplement will be entitled to withdraw their acceptance for two (2) business days after the publication of any such supplement.

Further, Existing Shareholders and investors acknowledge that they have not relied on the Managers or any person affiliated with the Managers in connection with an investigation of the accuracy of any information contained in this Prospectus or their investment decision. Existing Shareholders and investors also acknowledge that no person has been authorized to give any information or to make any representation concerning the Group, the Pre-emptive Rights or the New Shares other than contained in this Prospectus, and, if given or made, any such information or representation should not be relied upon as having been authorized by the Company or the Managers.

Prospective purchasers of Pre-emptive Rights and/or subscribers for New Shares should make an independent assessment as to whether the information in this Prospectus is relevant, and any purchase of Pre-emptive Rights and/or subscription of New Shares should be based on the examinations that the prospective purchasers and/or subscribers may deem necessary.

The Prospectus may not be forwarded, reproduced or otherwise redistributed, in whole or in part, by anyone but the Managers and the Company. Existing Shareholders and investors may not reproduce or distribute this Prospectus, in whole or in part, and Existing Shareholders and investors may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than for considering the purchase of Pre-emptive Rights and/or the subscription of New Shares described in this Prospectus. Existing Shareholders and investors agree to the foregoing by accepting delivery of this Prospectus.

The Offering is subject to Danish law, and neither the Company, nor the Managers, have taken or will take any action in any jurisdiction, with the exception of Denmark, which may result in a public offering of Pre-emptive Rights and/or New Shares. Further, neither the Company nor the Managers, or any of their respective representatives, will make any representation to any offeree or purchaser of the Pre-emptive Rights or the New Shares regarding the lawfulness of an investment in the Pre-emptive Rights or the New Shares by such offeree or purchaser under the legislation applicable to such offeree or purchaser. All prospective subscribers and purchasers should individually examine the legal basis and consequences of the Offering, including any tax issues and currency restrictions that may be relevant in connection with the Offering. Further, all Existing Shareholders and investors should individually examine the legal basis, including tax consequences of an investment in Pre-emptive Rights and the New Shares or the trading in Pre-emptive Rights, through their own advisers. This Prospectus does not constitute an offer of or an invitation to purchase any Pre-emptive Rights or purchase or subscribe for any New Shares in any jurisdiction in which such offer or invitation would be unlawful.

Furthermore, the Pre-emptive Rights and the New Shares are subject to transfer and selling restrictions in certain jurisdictions. See section 25.5 *Selling and transfer restrictions*. Prospective purchasers of Pre-emptive Rights and/or subscribers to the New Shares must comply with all applicable rules and legislation in countries or territories in which they acquire, subscribe for, offer or sell Pre-emptive Rights and/or New Shares or possess or distribute this Prospectus and must obtain consent, approval or permission, as required, for the acquisition of the Pre-emptive Rights or the New Shares. Persons into whose possession this Prospectus may come are required by the Company and the Managers to inform themselves about such restrictions and to observe such restrictions. Neither the Company, the Company's auditors nor the Managers accept liability for any violation of these restrictions by any person, irrespective of whether such person is an Existing Shareholder or a potential purchaser of Pre-emptive Rights and/or subscriber to the New Shares.

In connection with the Offering, the Managers and any of their respective group enterprises, acting as an investor for their own account, may take up Pre-emptive Rights and/or New Shares in the Offering and, in that capacity, may subscribe for, retain, purchase or sell for its own account such Pre-emptive Rights and/or New Shares or other investments. Accordingly, any reference in the Prospectus to Pre-emptive Rights and New Shares being offered or placed should be read as including any offering or placement of Pre-emptive Rights and New Shares to the Managers or any of its group enterprises acting in such capacity. The Managers do not intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

4.1 Enforceability of judgements

The Company is a public limited liability company organized under Danish law. The majority of the members of the Company's management are residents of Denmark and the Company is headquartered in Denmark. As a result, it may not be possible for Existing Shareholders and investors to effect service of process upon such persons or the Company outside Denmark or to enforce judgments obtained in courts outside Denmark, including judgments obtained in a United States court, based on applicable legislation in jurisdictions outside Denmark against such persons or the Company.

In particular, original actions, or actions for the enforcement of judgements of United States courts, relating to the civil liability provisions of the federal or state securities laws of the United States are not directly enforceable in Denmark. The United States and Denmark do not have a treaty providing for reciprocal recognition and enforcement of judgements, other than arbitration awards, in civil and commercial matters. Accordingly, a final judgement for the payment of money rendered by a United States court based on civil liability will not be directly enforceable in Denmark. However, if the party in whose favor such final judgement is rendered brings a new lawsuit in a competent court in Denmark, that party may submit to the Danish court the final judgement that has been rendered in the United States. A judgement by a federal or state court in the United States against the Company or members of the Company's management will neither be recognized nor enforced by a Danish court, but such judgement may serve as evidence in a similar action in a Danish court.

4.2 Third-party information

This Prospectus contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Group's business and markets. Unless otherwise indicated, such information is based on the Company's analysis of multiple sources, including publications by (i) International Energy Agency, 9 rue de la Fédération, 75739 Paris Cedex 15, France; (ii) International Renewable Energy Agency (IRENA), Masdar City P.O. Box 236, Abu Dhabi United Arab Emirates; (iii) Wind Europe asbl/vzw, Rue Belliard 40, B-1040 Brussels, Belgium; (iv) Roland Berger, Sederanger 1, 80538 Munich, Germany; (v) DNV, Veritasveien 1, 1363 Høvik, Norway; (vi) CRU, 1st Floor, MidCity Place, 71 High Holborn, London WC1V 6EA, the United Kingdom; and (vii) Maia Research, Ho King Commercial Center, Fa Yuen Street, Mongkok, Kowloon, Hong Kong.

While the Company can confirm that information from external sources has been accurately reproduced, the Company has not independently verified and cannot give any assurances as to the accuracy of market data as presented in this Prospectus that was extracted or derived from these external sources. As far as the Company is aware and able to ascertain from this information, no facts have been omitted which would render the information provided inaccurate or misleading.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents.

Neither the Company nor the Managers make any representations as to the accuracy of such information that was extracted or derived from these external sources. Thus, any development in the Group's activities may deviate from the market developments stated in the Prospectus. The Company and the Managers do not assume any obligation to update such information.

As a result of the foregoing, Existing Shareholders and prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in section 1 *Risk factors* and section 25.5 *Selling and transfer restrictions* included elsewhere in this Prospectus.

4.3 Presentation of financial statements and other information

Certain accounting and statistical figures in this Prospectus have been subject to rounding adjustments. Accordingly, the sum of these figures is not necessarily equivalent to the total amounts stated. In addition, certain percentage figures reflect calculations based on the underlying information prior to rounding up and, accordingly, the percentage figures may not necessarily be exactly equivalent to the figures that would be derived if the relevant calculations were based upon the rounded numbers.

References to **DKK** are references to Danish kroner and references to **EUR** are references to the common European currency Euro.

This Prospectus include the following financial statements: (i) the audited consolidated financial statements of the Group as of and for the financial year ended 31 December 2022 (including the related notes, the **2022 Consolidated Financial Statements**); (ii) the audited consolidated financial statements of the Group as of and for the financial year ended 31 December 2021 (including the related notes, the **2021 Consolidated Financial Statements**); (iii) the audited consolidated financial statements of the Group as of and for the financial year ended 31 December 2020 (including the related notes, the **2020 Consolidated Financial Statements**); and (iv) the unaudited but reviewed consolidated interim financial statements of the Group for the three-months period from 1 January 2023 to 31 March 2023 which includes unaudited and unreviewed comparison numbers for the period from 1 January 2022 to 31 March 2022 (including the related notes, the **Q1 2023 Interim Consolidated Financial Statements** and together with the 2022 Consolidated Financial Statements, the 2021 Consolidated Financial Statements and the 2020 Consolidated Financial Statements, the **Consolidated Financial Statements**), all of which are included in the Prospectus by reference, see section 16 *Financial information concerning the assets and liabilities, financial position and profits and losses and dividends*. The 2022 Consolidated Financial Statements, the 2021 Consolidated Financial Statements and the 2020 Consolidated Financial Statements have been prepared in accordance with IFRS as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies. The Q1 2023 Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB) and adopted by the EU and additional Danish disclosure requirements for listed companies. The Company publishes its consolidated financial statements in EUR. The Q1 2023 Interim Consolidated Financial Statements are unaudited but have been reviewed (except for the comparative figures for the financial year ended 31 December 2022) by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab. The 2022 Consolidated Financial Statements, the 2021 Consolidated Financial Statements and the 2020 Consolidated Financial Statements have been audited by Deloitte Statsautoriseret Revisionspartnerselskab and are provided with unqualified audit opinions based on International Standards of Auditing.

In addition, this Prospectus contains certain measures which are not measures defined by IFRS and which are used by the Group to assess the financial performance of its businesses. See section 10.7 *Alternative performance measures/non-IFRS measures*. The Company believes that the presentation of these non-IFRS measures in this Prospectus provides information useful to investors in assessing the Group's financial condition and results of operations. While the measures are used by Executive Management to monitor the underlying performance of the Group, the definitions of the non-IFRS financial measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools, and should not be considered in isolation, as measures of the Group's liquidity or as substitutes for analysis of the Group's operating results as reported under IFRS.

4.4 Forward-looking statements

Certain statements in this Prospectus, including, but not limited to, certain statements in the section under the heading *Summary,* section *1 Risk factors,* section 16.7 *Dividend policy,* section 16.1 *Financial statements,* section 8 *Business* and section 12 *Prospective financial information* are based on views of the Board of Directors and the Executive Management, as well as on assumptions made by and information currently available to management, and such statements may constitute forward-looking statements within the meaning of securities laws of certain jurisdictions. Such forward-looking statements (other than statements of historical fact) regarding the Group's future results of operations, financial position, cash flows, business strategy, plans and objectives of the Board of Directors and Executive Management for future operations can generally be identified by terminology such as “targets”, “believes”, “estimates”, “expects”, “aims”, “intends”, “plans”, “seeks”, “ambition”, “will”, “may”, “anticipates”, “would”, “could”, “continues” or similar expressions or the negative forms thereof. Other forward-looking statements can be identified in the context in which the statements are made.

Such forward-looking statements are subject to known and unknown risks, uncertainties related to investments in the Company and other factors because they relate to events and depend on circumstances that may or may not occur in the future. The Company's actual results may differ significantly from the results discussed or implied in the forward-looking statements. Factors that may cause such difference include, but are not limited to, those discussed in section 1 *Risk factors*, section 8 *Business* and section 12 *Prospective financial information* herein. The forward-looking statements are made as of the date of the Prospectus and, except as required by law or rules and regulations (including, but not limited to the rules of Nasdaq Copenhagen), the Company undertakes no obligation to publicly update or publicly revise any forward-looking statements, whether as a result of new information, future events or otherwise. Investors should carefully consider the risk factors described in this Prospectus before making any investments decision. If one or more of these risks materialize, it may have an adverse effect on the Group's business, financial position, results of operations or objectives. In addition, other risks that have not yet been identified or which the Company has not considered to be material may have an adverse effect, and investors may lose all or part of their investments. See section 1 *Risk factors.* In addition, even if its result of operations, financial position and cash flows, and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

All subsequent written or oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained in this Prospectus, including those set forth in section 1 *Risk factors* above.

4.5 Tax consequences

No Existing Shareholder or any other interested party should construe the contents of this Prospectus and the documentation accompanying it as tax or other advice, including in relation to the issue, exercise or transfer of the Pre-emptive Rights and the subsequent subscription for, holding of and/or dealing in New Shares. Existing Shareholders are advised to consult their tax and financial advisers regarding any tax consequences applicable to them as a result of receiving, exercising and disposing of the Pre-emptive Rights and subscribing for New Shares in terms of the Offering. Additional information is provided in section 24.7 *Taxation*.

5. BACKGROUND TO THE OFFERING AND USE OF PROCEEDS

On 22 February 2023, the Company announced the Board of Directors planned to seek shareholder approval for increasing the authorization to issue new shares with pre-emptive rights for existing shareholders at the Company's annual general meeting 2023.

The proposal to increase the authorization to issue new shares with pre-emptive rights was approved at the annual general meeting held on Thursday 23 March 2023 (company announcement no. 10 dated 23 March 2023). As per the authorization granted on the annual general meeting, the authorization may until 22 March 2024 be utilized to increase the Company's share capital with up to nominally DKK 429,760,360 (21,488,018 Shares of DKK 20 each), corresponding to a maximum of 50 percent of the Existing Shares.

As informed in company announcement no. 18 dated 24 May 2023, the Company intends to raise around EUR 350 million by issuing New Shares with pre-emptive rights for the existing shareholders. This was based on the Company's then current evaluated capital requirements.

The Offering is expected to raise gross proceeds to the Company of approximately DKK 2,740 million, assuming all New Shares are subscribed for. The net proceeds to the Company from the Offering are expected to be approximately DKK 2,653 million after deduction of costs and expenses payable by the Company in relation to the Offering, assuming all New Shares are subscribed for.

The net proceeds are to be applied for investments in production and installation capacity in order to execute on NKT's current record-level HV order backlog as well as meet anticipated future customer demand, and to strengthen the capital base in order to provide the Company with improved balance sheet flexibility (for instance when NKT issues guarantees, which customers typically require as security under HV power cable projects). Combined with the Company's strategic direction, the net proceeds from a successful Offering are expected to support the Company's commitment to a robust capital structure and its targeted leverage ratio (non-IFRS)[18] of up to 0.0x and a solvency ratio (non-IFRS)[19] of above 30 percent.

Invest in production and installation capacity to meet expected future demand

The HV power cable market has grown significantly in recent years and the market outlook remains positive driven by the transition to renewable energy and the continuing electrification of advanced economies.

NKT estimates that the average addressable HV power cable market measured as projects awarded was approximately EUR 5 billion in 2021 and EUR 8 billion in 2022, and NKT estimates that the value of projects awarded in its addressable high-voltage power cable market to be at least EUR 8 billion on average per year in 2023 and 2024. In recent years, NKT has invested in its HV production and execution capabilities and capacity on the back of a growing HV order backlog. As part of its strategy, NKT aims to maintain its longer term average share of the growing HV power cable market by pursuing continued profitable growth. With the orders it has recently been awarded, NKT is preparing to expand its production and installation capacity further.

In May 2023, TenneT, a major transmission system operator in the Netherlands and Germany, selected NKT to provide several 525 kV cross-linked polyethylene (**XLPE**) HVDC offshore and onshore power cable systems under a multi-year framework agreement for Nederwiek 3 and Doordewind 1 & 2 offshore wind farms. The contracts for these projects will have a combined value of approximately EUR 1.5 billion. Additional projects could be added under the framework agreement.

[18] Net-interest bearing debt relative to Operational EBITDA (non-IFRS).

[19] Equity as percentage of total assets.

With the orders it has recently been awarded, NKT plans to initiate a new HV investment program to improve turnkey capacity and capabilities, including a significant expansion of the production site in Karlskrona, Sweden, and a new market leading cable-laying vessel.

The investment program is expected to amount to approximately EUR 1 billion between 2023 and 2026. The new assets are expected to be operational from 2027. In addition, NKT will continue to have ongoing maintenance and less sizable investments in the business.

Strengthen the financial foundation to execute on HV order backlog with growing project complexity and magnitude

NKT has been awarded HV projects of approximately EUR 5 billion in 2023 (market prices) and the HV order backlog for NKT was at EUR 7.0 billion (market prices) on 31 March 2023.

A strong capital base is expected to increase NKT's competitiveness related to sizable HV power cable projects and provide it with improved financial flexibility.

With the anticipated investments, NKT plans to grow its *Solutions* business line further to make it an even larger part of NKT's operations. This will increase NKT's relative exposure to sizeable HV power cable projects and the associated risks. In addition, these projects will by nature lead to fluctuations in working capital due to the phasing of receipt of contractual milestone payments from customers.

The increased order intake will also require NKT to be capable of ensuring higher levels of the guarantees that customers typically require as security under the projects and to have trading lines available to hedge its increased raw material price exposure.

As of the date of this Prospectus, the divestment of NKT Photonics has not closed as the Danish Authorities have denied authorization to Hamamatsu under the DIS Act to acquire NKT Photonics. The Company awaits Hamamatsu's further actions in response to the Danish FDI Decision and, separately, the Company evaluates its options considering the decision.

The Board of Directors still intends to divest NKT Photonics despite the process taking longer than expected.

6. AUDITOR

The Company's independent auditors are:
PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Company registration (CVR) no. 33771231
Strandvejen 44
DK-2900 Hellerup
Denmark

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab was elected new statutory auditors of the Company on the annual general meeting held on 23 March 2023. The Q1 2023 Interim Consolidated Financial Statements have not been audited but have been reviewed by State Authorised Public Accountants Kim Tromholt (identification no. (MNE) mne33251) and Søren Ørjan Jensen (identification no. (MNE) mne33226) (except for the comparative figures for the financial year ended 31 March 2022).

Deloitte Statsautoriseret Revisionspartnerselskab, company registration (CVR) no. 33963556, Weidekampsgade 6, DK-2300 Copenhagen S, Denmark, was statutory auditors of the Company from 2013 to the Company's annual general meeting held on 23 March 2023. The 2022 Consolidated Financial Statements have been audited by State Authorized Public Accountants Kirsten Aaskov Mikkelsen (identification no (MNE) mne21358) and Niels Skannerup Vendelbo (identification no. (MNE) mne34532), and the 2021 Consolidated Financial Statements and the 2020 Consolidated Financial Statements have been audited by State Authorized Public Accountants Kirsten Aaskov Mikkelsen and Kåre Kansonen Valtersdorf (identification no. (MNE) mne34490).

The Consolidated Financial Statements are incorporated in this Prospectus by reference as set forth in section 16 *Financial information concerning the assets and liabilities, financial position and profits and losses and dividends.*

The above auditors are members of FSR - Danish Auditors, the Danish association for state-authorized public accountants (FSR - Danske Revisorer).

7. COMPANY INFORMATION

7.1 Name and registered office

NKT A/S
Company registration (CVR) no. 62725214
Vibeholms Allé 20,
DK-2605 Brøndby,
Denmark
Legal entity identifier (LEI): 529900197LKWCEQ0NL18
Telephone: (+45) 43482000
Website: https://www.nkt.com/

The Company also operates under the secondary names Aktieselskabet Nordiske Kabel- og Traadfabrikker and NKT Holding A/S.

The information on the Company's website, or any other website, does not form part of the Prospectus unless that information is explicitly incorporated by reference into the Prospectus. See section 16 *Financial information concerning the assets and liabilities, financial position and profits and losses and dividends*.

7.2 Country of incorporation and governing law

The Company is a public limited liability company incorporated in Denmark and is subject to Danish law.

8. BUSINESS

Investors should read this section of the Prospectus in conjunction with the more detailed information contained in this Prospectus, including the financial and other information appearing in section 10 Operating and financial review and in the Consolidated Financial Statements, incorporated by reference into this Prospectus, as set forth in section 16 Financial information concerning the assets and liabilities, financial position and profits and losses and dividends. Financial information set forth herein has been derived from the Group's audited or reviewed financial statements, unless otherwise stated.

This business review contains a number of observations, judgments and estimates, especially in relation to market sizes, market share and market trends, which are based on the Company's management's estimates and publicly available information, including publications by International Energy Agency, International Renewable Energy Agency (IRENA), Wind Europe asbl/vzw, Roland Berger, DNV, CRU and Maia Research. Management's estimates are generally based on the Group's knowledge of the market and various external research and industry reports. External sources were used only to a limited extent in the preparation of this business and market review. However, there can be no assurance that other sources may not express a different opinion of the market, etc., than the one on which the Company's management has based its views. The information regarding market conditions is based on the Company's management's estimates. The forward-looking estimates are subject to substantial uncertainty. See section 4.4 Forward-looking statements and section 1 Risk factors.

8.1 Key principal activities

Founded in 1891 during the second industrial revolution and listed on the Danish stock exchange since 1898, the Group (at that time Nordisk Elektrisk Ledningstråd og Kabel-Fabrik) pioneered the telecom cable industry in the Nordics. Over the years, the Group evolved into a conglomerate with a number of focused businesses operating separately from each other: NKT Cables, Nilfisk A/S, NKT Photonics and NKT Flexibles. Following the divestment of NKT Flexibles in 2012, the demerger of the Group in 2017, which involved the spin-off of Nilfisk A/S, the Group has transitioned from an industrial conglomerate to a focused, power-cable manufacturing and turnkey solution provider increasingly focused on the global green transformation. As of the date of this Prospectus, the Group consists of two businesses operating separate of each other: NKT and NKT Photonics.

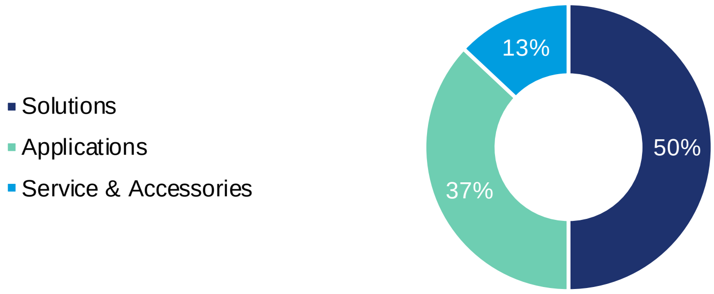
NKT is a leading provider of power cable products and solutions with cost-effective and technologically advanced production facilities located in Europe and the United Kingdom, including Runcorn in the United Kingdom, Karlskrona, Falun, and Alingsås in Sweden, Asnæs in Denmark, Nordenham and Cologne in Germany, Kladno and Velke Mezirici in the Czech Republic and Warsowicze in Poland, Gurgaon in India and additional offices around the world. As a full-service partner in the power cable industry, NKT strives to deliver technology-advanced long-lasting solutions that enable its customers to create a safe and sustainable future in a world increasingly dependent on power.

NKT believes that, with a technology-leading portfolio in the HV power cable segment, it is well positioned to capture parts of the growing demand driven particularly by the transition to renewable energy. Furthermore, NKT holds strong market positions within the LV and MV power cable markets in selected Northern and Eastern European markets.

To serve the different segments of the power cable market, each with its own separate characteristics, customer profiles, and demand patterns, NKT is organized into three business lines: HV power cable solutions (*Solutions*), LMV power cable solutions (*Applications*) and offshore and onshore power cables services and accessories across the HV and MV categories (*Service & Accessories*).

For the financial year 2022, NKT reported revenue (std. metal prices) (non-IFRS) of EUR 1,447 million (EUR 1,263 million for the financial year 2021), revenue (market prices) of EUR 2,079 million (EUR 1,828 million for the financial year 2021), Operational EBITDA (non-IFRS) of EUR 154.5 million (EUR 131.1 million for the financial year 2021) and EBIT of EUR 69.2 million (EUR 23.9 million for the financial year 2021). NKT's revenue (std. metal prices) (non-IFRS) for 2022 was divided among *Solutions*, *Applications* and *Service & Accessories* as illustrated below.

Figure 1: Revenue divided between Solutions, Applications and Service & Accessories



Note: Chart excludes inter-segment transactions.

For the three-months period ended 31 March 2023, NKT reported revenue (std. metal prices) (non-IFRS) of EUR 421.7 million (EUR 319.2 million for the three-months period ended 31 March 2022), revenue (market prices) of EUR 589.5 million (EUR 489.5 million for the three-months period ended 31 March 2022), Operational EBITDA (non-IFRS) of EUR 56.9 million (EUR 38.3 million for the three-months period ended 31 March 2022) and EBIT of EUR 56.9 million (EUR 19.2 million for the three-months period ended 31 March 2022).

The *Solutions* business line is a project and backlog driven business specializing in HV power cable manufacturing and installation solutions. NKT designs, develops, manufactures and installs power cables used in offshore and onshore power transmission systems. Its capabilities cover both AC (alternating current) and DC (direct current) power cable systems based on both XLPE and mass impregnated (MI) technology. NKT offers customers complete and customized end-to-end turnkey solutions, including full installation services. A large contributor to the success of NKT's order wins in recent years is the DC technology and offshore turnkey capability, which NKT gained access to through its acquisition of ABB HV Cables in March 2017.

NKT has two HV production facilities strategically situated in Northern Europe: Karlskrona, Sweden and Cologne, Germany. The river and sea access to both production facilities enable the efficient execution and delivery of NKT's offshore solutions throughout Europe and the rest of the world, while also having expertise within onshore solutions. These production facilities, combined with NKT's high-tech capabilities, in-house installation expertise and a dedicated cable-laying vessel, NKT Victoria, have contributed to NKT's position as a leading company in the interconnector, offshore wind, and power-from-shore segments.

Solutions reported revenue (std. metal prices) (non-IFRS) for the financial year 2022 of EUR 749.5 million (EUR 640.1 million for the financial year 2021), revenue (market prices) of EUR 867.1 million (EUR 755.2 million for the financial year 2021) and Operational EBITDA (non-IFRS) of EUR 105.9 million (EUR 83.1 million for the financial year 2021). For the three-months period ended 31 March 2023, *Solutions* reported revenue (std. metal prices) (non-IFRS) of EUR 215.0 million (EUR 150.9 million for the three-months period ended 31 March 2022), revenue (market prices) of EUR 252.2 million (EUR 174.2 million for the three-months period ended 31 March 2022) and Operational EBITDA (non-IFRS) of EUR 35.3 million (EUR 24.7 million for the three-months period ended 31 March 2022).

The *Applications* business line offers customers a broad range of LV and MV high-quality power cable solutions. NKT continuously secures that these products conform to the evolving regulatory requirements. NKT has developed ergonomic solutions that are easy to install in line with its customers' expectations and requirements. The MV market benefits from ongoing optimization of the power grids by private and public stakeholders, while the LV market is mainly driven by construction development in both residential and non-residential buildings. NKT's LMV segments are increasingly enjoying demand increases due to increased electrification in the countries and channels in which NKT sells. Telecom power cables, which currently represents a relatively smaller part of the business line, are also being developed and marketed with the view to address future opportunities in the roll-out of 5G mobile networks.

Within *Applications*, NKT believes that it holds relatively strong positions in its main locations, namely Denmark, Sweden, Poland, the Czech Republic and the United Kingdom. Moreover, NKT also holds relatively strong positions in other European markets, such as the German and Norwegian markets.

Applications reported revenue (std. metal prices) (non-IFRS) for the financial year 2022 of EUR 552.0 million (EUR 450.2 million for the financial year 2021), revenue (market prices) of EUR 1,066.7 million (EUR 900.0 million for the financial year 2021) and Operational EBITDA (non-IFRS) of EUR 28.5 million (EUR 28.5 million for the financial year 2021). For the three-months period ended 31 March 2023, *Applications* reported revenue (std. metal prices) (non-IFRS) of EUR 164.0 million (EUR 131.1 million for the three-months period ended 31 March 2022), revenue (market prices) of EUR 294.6 million (EUR 277.3 for the three-months period ended 31 March 2022) and Operational EBITDA (non-IFRS) of EUR 18.0 million (EUR 10.4 million for the three-months period ended 31 March 2022).

The *Service & Accessories* business line provides services for offshore and onshore power cables and offers a full portfolio of power cable accessories to the HV and MV markets.

The *Service* sub-business line focuses on services relevant to HV power cables. This includes surveillance, maintenance, repair installation, replacements, and even disposal. Customers benefit from NKT's in-house expertise in power cables and cable accessory technologies. In this respect NKT believes it is a leading provider of services to the power cable industry. Ability to act fast is a key competitive factor in the service segment and NKT believes it has the competences to react fast to customers' requests. NKT has service teams based in Denmark, Germany, Poland and Sweden, servicing all of NKT's main markets with a focus on quick responsiveness to remain close to customers. NKT's team has the ability to service both NKT's own power cables and those of other manufacturers.

Accessories are critical components in any power cable system in the HV and MV power cable markets. This is due to the fact that the weak points in a cable system are the interfaces; for instance, the connection to a converter station or connection in between two lengths of cable. The technological competences possessed, and the broad range of solutions offered by NKT are in the Executive Management's view key to match the numerous requirements regarding areas such as know-how and components that accessories must meet for reliable and consistent performance. NKT provides market support for accessories from dedicated production sites in Nordenham, Germany, Gurgaon, India and Alingsås, Sweden.

Service & Accessories reported revenue (std. metal prices) (non-IFRS) for the financial year 2022 of EUR 193 million (EUR 206 million for the financial year 2021), revenue (market prices) of EUR 193.3 million (EUR 206.0 million for the financial year 2021) and Operational EBITDA (non-IFRS) of EUR 25.7 million (EUR 32.8 million for the financial year 2021). For the three-months period ended 31 March 2023, *Service & Accessories* reported revenue (std. metal prices) (non-IFRS) of EUR 47.5 million (EUR 43.6 million for the three-months period ended 31 March 2022), revenue (market prices) of EUR 47.5 million (EUR 43.8 million for the three-months period ended 31 March 2022) and Operational EBITDA (non-IFRS) of EUR 3.9 million (EUR 3.7 million for the three-months period ended 31 March 2022).

The Group's other business, NKT Photonics, which operates largely separately from NKT, is a leading company in the market for fiber laser and photonic crystal fibers. The business is involved in the research, development and manufacture of optical fiber lasers that are used in a variety of ultrahigh-precision applications. NKT Photonics has a long-track record of developing cutting-edge photonic lasers, which are now deployed in a number of successful commercial applications for a wide variety of medical and life science, quantum, medical, industrial and aerospace and defense customers. For the financial year 2022, NKT Photonics reported revenue of EUR 86.5 million (EUR

80.1 million for the financial year 2021) and EBITDA (non-IFRS) of EUR 14.6 million (EUR 7.5 million for the financial year 2021). For the three-months period ended 31 March 2023, NKT Photonics reported revenue of EUR 17.4 million (EUR 16.1 million for the three-months period ended 31 March 2022) and EBITDA (non-IFRS) of EUR -2.8 million (EUR 6.3 million for the three-months period ended 31 March 2022). For the Company's future ownership of NKT Photonics, see section 8.11.9 *The Company's ownership of NKT Photonics*.

8.2 Strengths

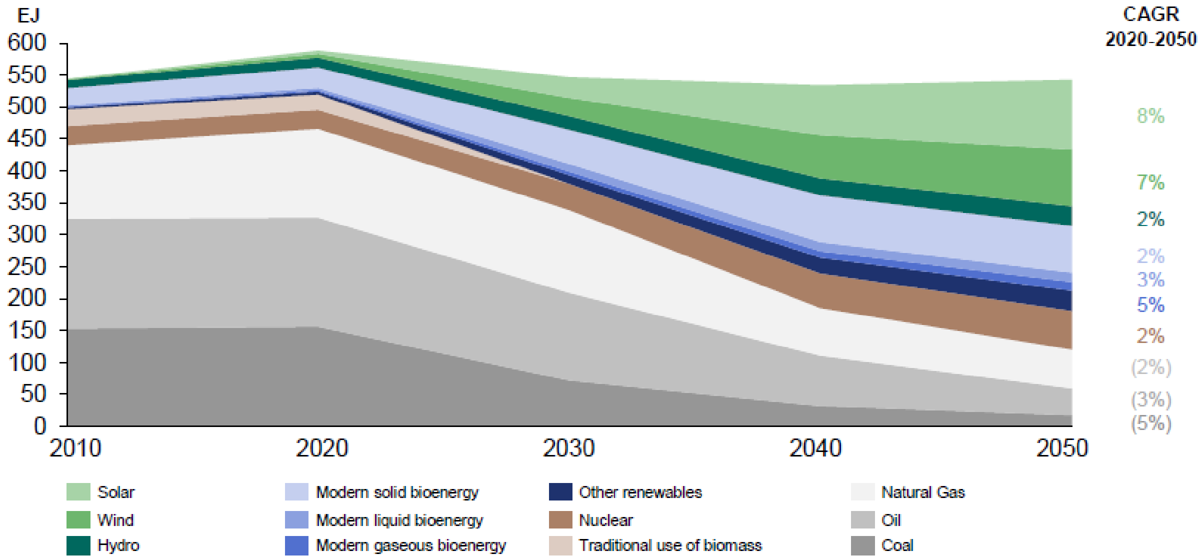
The value propositions of NKT relative to its competitors are outlined below. It is the Executive Management's belief that the following strengths will drive the financial performance of NKT.

8.2.1 *HV power cables are a mission critical component required to deliver Europe's energy transition drive*

NKT's strategy is underpinned by the growing renewable energy industry.

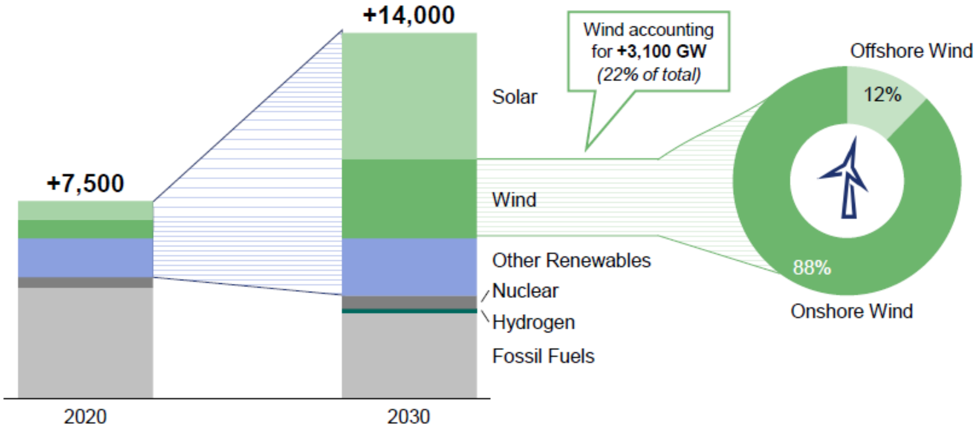
Global Net Zero Emission targets and the rising importance of energy security are expected to transform the global energy generation mix by 2050. Today, renewables account for approximately 10 percent of energy generated globally. This is expected to increase to approximately 70 percent by 2050. Supporting this growth is the rising adoption of both solar and wind energy, expected to grow at a compounded annual growth rate between 2020 and 2050 (CAGR 2020-2050) of 8 percent and 7 percent, respectively, according to International Energy Agency World Energy Outlook 10/2021. During this period, non-renewable sources including natural gas (-2 percent CAGR 2020-2050), oil (-3 percent CAGR 2020-2050) and coal (-5 percent CAGR 2020-2050) are expected to decline structurally.

Figure 2: Global annual energy generation – Net zero emission scenario



Within the renewables category, according to International Energy Agency World Energy Outlook 10/2021, global wind generation capacity (in GW) is forecast to grow approximately 320 percent in which offshore wind is expected to experience the strongest growth rate between 2020 and 2030. In the same period, solar generation capacity is forecast to grow by approximately 570 percent.

Figure 3: Global annual electricity generation in GW



The EU's ambition to be carbon neutral by 2050 is demonstrated by the proposed Net-Zero Industry Act (NZIA), which is part of the broader Green Deal Industrial Plan that aims to create a simplified regulatory environment to promote investments in the production capacity of products that are key in meeting the EU's climate neutrality goals. Under Net-Zero Industry Act, the EU aims to scale up the overall strategic net-zero manufacturing capacity in the EU to at least 40 percent of the EU's deployment needs for strategic net-zero technologies by 2030. Additionally, the EU announced, following the COVID-19 pandemic, the NextGeneration EU (NGEU) recovery plan that was developed to supplement the Multi Financial Framework for 2021 – 2027 (MFF). One of the key focus points under both programs is the transition towards sustainable economies, including power generation. The combined planned future investment under both programs is the largest package ever financed through the EU budget, totaling EUR 1.8 trillion. 30 percent are earmarked to fund climate-related projects. Since the introduction of these programs, NKT has observed an increased volume of power cable project tenders and, according to the Executive Management, expects that this trend to continue for the foreseeable future (reference is also made to Figure 6 below showing this development).

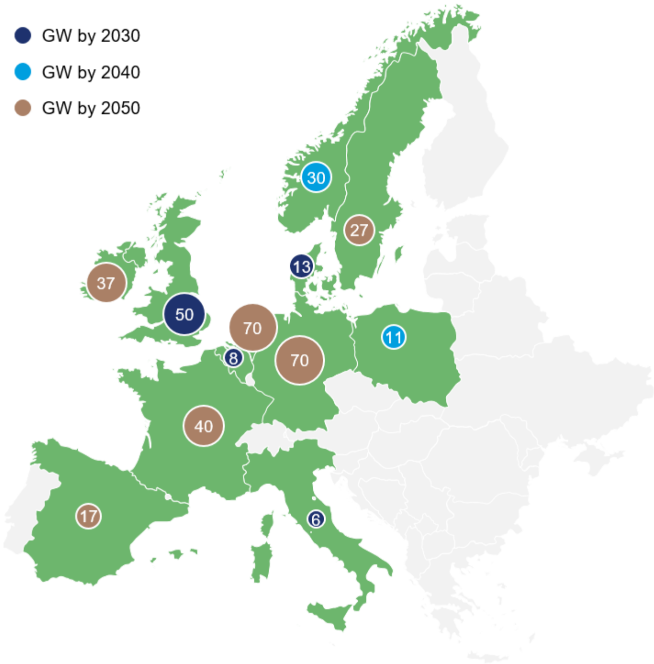
In order to chart its course towards climate neutrality, the EU has set out a target in its 2030 Climate and Energy Framework of:

- At least 40 percent reduction in greenhouse gas emissions compared to 1990 levels.
    - In September 2020, the European Commission proposed to raise the EU's ambition on reducing gas emissions to at least 55 percent through a combination of more efficient energy sources and higher contribution from renewable energy.
    - The European Parliament has proposed an even more ambitious target of 60 percent.
- At least 32 percent share of energy from renewable sources in the EU's gross final consumption of energy.
- At least 32.5 percent improvement in energy efficiency.

These targets represent a significant opportunity for NKT, as a leading manufacturer of both offshore wind export and interconnector power cables.

The green transition in Europe is targeting at least 300GW offshore wind generation by 2050. The targeted amount of offshore capacity per country by 2050 is shown below, based on individually announced targets by the respective countries. According to Wind Europe, the installed base in Europe was estimated to be around 30GW in 2022.

Figure 4: Targets of offshore wind generation



The upgrade of Europe's power grid infrastructure is also an anticipated source of new demand for NKT. The last major build-out of the European power grid took place in the 1970s and is approaching the end of its usable life. The estimated replacement cycle for the grid is approximately 40-50 years. In recent years, utilities have begun investing in the replacement of the power grid, and this is expected to increase in the coming years. Alongside the need to upgrade an ageing power grid, utilities need to invest in the integration of the traditional grid with modern, alternative sources of energy, for instance renewable energy. According to International Energy Agency, global utilities must spend approximately EUR 1.1 trillion annually between 2025 and 2030 to reach the Sustainable Development Goals layout by United Nations and in the Paris agreement.

In addition, NKT expects that increased digitalization and telecommunications upgrades will create increased demand for the products and services offered by NKT. These range from increased demand for power transmission for datacenters and telecommunication stations, such as the continued roll-out of 5G and overhaul of 4G network, to maintenance of these assets.

Beyond NKT's core market of Europe, the Executive Management expects that the rising adoption of renewable energy will take place in North America and Asia. NKT is able to deliver HV power cable solutions to both markets either directly from Europe, or in conjunction with a local partner as demonstrated in Taiwan, where NKT recently announced a joint venture with Walsin Lihwa to construct the country's first offshore cable factory.

As a result, NKT anticipates demand for interconnectors will rise as the EU's push towards more efficient energy sources increases, which in turn could lead to significant project volume being available in the *Solutions* business line's addressable market. NKT believes that due to its technology-leading portfolio in the HV power cable segment it is well positioned to capture parts of the growing demand driven particularly by this transition to renewable energy. Its *Solutions* business line offers customers complete and customized end-to-end turnkey solutions, including full installation services, DC technology and offshore turnkey capabilities. Due to the location of its manufacturing facilities in Karlskrona, Sweden and Cologne, Germany, NKT has a strategic geographic location to execute projects in Europe and is at the forefront of manufacturing interconnector power cables used to transmit power from one location where it is generated more efficiently to another location where it is utilized.

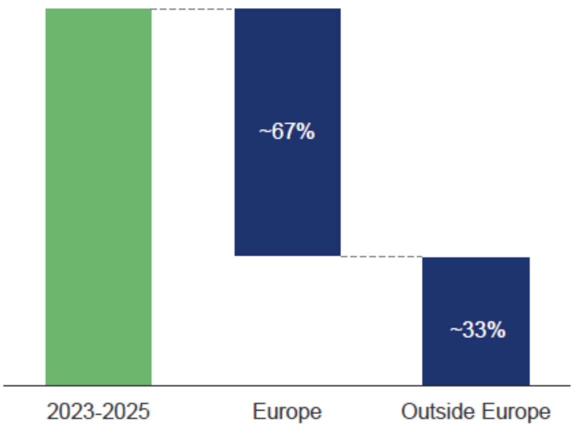
8.2.2 ***Technology-leading company with strong track record to deliver complex cable systems required in modern transmission infrastructure***

In NKT's assessment, NKT is a technology leader within the industry, with a strong track-record of successful execution of several HVAC and HVDC projects, such as BritNed, Borssela Alpha and Beta, Caithness Moray, Hornsea 1 and 2, Johan Sverdrup 1 and 2, Norned 1, NordBalt, Nordlink, Triton Knoll and Moray East. More recently, NKT has been awarded a number of marquee projects including, but not limited to, Borwin 5, Champlain Hudson Power Express, Dogger Bank A, B and C, Hertel-NY, Shetland HVDC Link, SuedLink and SuedOstLink. The planning and execution of these projects remain in line with requirements and NKT's expectations.

In the broader HV power cable market, NKT offers customers the full suite of power cable systems: offshore and onshore installation; HVAC and HVDC technologies; and XLPE and mass impregnated (**MI**) power cables. NKT believes that this differentiates it from some of the smaller HV power cable producers, which focus on specific niches within the market.

According to CRU, the global cables and systems market was estimated at over EUR 130 billion in 2022. HV cables accounted for seven percent of the total market and Europe was the largest geography, accounting for 49 percent of total demand. It is the Executive Management's experience and expectation that the size and complexity of recent power cable order have increased compared to previous orders. Consequently, the profitability of recent projects is also expected to increase.

Figure 5: Large HV market split by region



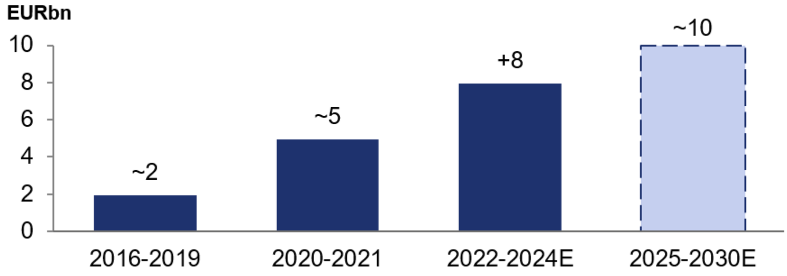
HVAC technology has historically dominated the power cable market. However, in recent years, because DC technology is the most cost-effective solution for power transmission over longer distances, the share of HVDC technology has increased primarily as offshore wind farms are moving further away from shore, and due to the continued development of larger long-distance interconnector projects. It is the view of the Executive Management that the large HV project market is expected to be split approximately 75 percent and approximately 25 percent between HVDC and HVAC, respectively between 2023 and 2025.

In 2019, to strengthen NKT's market position in the growing HVDC market, NKT acquired a technology consulting unit from ABB specializing in key areas within power cable development such as Chemistry & Materials, Applied Mechanics and Electrical Testing, which is a non-core business of ABB.

NKT believes that it is among the leading market participants in the HV power cable market globally.

The development of the annual HV power cable market (based on NKT's addressable HV power cable market as assessed by the Executive Management) is shown below. According to NKT, orders have increased since 2016 and the Executive Management expects level to be approximately EUR 10 billion per annum from 2025-2030. Larger orders usually are more complex, which limits the field of competitors capable of delivering the project. The development of the HV power cable market is shown in the figure below.

Figure 6: Annual development of HV power cable market measured as projects awarded



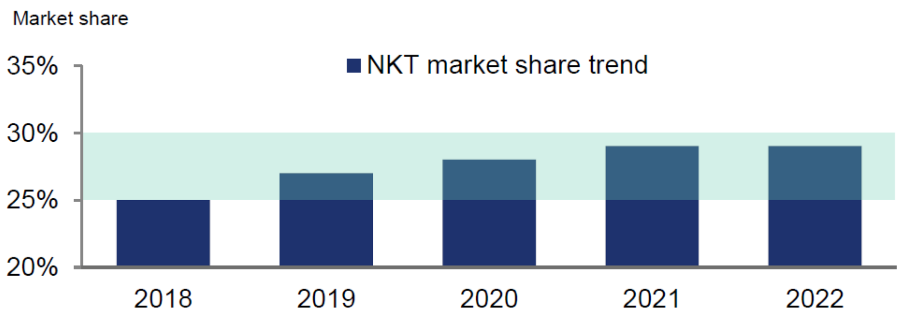
In addition to the above forecast, the Executive Managements expects that certain tenders for large multi-year framework agreements will come to market during the course of 2023 and 2024. These are expected to significantly increase NKT's estimated market size from the currently estimated EUR 8 per annum. As an initial example, in May 2023, TenneT selected NKT to provide several 525 kV XLPE HVDC offshore and onshore power cable systems under a multi-year framework agreement for Nederwiek 3 and Doordewind 1 & 2 offshore wind farms. The contracts for these projects will have a combined value of approximately EUR 1.5 billion.

Figure 7: Power cable framework agreement for TenneT's 2GW program

Background	▪ Nine North Sea European countries - including Netherlands and Germany - have agreed to install at least **120GW of offshore wind energy combined by 2030** ▪ TenneT's HVDC 2GW Program in the **Dutch and German parts of the North Sea accounts for 40GW** ▪ **One of the most significant infrastructure projects** in the green transition of Europe ▪ Vital in **strengthening Europe's energy security**
Contract details	▪ **Multi-year framework agreement** with firm commitments on three specific projects as part of TenneT's offshore wind 2GW Program ▪ **Agreement runs until 2028 with possible extension until 2031** ▪ Contracts awarded to NKT are for: **Nederwiek 3** with route length of 288km, **Doordewind 1** with route length 185km, **Doordewind 2** with route length of 185km. All projects are based on **525kV XLPE HVDC technology** ▪ **Combined value of EUR ~1.5bn**, which covers the majority of the project scope

Reflecting its growing position and reputation in the market, NKT has successfully expanded its share of large HV power cable project awards in the attractive large HV power cable market (based on NKT's addressable HV power cable market as assessed by the Executive Management), as illustrated below.

Figure 8: NKT's share of large HV project awards



The Executive Management expects that the following factors will further support NKT’s strong position in the HV cable systems markets:

Technology: NKT has pioneered power cable systems for over 130 years and wants to innovate to maintain its technology leadership. Current focus areas include deeper sea installation, dynamic cables, increasing performance and lowering losses.

Existing qualifications: NKT estimates that a new entrant would require between four and five years to build out sufficient capacity to be competitive. Additionally, getting qualified and ‘designed-in’ to customers’ requirements is estimated by NKT to take another two to three years.

Reliability: Besides having the necessary technological and production capabilities, NKT believes it is a trusted partner of its customers with a proven track record of execution on key orders, especially in HVDC long lasting client relationship. NKT has long-standing relations and strong partnerships with the leading utilities across Europe.

NKT's HV power cable production facility in Karlskrona, which provides both HVAC and HVDC capabilities is, in the view of the Executive Management, one of the foremost HV production facilities globally. The facility is strategically located by the sea and benefits from its own harbor for transporting completed power cable systems. As an important step towards reducing NKT's carbon footprint, the facility has run entirely on renewable energy since 2017. In 2020, NKT announced an investment program of approximately EUR 150 million. A key part of the plan was the addition of a new extrusion tower in Karlskrona. In October 2022, the new extrusion tower started production, further cementing NKT's key position in the green transformation and leading position within XLPE and HVDC technology. In May 2023, NKT announced that the facility will be expanded further in the years ahead including a third extrusion tower.

The Executive Management believes that the length of its Cologne facility's CCV (catenary continuous vulcanizing) line puts NKT in a solid market position of being capable of producing long uninterrupted power cables. This is an advantage in projects where the customer requires minimal joints along the cable length and allows NKT to offer projects with fewer connection points, improving cost and reliability. Historically, NKT's Cologne factory has focused primarily on serving the HVAC market but will to a greater extent produce HVDC power cable systems going forward. As part of the EUR 150 million investment program, NKT developed a new HV power cable test centre in Cologne.

In addition to its HV production facilities, NKT acquired a new cable-laying vessel in 2017, NKT Victoria. NKT Victoria has the ability to install power cables at high precision and to operate in harsh weather conditions. The vessel also has a significantly lower carbon footprint compared with those of its competitors due to its mix of a power-from-shore solution and on-board energy storage systems.

Recent major order wins as well as NKT's expectations around future demand has necessitated the need for further investments in both cable manufacturing and installation capacity. This includes the addition of a new extrusion tower at Karlskrona and the addition of state-of-the-art cable-laying vessel. The investments are expected to cost approximately EUR 1 billion between 2023 and 2026.

To fully capitalize on growth in HV cables, NKT also intends to expand HV installation and service footprint. The *Services* business line has expanded its network operations in Gdansk (Poland), Manchester (the United Kingdom) and is preparing to establish a presence in the United States, which is the first step in capturing the expected future increased demand in the United States. In March 2023, the United States Department of Energy released their Offshore Wind Energy Strategy, outlining efforts to reach the current administration's goal to deploy 30 GW of offshore wind energy by 2030, increasing to 110 GW by 2050. Furthermore, investments into offshore wind will be financed under the Inflation Reduction Act.

8.2.3 ***Record-level HV order backlog to execute***

NKT's HV order backlog stood at EUR 7.0 billion at market prices as of 31 March 2023. This is a record level HV order backlog for NKT and equivalent to approximately seven years of revenues in Solutions based on the last 12 months reported revenues cover of the last 12 months revenue for the *Solutions* business line (LTM revenues for *Solutions* of EUR 945 million at market prices as of 31 March 2023). The record HV order backlog provides a high degree of visibility on future earnings for the business line. The HV order backlog comprises a mix of projects such as interconnectors, offshore wind transmission power cables, and technologies, and includes both HVAC and HVDC power cable systems.

NKT has significantly increased its HV order backlog in recent years, from EUR 1.4 billion as of 31 December 2019 to EUR 7.0 billion as of 31 March 2023. This development compares to a backlog of EUR 8.3 billion for NKT's competitor Prysmian (as of 31 March 2023) and EUR 3.2 billion for its competitor Nexans (as of 31 March 2023), as published by Prysmian and Nexans. Furthermore, NKT's *Solutions* business line, which includes the HV business, accounted for 42 percent of NKT's total revenue in 2022, compared to 13 percent and 11 percent for Prysmian's and Nexans' comparable HV segments in 2022, respectively.

Furthermore, given the relatively higher profitability of the HV business relative to other power cable sub-segments (such as BW), NKT believes that it has a structurally more profitable business mix, compared to some of its notable competitors.

Even during 2023, NKT has significantly increased its HV backlog, as illustrated below.

Figure 9: Overview of HV power cable awards in 2023

	Biscay Gulf interconnector	Hornsea 3	IJmuiden Ver / Nederwiek
Announcement date	5 May 2023	31 March 2023	3 March 2023
Expected completion	2028	2027	2028-2030
Order value	EUR >600m	EUR ~500m	EUR ~2bn
Key stats	400kV HVDC XLPE power cable system 1 GW	320kV HVDC XLPE power cable system 2.9 GW	525kV HVDC XLPE power cable system 6 GW

Additionally, as the installed power cable base continues to grow, NKT's maintenance and repair opportunity are expected to expand accordingly. NKT has a long history of power cable production and repair; in some areas where deep product knowledge is required in niches or in certain geographies, the Executive Management believes that NKT's ability in the *Service* business line to provide cable expertise is a competitive edge, which allows the customer a faster speed to restore link in case of connection problems. NKT offers fast solutions to such problems. The majority of the cables have been installed without any existing service contract, according to the Executive Management's assessment.

The manufacturer's guarantee period for an offshore windfarm is usually up to five years, compared to the usable life of the power cable, which can be as high as approximately 50 years. Consequently, over time most offshore power cables are eventually out of warranty. This represents a growing opportunity for NKT. NKT is capable of providing both stand-alone repair of a damaged power cable and ongoing maintenance service for both NKT and competitors' power cables.

As the complexity of power cable systems (in terms of length, depth, and voltage) increases, the demand for reliable power cable accessories grows. Today's power grid is subject to higher utilization and volatility from renewable energy sources, e.g., wind, solar, etc., that amplify the risk of malfunction. Modern, high-quality accessories are a requirement to maintain the performance and integrity of the underlying cable systems. NKT is technologically well-positioned to serve the growing accessory requirements of the MV and HV markets from its facilities in Alingsås, Sweden, and Cologne and Nordenham in Germany. As such, the product portfolio is broad and customers wide ranging from utilities to contractors and installers.

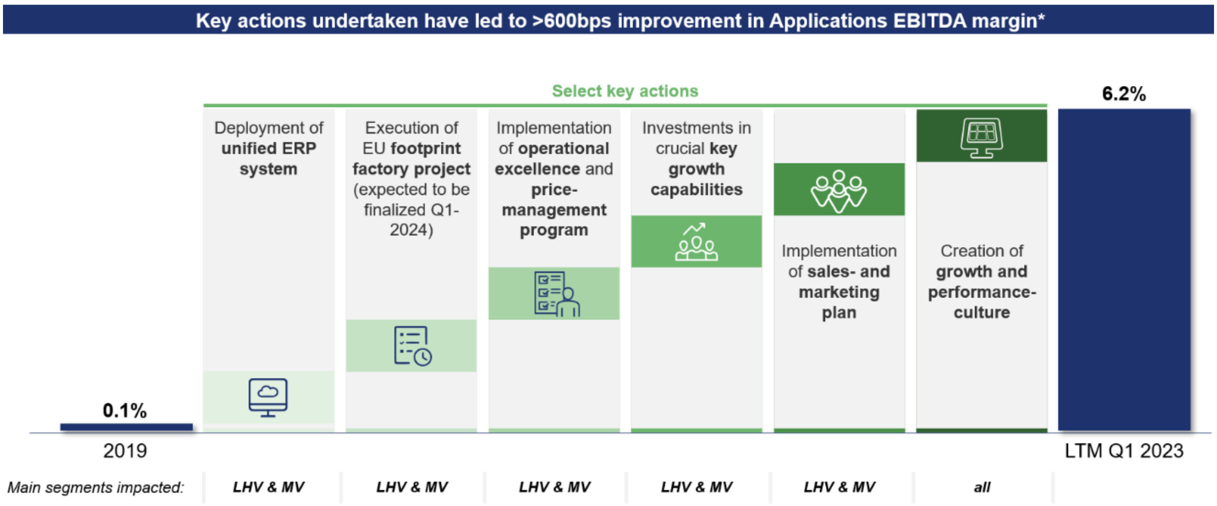
8.2.4 *Further upside in Applications business line through mix of market development and company actions*

NKT believes that its *Applications* business line is well positioned to grow in the mid-term. The volume of LV power cables is forecast to grow at a CAGR 2022E – 2026E of 1.4 percent, while the volume of MV power cables is forecast to grow at a CAGR 5.2 percent over the same time period, according to CRU (LV) and Maia Research (MV).

While NKT has relatively fewer customers in the MV power cable market, the customers are blue-chip utilities and distribution system operators with whom NKT has enjoyed long-term relationships and partnerships.

In addition to a supportive market outlook, the below recent initiatives undertaken by NKT are expected to further improve profitability within the *Applications* business line:

Figure 10: Overview of initiatives in the Applications business line



*Note: *standard metal prices*

These initiatives have so far proved successful, improving profitability within *Applications*. Operational EBITDA margin (non-IFRS) in *Applications* amounted to 6.1 percent during the past 12 months as of 31 March 2023, representing an improvement since the financial year ended 31 December 2019, which featured an Operational EBITDA margin (non-IFRS) of 0.1 percent. In 2019, the profitability was at an unsustainable low level.

Looking ahead, NKT sees multiple avenues to continue strengthening the *Applications* business line over the next decade:

- **Renewables and green transition:** NKT expects that order volumes in *Applications* will grow as wind and solar generation capacity continues to increase, and as MV power cables are required for transmission from wind and solar parks to substations. According to IEA World Energy Outlook 10/2021, global wind generation capacity (in GW) is forecast to grow approximately 320 percent and solar approximately 570 percent respectively between 2020 and 2030.

- **EV charging:** According to Roland Berger, the European electric vehicle market is expected to grow significantly in the coming decades. Electrical vehicles currently make up an estimated two percent of cars in the European fleet (covering the EU, the United Kingdom and Norway). By 2030 this figure is expected to jump to 18 percent and by 2050 to 95 percent. Electric vehicles charging companies are therefore expected to see a strong demand in the future, leading to an increased demand for products such as those provided by NKT's *Applications* business line.

- **Utility grid capacity expansion:** The last major build-out of the European power grid took place in the 1970s and is approaching the end of its usable life. The estimated replacement cycle for the grid is approximately 40-50 years. Alongside the need to upgrade an ageing power grid, utilities need to invest in the integration of the traditional grid with modern, alternative sources of energy, e.g., renewable energy. According to International Energy Agency, global utilities need to spend approximately EUR 1.1 trillion annually between 2025 and 2030 to reach the Sustainable Development Goals layout by United Nations and in the Paris agreement.

- **Buildings:** With increasing urbanization, global energy demand from buildings is expected to increase at a CAGR of 3.4 percent from 2020-30 according to DNV.

- **Datacentre & telecom investments:** Specialized cables which can withstand higher temperatures are required for datacenters. As the growth in data consumption continues, an increase in the number of, as well as size of, datacenters is expected to continue. This growth presents a substantial revenue opportunity for NKT as there is scope for power and data cables to be bundled together, which will further increase the value-add of NKT. Additionally, the use of LMV driven the growing broader telecom market is expected to further drive demand, creating an additional avenue of expansion.

Other planned performance initiatives include a focus on increasing presence in non-core markets, investing selectively into existing sites and adding capacity, while improving and digitalizing operations.

8.2.5 ***The organization has a proven track record for delivering operational and strategic targets***

To execute on NKT's overall strategy and its ESG focus, NKT has a leadership team with a wide range of industry and broader professional experience. Members of the management team have developed their ability and expertise through their previous experience at industry-leading companies such as ABB Group and Prysmian. The leadership team's experience complements NKT's focus on delivering and executing its record HV order backlog in *Solutions* and key growth areas in *Applications*, and *Service & Accessories*. The team has broad technological, project and production skills relevant to drive improved financial performance for NKT and has a diversified international background.

The Executive Management of the Company consists of CEO, Claes Westerlind, and CFO, Line Fandrup.

CEO, Claes Westerlind, who joined the Group in 2017, was appointed CEO of the Company in May 2023 and has more than 15 years of experience with power cables and HVDC converters. Since 2019, Claes Westerlind has held the position as Executive Vice President, Solutions Karlskrona, and been a member of the global leadership team in NKT.

CFO, Line Fandrup, who joined the Group in July 2020, brought with her a strong track record of financial leadership positions, most recently from Rockwool group and prior to that COWI and Novozymes. In her previous roles, Line Fandrup has gained extensive experience in managing project driven businesses with a global reach.

NKT believes that the Executive Management team has delivered on its operational and strategic targets during the periods under review. Operational performance has improved significantly as evidenced by 15 percent revenue CAGR between 2019 and 2022 (standard metal prices) (non-IFRS) and an increase in Operational EBITDA margin (non-IFRS) by 7 percentage points during 2019-22. NKT's focus on growth in the attractive HV market has also been successful, with its HV backlog increasing from EUR 1.4 billion in 2019 to EUR 7.0 billion as of 31 March 2023.

In addition, various efficiency measures undertaken by NKT have resulted in improved asset utilization, an enhanced product portfolio and an optimized cost base. Select efficiency measures include:

- Reducing operational expenditures by optimizing workforce, eliminating non-added value activities, limiting outsourcing activities, implementing material savings program, and streamlining collaboration between departments.
- Improving planning within Sales & Operations and Production, resulting in increased machine utilization levels, and reducing set-up costs.

- Instilling robust, dedicated leadership teams with clear target setting and accountability cycle, strong focus on performance, people, and client engagement.
- Continuous selective investments in machineries, equipment, and tooling to improve levels of output and quality.

NKT's business model requires it to manage its capital structure with a conservative leverage policy – under management's stewardship, leverage (net interest-bearing debt relative to Operational EBITDA (non-IFRS)) has decreased from approximately 8x as of 31 December 2019 to < 1.0x as of 31 March 2023.

8.3 Strategy

Over the past few years, NKT has delivered improved performance across several parameters. NKT's ReNew strategy launched in 2020 returned NKT to net profit, strengthened its balance sheet and led to investments in growth. In 2022, NKT introduced its updated strategy: ReNew BOOST. The strategic direction rests on three main pillars: *Let's Grow*, *Let's Innovate*, and *Let's Drive Sustainability*.

The strategy is designed to take advantage of the tailwinds from the megatrends that NKT believes will support its future, including the green transition that is accelerating in Europe and other parts of the world, and electrification of societies that is gaining pace.

The future of energy is green, and NKT will continue to play a central role in connecting a greener world with innovative power cable solutions and services. The three pillars of ReNew BOOST are expected to guide NKT's strategic direction.

8.3.1 Let's Grow

NKT plans to continue to support the green transition by selectively investing and expanding into new markets in all three business lines. NKT expects that its positive financial development, driven by the market opportunities from the green transition to renewable energy, will continue. In addition, the increased need for transmission security from the power source to the end-consumers is expected to support growth. NKT believes it is in a strong position to grow its business in a value-creating and profitable way.

NKT expects that *Solutions* will grow with the attractive market opportunities driven by the green transition and the electrification of societies. The focus will be on the European market, but also on selective opportunities outside of Europe. NKT is regularly assessing further investments to address market demand.

NKT's *Applications* business is expected to continue to grow its business and take advantage of the attractive market outlook. This includes the opportunities that NKT expects will arise from the expected growth within onshore wind and solar power generation. As part hereof, *Applications* intends to selectively invest in "debottlenecking" and adding capacity to the existing sites to increase output addressing the market opportunities. In addition, NKT's product portfolio is expected to expand with a strong offering of renewable, fire-resistant and telecom power cable solutions.

In its *Service* business, NKT expects to continue its geographical expansion in Poland and the United Kingdom and establish presence in the United States. The ambition is to strengthen and grow the turnkey concept and increase relationships with offshore customers, ensuring NKT is the number one option when a power cable connection is damaged or out of order.

NKT expects that its *Accessories* business will grow in line with *Solutions*' HV order backlog. Full focus is on ensuring successful execution of the projects. Further growth opportunities are expected to come from customers in new markets like the Middle East, India and other parts of Asia.

8.3.2 **Let's Innovate**

NKT will continue to deliver leading power cable products, services and solutions. NKT has, and will continue to have, a strong focus on innovation. This is to ensure that NKT's solutions are at the leading edge and support the requirements of the market and the green transition.

NKT plans to strengthen its position as one of the technologically leading companies in the power cable industry through innovations to meet customer demand. NKT is focused on developing the next generation of HV power cable technology, including technology for deeper sea installation, dynamic cables, higher performance and lower losses. A focus area will be to continue strengthening internal capabilities as well as collaborating with key technology institutions and universities to develop new materials and state-of-the-art solutions.

In its *Solutions* business line, NKT intends to build upon and further develop its HVDC technology leading position to contribute to the decarbonization of societies. An additional focus will also be on dynamic cable solutions to facilitate expected future demand from floating offshore wind farms as well as deep-water applications to allow longer interconnectors and more widely used power-from-shore solutions. Additionally, NKT plans to continue to enhance the product portfolio and optimize operations to increase competitiveness in *Solutions*, including a simplification of the product mix.

In the past years, the *Applications* business line has focused on operational and commercial excellence in order to improve profitability. These efforts will continue, ensuring an optimized market presence, pricing strategies to improve profitability and a cost-efficient production setup.

8.3.3 **Let's Drive Sustainability**

NKT aims to embed sustainability in its business as part of the journey towards net zero emissions and aim to inspire and lead the industry in this direction. NKT aims to maintain a leading industry position in sustainability by executing on the sustainability strategy. The Company has targets to reduce scope 1 and 2 emissions by 90 percent by 2030 from 2019, while also attracting and retaining diverse talent and becoming the preferred employer in the electrification industry.

NKT believes based on information available to it that it is already one of the most sustainability-focused power cable producers in the industry but wants to do more. The transition to net zero emissions is challenging, given the size of scope 3 emissions, but NKT is actively working with suppliers and customers to identify and implement more low-carbon solutions.

With the market growth prospects, NKT puts emphasis on ensuring that competent employees can be attracted and retained. NKT believes this is key for delivering profitable growth.

8.4 Market characteristics

The power cable industry covers market segments with a variety of characteristics and drivers.

8.4.1 **HV power cable market**

NKT's *Solutions* business line operates in the international HV power cable market.

There exists no publicly available independent assessment of the total value of project awards in NKT's addressable HV power cable market, however, NKT makes its own estimates for project awards in its addressable market based on publicly available information and internal market research. NKT estimates that the aggregate value of project awards in its addressable HV power cable market (mainly Europe and North America) to have been approximately EUR 8 billion in 2022 for HV power cable projects larger than EUR 5 million per project, which was an increase compared to the estimated market size of approximately EUR 5 billion in 2021. In line with NKT *Solutions'* strategy, the addressable market is geographically identified to be centered around Europe with selective global opportunities in North America and Asia.

In the first three months of 2023, driven in particular by Dutch offshore wind projects, the value of project awards in the HV power cable was EUR approximately 5 billion according to NKT's estimates. As in previous years, the majority of these awards continued to be based on HVDC technology.

The demand for HVAC power cable systems has declined in recent years due to the trend in the North Sea region of moving offshore wind parks further away from shore. Distances are getting so long that DC technology offers the better performance and hence the volume has generally shifted from AC towards DC in the past four-five years. While HVAC technology is expected to continue to lose share to HVDC, NKT still expects attractive market opportunities within HVAC.

The HV power cable market can also be divided into two broad categories based on the application, both of which have different characteristics and market dynamics:

1. HVDC offshore/onshore and HVAC offshore

2. HVAC onshore

HVDC offshore/onshore and HVAC offshore power cable systems are primarily used in offshore and onshore interconnector, offshore wind, and oil & gas projects. The majority of NKT's HV order backlog falls under this first category. The increasing reliance on renewable energy (which has accelerated after Russia's invasion of Ukraine) means that more efficient, better connected and flexible power grids are required to offset periods when power generation is limited in some areas.

HVAC onshore power cable systems are land-based power cable projects with voltages above 72kV used primarily for power transmission. The trend towards renewable power generation has driven the requirement to expand the physical reach between where the power is generated and where it is consumed as well as upgrade of existing power grids in combination with the continuing urbanization and general electrification of societies.

As the transition to renewable energy continues to gain pace globally, NKT expects the need for reliable high-quality power transmission systems will continue to increase. This is especially relevant for the critical interconnectors that are required to provide energy highways capable of transporting massive amounts of electrical power from the point of generation to point of consumption. By example, this has been a key driver for the German Corridor Projects, as increasingly larger volumes of wind power are being generated in the northern areas of Germany and will be transmitted to the southern part of Germany.

Given that the transmission grid used to transmit electricity generated from traditional hydrocarbon driven coal, oil or gas fired power plants or nuclear power stations has typically been located close to the main consumption areas, it has historically been possible to build redundancy measures into the power grid design to facilitate alternative power transmission routes in the event of a link break-down.

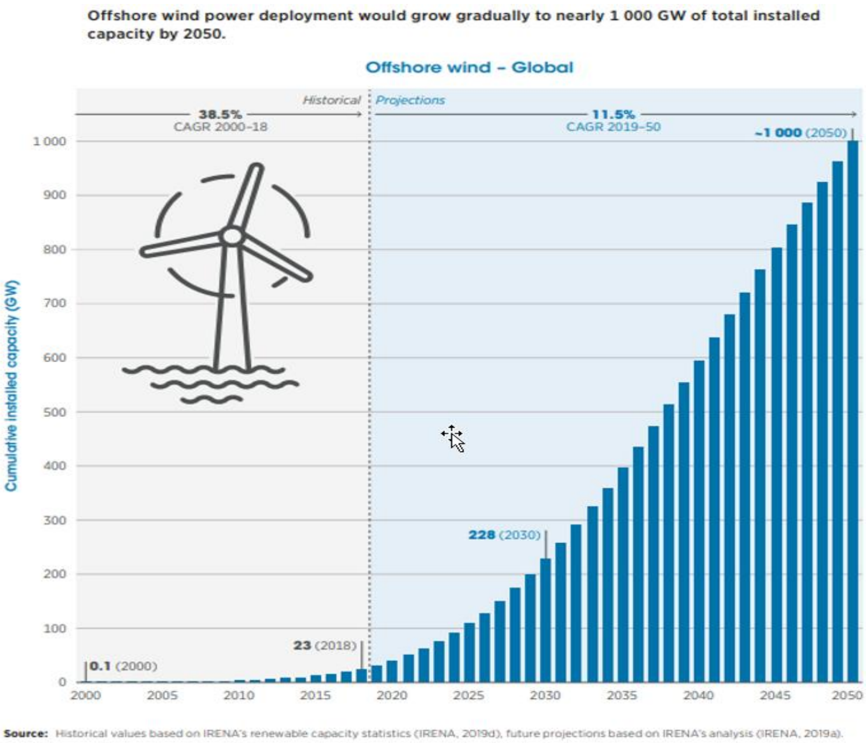
In the case of renewable energy, the electricity is typically generated at a distant location from where it is consumed. Specifically, wind energy is most cost efficiently generated offshore or in mountain areas with high wind density, which are typically uninhabitable, while solar farms require considerable space, which usually requires them to be cited in less densely populated areas with high solar influx (e.g. plains with desert-like climate). Hydro power plants are located along rivers in areas with large altitude differences, both of which generally are situated in areas with low population density.

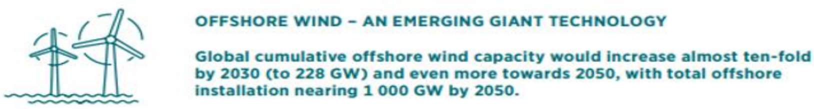
Power transmission systems that are safe and reliable are therefore essential and this demand for high-quality power transmission systems is expected to increase as the share of renewable power within the global power generation increases. The interconnectors that facilitate these transmissions are typically HVDC technology.

Likewise, the export of power from renewable power-generating facilities (wind farms, hydro plants, solar farms, and in the future, also wave energy harvesting systems) to the electrical grids is a key market for NKT. Export power cables are used to connect electrical power from the point of generation (onshore or offshore) to the electric grid infrastructure. These export cable systems can be based on either AC or DC technology, depending on the physical distance over which the connection needs to be made.

In 2022, 2,460 MW of new offshore wind power capacity was connected in Europe bringing Europe's cumulated offshore wind capacity to above 30,267 MW, according to Wind Europe. By the end of 2019, there were 110 offshore wind farms in 12 European countries and 5,402 grid-connected wind turbines, when including sites with partial grid connection. With a target in the EU of minimum 32 percent renewable energy by 2030, offshore wind capacity is expected to grow significantly and exceed 200 GW installed base towards 2030 and continuing towards 2050 to reach a level of 1,000 GW.

Figure 11: Development of offshore wind power deployment

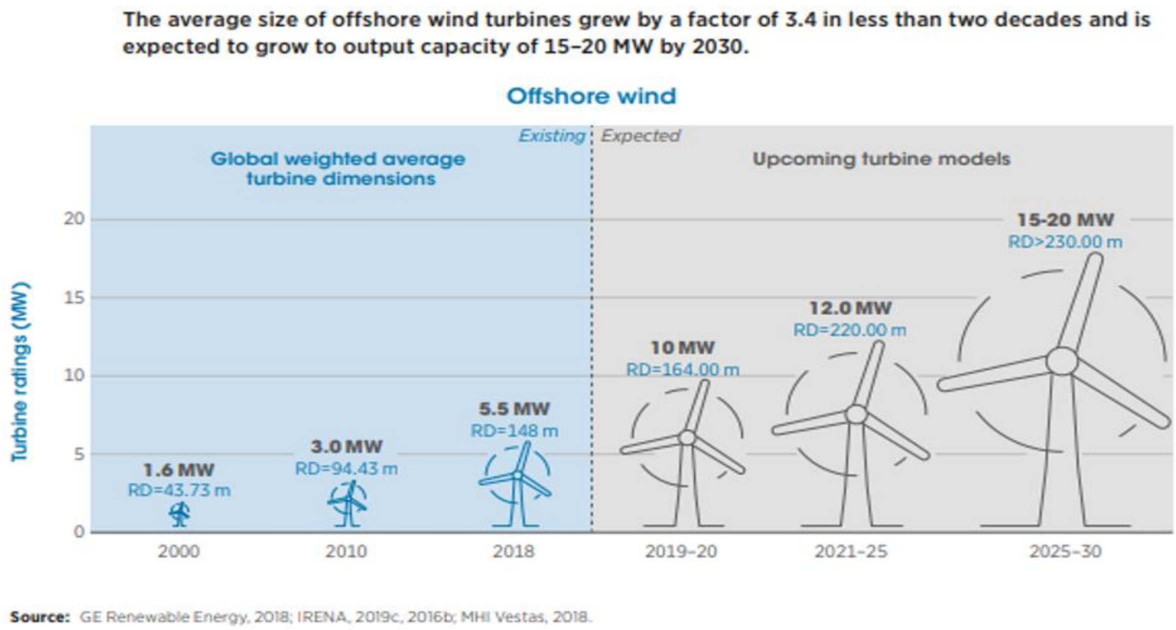




The growth trend within offshore wind capacity during the past years and the intense focus on renewable energy especially in the EU, is expected to have a positive impact on the market outlook.

Since the beginning of 2000, offshore turbine capacity has increased significantly.

Figure 12: Development of offshore turbine capacity



At the same time wind farms have been increasing in size and moving further offshore and into deeper waters. These trends within the offshore industry are expected to increase the need for more complex HV solutions in terms of technology requirements and cable-laying capabilities. Furthermore, there is a technology shift from HVAC based export cable systems towards HVDC when distance from offshore wind farm to shore exceeds the approximate 100-kilometre threshold.

The geographical market segments that the Solutions business line operate within can be divided into three segments:

Core market segment
The core market segment for *Solutions* comprises Northern Europe. These markets mainly include Germany, Netherlands, Poland, Scandinavia, and the United Kingdom.

Growth market segment
The growth market segment for *Solutions* comprises the Mediterranean area and (East coast region of) North Americas.

Opportunistic market segment
The opportunistic market segment for *Solutions* comprises Latin America and the Asia-pacific region (APAC) (considering Africa as an immature market segment for the applications offered by Solutions). Also, due to intense domestic competition presence, more regional territories such as Japan, South Korea and China are all considered very marginal for Solutions.

When assessing the market potential in the period 2022-2025 from a technology standpoint, NKT estimates that approximately 25 percent of the project pipeline will be available within the traditional extruded (XLPE or other extruded insulation materials) HVAC product segment. The remaining approximately 75 percent is estimated to be within the HVDC product segment with the majority to be HVDC extruded (XLPE or other extruded insulation materials). The anticipated split is expected to be beneficial for NKT because the *Solutions* business is at the forefront of HVDC power cable technology, especially for extruded (XLPE) applications. At the same time, however, the anticipated technology split is highly dependent upon the actual win and realization of future projects and whether or not future projects will in fact be based on XLPE extruded technology.

It is fairly standard that customers of HV power cable systems require a turnkey solution including design, manufacture and installation of the cables. There are challenges with the instalments of both onshore and offshore cable systems that require the right competencies. For onshore power cables, it is required to seek right-of-path / approval extending the entire length over which the power cable must be laid as well as ensure its safety and ease of accessibility for possible future repair work. The key challenge for offshore power cable systems involves the requirement to ensure correct placement. Such remote installation requires high precision competencies. Offshore power cable systems are installed using cable-laying vessels, which are either owned directly by the manufacturer or leased for the installation job. There has been increasing advances in precision technology of cable-laying vessels which have allowed power cable producers with cable laying vessels, like NKT, to undertake the most complex installation projects.

The complexity of HV transmission power cables is also determined by the length of the cable and then, in the case of offshore power cables, the depth at which it is installed and expected to operate. The power rating of a HV transmission power cable today ranges from 72kV through to 640kV. The higher the voltage, the more complex the technology. Similarly, power cables installed at greater depths face harsher operating environments compared with onshore power cables or power cables installed closer to the surface. The ability to supply high-quality, safe and reliable HV power cables capable of being used for transmission at higher voltages and at greater depths is a key differentiating factor amongst HV power cable manufacturers.

Competitive environment

NKT believes it is among the five leading market participants in the HV power cable market globally, given the ability of this leading group of power cable companies to undertake full turnkey projects for both onshore and offshore projects. These leading cable companies, including NKT, have invested significantly over the years in HV factory footprint and considerable design and engineering capability as well as capacity required for delivering full turnkey projects. In addition, these companies all own installation vessel(s) and possess the in-house ability to subcontract all elements required for delivering turnkey projects.

Apart from this leading group there is a multitude of other power cable manufacturers, some of which have recently succeeded in competing in European turnkey projects by teaming up with a marine contractor on a project-by-project basis. Some of these power cable companies have significant technical capabilities as well as notable manufacturing capabilities, which in combination with the right choice of marine contractor can from time to time provide a competitive set-up.

The competitive landscape is materially different within the HVDC power cable market versus the HVAC power cable market as many more cable companies are capable of and technically qualified to deliver the traditional 3-core AC (**3CAC**) power cable technology. A certain element of commoditization is currently taking place within the 3CAC leading to more commercially creative project driven set-ups such as consortia or partnership approaches.

Reference is also made to risk factor in section 1.1.1.2 *NKT experiences intense competition and price pressure in the power cable markets in which it operates, which may result in losing orders or market position*.

8.4.2 LV and MV power cable markets

The *Applications* business line is active in supplying both the LV and MV power cable markets where the key competitive advantages are scale, operational effectiveness, and innovation of new products.

The key markets *Applications* operates in are Germany, Sweden, Poland, Czech Republic, Denmark, UK, the Netherlands, France and Norway with the biggest market share in Denmark, Czech Republic, Sweden and Poland. The products and solutions for the L MV power cable markets are considerably less complex than in the HV power cable solutions and the competition is more intense as there are more cable producers when compared to the *Solutions* business line. The products will typically be “made-to-stock“ with differentiated specifications and designs from country to country to match local requirements.

The drivers in the LV power cable market are primarily construction industry sentiment and the need for further electrification of cities due to continued urbanization. MV power cables serve the power distribution grid. Similarly, as for the HV power cable market, the transition towards renewable energy plays an important role in the continuous need for power grid optimization. This is further driven by the growing electrification of society and the increasing power demand in cities, including e-mobility.

Of the geographical markets that NKT serves with MV, 1kV and BW power cables, Germany is the biggest market followed by Poland, Sweden, and Denmark. In general, all LMV power cable markets are expecting growth.

Competitive environment
The competitive landscape in the MV and LV power cable markets in Europe consists of three major groups:

Large international cable manufacturers with production in several countries, typically with a broad product portfolio. These companies are normally serving the majority of the MV power cable markets in Europe. NKT is part of this group.

Mid-size regional cable manufacturers, often privately owned, that operate a niche strategy with their product portfolio. These companies typically have only one or two factories and are mainly servicing a local and possibly regional market.

Trading companies and wholesalers who are importing cables from outside Europe and sell in the European markets.

The competitive landscape is characterized by more local and regional competitors capable of complying with local technical regulation. In total, NKT estimates that about 15 power cable manufacturers are active on the European LV and MV power cable markets.

8.4.3 Service & Accessories market

As accessories are necessary components of power cables, the accessories market is closely linked to the development of markets for HV and MV power cables. As with power cables, competitive pressure in the accessories market is highest at the lowest voltage levels due to the higher complexity of accessories for HV power cables. To reap the full growth potential local presence is becoming increasingly important in order to adequately serve local needs.

The *Accessories* business, as well as the *Solutions* business, is expected to benefit from the development within renewable energy.

The market for servicing power cables is gradually growing given the larger installed base of power cables. The competitive landscape among service providers is diverse, with different companies offering different solutions. Power cable failures are costly for both onshore and offshore operators. Customers are therefore increasingly demanding services that will enable them to improve power cable efficiency and solutions to help predict, prevent and mitigate power cable failures. If an incident occurs, the power cable operation must be restored as soon as possible.

The growth in the service market in the years ahead is driven by the installation of further power cables both onshore and offshore in line with the trends driving the power cable markets. However, the service market is expected to fluctuate depending on the number of large offshore HV power cable repairs.

8.5 HV order backlog

NKT's estimates of future revenue, and to a lesser extent, future operating profit margins, are to a significant degree dependent on its current HV order backlog. The HV order backlog comprises HV power cable projects won by NKT and as such, the HV order backlog is an essential parameter in assessing the commercial and financial position of NKT at any point in time. As of 31 March 2023, the value of the HV order backlog was EUR 7.0 billion at market prices (EUR 2.75 billion as of 31 March 2022). This is the highest level ever for the Company.

In 2022, NKT was awarded large HV project contracts with a value of EUR 2.7 billion at market prices, including Champlain Hudson Power Express in the United States and SuedOstLink 2nd System in Germany. During the first three months of 2023, the most significant project awards were three HV power cable projects for the IJmuiden Ver and Nederwiek Offshore Wind Zones in the Netherlands. The projects had a combined order value of approximately EUR 2 billion at market prices. In addition, NKT was awarded the power cable project for Hornsea 3 offshore wind farm in the United Kingdom, with an order value of approximately EUR 500 million at market prices.

8.6 Offerings

NKT offers a range of products and solutions within its three business lines described below.

8.6.1 **Solutions**

The HV offshore and onshore power cable products and solutions are offered by the *Solutions* business line. *Solutions* delivers complex projects calling for ongoing R&D investment, as the solutions are engineered to order and demand high level of expertise. The products and solutions are mainly offered in relation to the following project types:

HV onshore and offshore power cable products and solutions
NKT designs, manufactures and installs HV power cable systems for power transmission directly from power generation sites to primary distribution networks both onshore and offshore.

NKT offers HV onshore AC and DC cables as well as HV city cables. For AC, the direction of the electrical current alternates, whereas for DC the electric current flows in one direction. HV AC solutions are generally used for power cable systems up to ~150 km, while HV DC systems are mostly used for lengths above ~150 km (important for interconnectors). NKT supplies HV underground (**UG**) power cable systems up to 550 kV AC worldwide with extra-large conductor cross-sections up to 3x2000 mm2. City cables are available within the range from 123 kV to 245 kV and offer integrated electromagnetic shielding, which is important is areas where the power cable and hence the insulation material is smaller.

NKT has a broad portfolio of versatile offerings within its *Solutions* business line, specifically:

- **HV Onshore AC cables:** HV Onshore AC cables replace conventional overhead lines and enable installations in challenging environments. These include underground cable installations, which offer invisible transmission routes and provide natural protection for the cables. HVAC cable systems enable greater integration of renewable power to existing grids, developing, extending and upgrading the power grids to meet the electricity needs in urban areas.

- **HV City cables:** City cables combine the advantages of the conventional pipe-type cables and XLPE cables. By using existing pipes in city networks, the replacement of aging pipe-type cables can be performed without major excavations, avoiding elaborate and costly refurbishment of city networks. For new installations, NKT's City cables provide economical and safe installation of new equipment in densely populated cities. City cables are available within the range from 123 kV to 245 kV, and offer integrated electromagnetic shielding, significantly reducing electromagnetic emissions.

- **HV Onshore DC cables:** Onshore DC cables are ideal for efficient, long-distance power transmission and advantageous for densely populated, or environmentally sensitive areas. These include underground cables which can connect remote locations across countries cost-efficiently and enable secure and stabilizing grid connections. In addition, by connecting underground onshore DC cables to submarine cables, renewable energy generated offshore can be transmitted efficiently to the mainland grid. NKT is one of the pioneers and market leaders providing complete DC underground cable systems up to the highest voltage levels.

In addition, offshore power cables for both AC and DC play important roles in the regeneration of the world's energy mix, enabling offshore applications to generate and use renewable power. NKT is a leading supplier of HV offshore power cable systems and pioneered the industry's first offshore HVDC link in 1954 and has a broad portfolio of versatile offerings within *Solutions* offshore business line.

- **HV Offshore AC cables:** Offshore AC cables support integration of offshore renewable power to the existing grid, for example by providing grid extension to “single-points”, such as offshore wind, or oil and gas installations.

- **HV Offshore DC cables:** Offshore DC cables enable efficient long-distance transmission at high power levels, interconnecting regions and countries and electrified oil and gas platforms. This technology also allows a secure and stabilizing connection to existing electricity grids.

- **HV Dynamic cables:** Dynamic cables are characterized by high fatigue endurance and are designed to withstand a lifetime of constant movement.

The customers in *Solutions* include transmission system operators (**TSO**) who are typically responsible for the generation of power and/or transmission of power within an area, region or country. TSOs are often considered system strategic stakeholders to the area, region or country in which they operate, and as such they are often wholly or partially owned by the public or the government. For TSOs the reliability of the offered power cable system application is paramount and therefore elements such as financial stability, technical qualification, operational reliability and overall quality of the provided solution are essential areas where NKT believes it is historically very well positioned and with a proven track record. Some TSOs prefer to contract in a rather collaborative manner as turnkey packages thereby driving the solution towards leading power cable system providers such as NKT. In such cases NKT offers both the capital investment element (power cable system application including the accessories and installation / commissioning and a subsequent service agreement). Other TSOs have a more transactional approach where power cable packages are split into lots, separate installation packages and independent service agreements. Here NKT tenders for each individual package it is qualified for and capable of providing, however, due to the limited span in scope for each of the packages there is typically a highly competitive pressure per package.

Some TSOs engage in long-term framework contracts to secure access to critical elements of the supply chain. NKT has observed a trend towards more framework contracts being tendered in the European HV power market.

The customers in *Solutions* also include distribution system operators (**DSO**) who are typically smaller and more regionally based operators responsible for distributing power into the lower voltage rating of the grid. For DSOs the reliability of the offered power cable system application is also paramount, however, due to the lower complexity of DSO system applications and the less critical nature of being a more remote element in the overall grid there is a higher degree of standardization across the segment. Hence delivery time and cost of the solution becomes a more important element of the evaluation criteria. These are areas where NKT will be somewhat selective to balance utilization of production assets versus commercial value of activity. Some DSOs also prefer to contract in a rather collaborative manner as turnkey packages thereby driving the solution towards leading power cable system providers such as NKT. In such cases NKT offers both the capital investment element (power cable system application including the accessories and installation / commissioning) and a subsequent service agreement. However, the majority of DSOs have a more transactional approach where power cable packages are split into lots, separate installation packages and independent service agreements. Here NKT tenders for each individual package it is qualified for and capable of providing, however, due to the limited span in scope for each of the packages there is typically a highly competitive pressure per package.

Wind and solar developers are another type of customer within the *Solutions* business. These developers can be either independent arms of TSOs or DSOs or stand-alone private companies. Wind and solar developers may also be structured as a special project vehicle (SPV) which is then liquidated after either spin-off of the actual wind or solar farm development or continues as an operator for a defined period. Wind and solar developers typically have a more transactional approach where power cable packages are split into lots, separate installation packages and independent service agreements. Here NKT tenders for each individual package it is qualified for and capable of providing, however, due to the limited span in scope for each of the packages there is typically a highly competitive pressure per package.

Other kinds of customers include oil and gas companies, who are required to source renewable power from shore (PfS) to be allowed to continue offshore operations and marine contractors who have been awarded an engineering procurement installation commissioning (EPIC) type contract including cable scope. As for the requirement for oil and gas companies, this has primarily been a Norwegian sector issue so far, however, the requirement is now spreading into the rest of the North Sea basin and possibly further in the future. Oil and gas companies usually contract as turnkey projects and develop long term relations to a few selected contractors to drive efficiency and collaboration.

Prospect identification

NKT seeks to be in close contact with all relevant stakeholders in the marketplace. Being among the leading power cable system providers, NKT's customers have an interest in keeping continued dialogue with NKT to ensure that it will submit competitive bids for their projects.

In terms of proactivity on NKT's side, a chief commercial function is responsible for all early engagement activities towards the client base and the market, including but not limited to Key Account Management, Product Management, Marketing, Market Intelligence, Pipeline Management and CRM system operation. NKT also interacts closely with other external stakeholders such as regulators, authorities, consultants and industry interests.

Tender process

NKT executes its tenders and bids following a rigorous internal tender process including escalated reviews and approvals as per the nature of the request for quotation received and the complexity, technical and operational risk, legal exposure and commercial value.

During the typical tender process, NKT's technical experts examine the required scope of work (cable properties, required accessories, external services required, installation requirements etc.). In preparing the bid for the project NKT builds up a method statement, including required assumptions, and develops a corresponding price against which NKT is willing to contract. In most cases the customer provides a contracting paradigm as basis for the bid and subsequent clarifications.

Characterization of acceptable (best) technical and operational solutions that scores sufficiently high on the evaluation criteria together with the overall most economically advantageous price will usually lead to a nomination as preferred contractor. The process may involve several re-pricing rounds as well as negotiation rounds to allow final award.

Pricing
Pricing of the tendered scope of work is the result of multiple workstreams required to determine in the competitive environment in which NKT tenders for a specific HV power cable project. Each project is particular in its own way, and as such, the pricing philosophy for *Solutions* activities is predominantly opportunistic, which means that the main workstreams involved in determining the targeted price are;

- Optimization of internal cost elements within *Solutions* scope of work
- Risk identification, including under proposed terms and conditions, and potential cost implication versus probability
- Contingency analysis
- Evaluating of competing technologies and assessment of potential cost reduction capacity
- Qualification status of required technology base (*Solutions* versus perceived competitive position)
- Competitive subcontract scoping and pre-award negotiations
- Monitoring of price level for previous awards of comparably scoped HV power cable projects
- Track record with the customer
- Competitor surveillance and analysis of available production and vessel capacity
- Financial impact from capacity utilization

NKT's overall pricing strategy is developed and approved after a series of internal review processes, resulting in a pricing response which is decided by a defined scope of work and NKT's assessment of the competitive landscape. In general, the pricing strategy has been developed over many years and based on operational and commercial experience and a comprehensive risk catalogue.

Closing
The combination of an acceptable (best) technical as well as operational solution that scores sufficiently high on the evaluation criteria together with the overall most economically advantageous price has in the past led NKT to nominations as preferred contractor. This process may involve several re-pricing rounds as well as negotiation rounds to eventually culminating in an award.

Technology consulting
In December 2019, NKT acquired a technology-consulting unit from ABB HV Cables, which provides cross-disciplinary investigations and solutions, both in long-term assignments and in time-critical investigations. NKT has laboratories and competencies within mechanics, electrical testing, chemistry and materials that contributes to the solving of technical challenges. The technology-consulting unit is also involved in various R&D activities.

8.6.2 **Applications**

The products and solutions delivered by the *Applications* business line are less complex than in the HV power cable market and will typically be “made-to-stock” with differentiated specifications and designs from country to country to match local requirements.

Applications produces BW, 1kV, MV and telecom cables in six different production sites located in Czech Republic, Denmark, Poland, Sweden, and the United Kingdom. A general trend in the market is that the power cables are becoming larger and with increased demand for higher levels of compliance with construction products regulation

(CPR) and sustainability declarations. *Applications* draws benefits from NKT's R&D organization when it comes to power cable development.

MV cables
MV power cables are typically cables within the 6 kV up to 50 kV range. The cable design typically consists of a metallic conductor surrounded by an insulation system, enclosed with a metallic screen. MV power cables, containing one or more conductors, is additionally surrounded by an outer sheath which serves as mechanical protection as well as moisture and water protection.

LV cables
NKT's LV power cables offer solutions for a diverse range of applications. From BWs to different power cable types such as flexible, control, and telecom energy power cables.

NKT's 1 kV power cables enable a huge variety of connection possibilities creating great opportunities to merge systems together. The 1 kV power cable range is varied with different types of power cables for fixed installation indoors, outdoors, in ground, pipes, water and concrete.

The telecom energy power cables bring reliable power to telecom customers.

Applications serves different segments across the LV and MV power cable markets. Overall, these segments can be divided into five categories:

Wholesalers
Wholesalers can be both small local and large European customers. These customers mainly purchase 1kV and BW to put on stock in order to quickly service their customers with a full range of products. NKT generally enters into long-term frame agreements with wholesalers that are normally renegotiated, primarily with respect to price adjustments, annually. NKT is typically not an exclusive supplier to these customers.

Projects via wholesalers
For certain projects, e.g. a large wind farm, the wholesaler holds the main contract with the project developer, and in such cases NKT supplies the power cable via the wholesaler to the customer. This type of sale is normally at higher margins compared to normal wholesales and often also includes NKT providing certain technical support directly to the project.

Projects direct
In this category, NKT has the direct contract with the project developer, thus bypassing the wholesaler link.

Utilities
Customers within utilities mainly buy MV and 1kV power cables, primarily directly from NKT, but in some instances via a club of buyers. Contracts are typically between one and five years and the supplier is allocated a lot (in percentage) of the customers' power cable demand for the coming years. NKT's main customers are located in the Czech Republic, Denmark, Germany, Poland and Sweden.

Telecom power cables
Cables for telecom power are mainly sold to radio base station customers but are also supplied via wholesalers who supply telecom customers with installation kits, primarily within the United States.

The *Applications* business deals with all major wholesalers and utilities in the LV and MV power cable markets to lower the risk of becoming too dependent on a few customers.

8.6.3 **Service & Accessories**

NKT's *Service* line is an adjacent business covering power cable repairs, both offshore and onshore, long-term service agreements, installation works (including accessories) and occasionally large one-time projects such as power cable replacement projects and spare cable delivery projects. NKT offers a broad spectrum of both onshore and offshore power cable service products. NKT also provides a variety of service packages to suit its customers' specific requirements.

Accessories offers accessories to HV and MV power cables.

HV power cable accessories
NKT offers power cable accessories for all applications in the voltage range up to 550 kV, optionally also as a modular component system. NKT's solutions include various technical versions of accessory systems such as cable connector technology, dry-type technology and conventional technology with oil insulation.

NKT's power cable accessories are developed by its research and development (**R&D**) department, taking into account specific customer needs as well as national and international standards in the development and manufacturing of customized solutions.

All materials are subject to intensive quality control procedures. The entire product range is type-tested in accordance with international standards.

MV power cable accessories
NKT's current range includes power cable joints, power cable terminations, screened separable power cable connectors and shrouded terminations. The fact that the products are pre-molded means they are manufactured in one piece, including key functions such as electrical field- control, insulation and sealing.

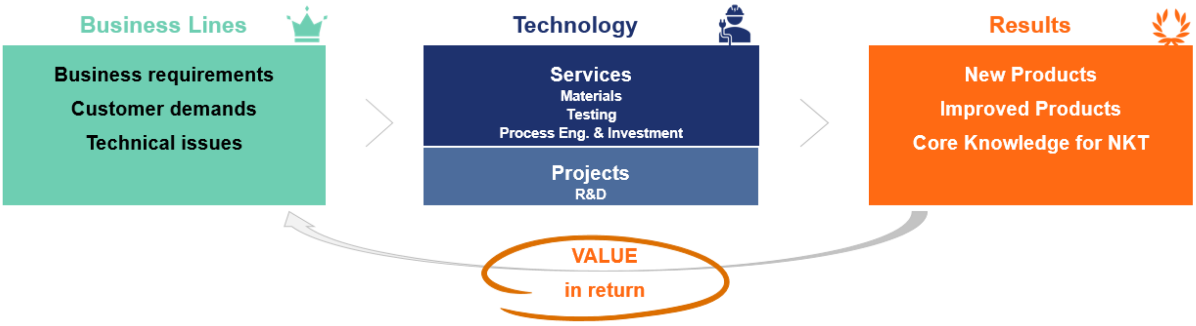
In *Accessories*, products and services are sold in more than 80 different countries globally and the dependency on NKT's local markets, e.g. Germany and Nordics, has decreased, primarily as a result of substantial growth in the Gulf Cooperation Council (GCC) region, India and other markets. The customer landscape in the Accessories business is very diverse and differs between MV and HV accessories businesses. In NKT's local markets, Germany, Austria, and Switzerland (DACH) and the Nordics, the majority of MV accessories business is sold via wholesaler partners, whereas for MV accessories business in other countries local technical distributors typically act as the main sales channel. In the HV accessories business, the largest customer segment are contractors and installers, followed by third-party power cable manufacturers. The Accessories business is also serving special products and/or special applications such as supplying switchgear producers and equipping offshore wind turbines with accessories.

8.7 Technology and R&D

The technological demands in the power cable markets in which NKT operates are high and are especially increasing in the market for HV power cables, for instance in respect of cable route length, power transmission rating and dynamic cable solutions, including as a result of the global shift towards reliance on renewable energy requiring advanced technological solutions capable of handling the changes in the power generation mix.

NKT's technology is of great importance and NKT is among the leaders in the industry. The NKT Technology department proactively provides services and support to all three business lines upon, as illustrated below.

Figure 13: Overview of services by NKT Technology department



The three business lines have different business logics to be addressed by multiple technologies. In *Solutions*, R&D activities aim at driving cutting-edge technology as well as establishing new and innovative products in order to stay competitive and sustain margins.

Within *Applications*, R&D activities focus on cost reductions, material and process efficiency and differentiation (market specific and niche products).

In *Accessories*, the R&D activities focus on closing market offering gaps. The technology and R&D activities performed in *Solutions* and *Accessories* are closely linked given the visible connections and synergies between the product offerings within these business areas. In *Service*, professionalization and differentiation of service offerings are the main technology focus activities.

NKT's technology and R&D team was further strengthened as a result of NKT's acquisition in December 2019 of the technology consulting unit in Västeraas, Sweden, from HV ABB Cables, specializing in power cable chemistry, material, applied mechanics and electrical testing.

Global management of intellectual property rights is considered a core area in NKT.

To adequately protect the technology and R&D activities, and thus NKT's product portfolio, NKT has implemented a global intellectual property rights program. The program is managed by a highly qualified team in close collaboration with an IP- & Patent Board and is continuously updated and improved. Currently the program has three main focus areas and eight processes, which secures proper and timely global management and monitoring, and collaboration with both internal and external stakeholders.

NKT's intellectual property policy targets the protection of new technologies and products by filing relevant patent applications and NKT has taken out a number of patents for its core technologies and products. NKT also relies on trademarks, trade secrets, know-how and continuing technological innovation to develop and maintain its proprietary position.

Reference is also made to risk factor in section 1.1.2.20 *The Group could violate third parties' intellectual property rights*.

8.8 Manufacturing and installation

NKT has manufacturing facilities in several countries across Northern and Eastern Europe which enable NKT to design, manufacture, and market its high-quality products. While NKT believes its manufacturing facilities are among the most modern, flexible and cost-effective in the world, NKT continues to invest in its manufacturing facilities to maintain high technological levels. Reference is also made to section 5 *Background to the Offering and use* *of proceeds*, regarding the Company's plan to apply part of net proceeds for investments in production and installation capacity in order to execute on NKT's record high HV order backlog. All NKT's production sites have their own testing facilities onsite, and, in the Company's assessment, in particular the plant in Karlskrona offers some of the most advanced testing equipment in the industry.

NKT's largest production and installation assets are its two HV power cable factories in Cologne, Germany, and Karlskrona, Sweden, and its cable laying vessel NKT Victoria.

Cologne, Germany
The factory has been constructed on the basis of facilitating optimal cable production and an optimum of environmental protection. Special technical innovations have been integrated into the plant to make production as efficient as possible. The range of products manufactured in Cologne include HV power cables, submarine power cables, superconducting power cables, and HV accessories. The factory is powered by electricity from renewable energy sources. The factory is AC and DC qualified.

Figure 14: NKT's factory in Cologne, Germany

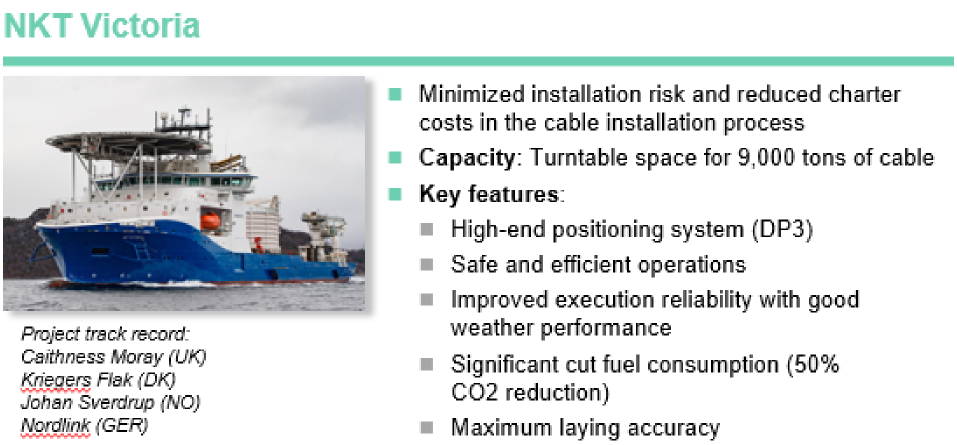
Karlskrona, Sweden
Dating back to the start of cable production in 1883 by Liljeholmens Fuse factory, NKT's manufacturing facility in Karlskrona has extensive experience in HV power cables. It is a center-of-excellence for production, installation and service of HV cables in both AC and DC for submarine and underground applications. In 1992 the unit moved to Karlskrona in the southern part of Sweden and was acquired by NKT in 2017. The Karlskrona facility is strategically located by the sea and benefits from its own harbor for transporting completed power cable systems. The factory is a 'green' manufacturing site powered by electricity from renewable energy sources.

Figure 15: NKT's factory in Karlskrona, Sweden

Investments in the two Solutions factories
In recent years, NKT has invested in both Cologne and Karlskrona driven by the continued increase in the HV order backlog. In 2020, NKT announced investments of approximately EUR 150 million to strengthen its HV manufacturing facilities. This was followed up by an additional investment of approximately EUR 90 million announced in 2022. The upgraded capacity is expected to be fully ready for production by end-2023. The investment program involved expanding current capacities at the two *Solutions* factories in Cologne and Karlskrona respectively – more specifically capacity expansions within extrusion, testing, degassing, material handling, logistics and some other areas.

NKT Victoria
NKT Victoria is among the world's most advanced cable-laying vessels, providing improved cable-laying precision based on e.g. DP3 (dynamic positioning of the highest-class capability), and uses remotely operated vehicles with cameras and sonar. NKT Victoria is capable of simultaneous dual HVDC and fiber-optic cable-laying, HV AC and deep-sea installation with high-capacity tensioning system. The vessel's two turntables have a combined capacity of 9,000 tons, plus a 500-ton capacity fiber-optic tank below deck, allowing NKT to enable complete missions, from the deep blue seas to the shallow shores.

Figure 16: NKT's HV cable-laying vessel, NKT Victoria



Other facilities
Besides the factories in Cologne and Karlskrona servicing *Solutions*, and NKT Victoria, NKT has eight main production facilities in Sweden, Germany, Poland, Czech Republic, and UK, six of which serve *Applications* and two serve *Accessories*. With six plants, one in Denmark, one in Sweden, one in Poland, two in Czech Republic, and one in UK, the *Applications* business has a strong presence across part of North and Eastern Europe. The specific product categories produced differ between the six plants in the *Applications* business. BW is produced out of the plants in Denmark and Poland, while MV is produced is Sweden, Denmark and one of the plants in Czech Republic. 1KV can be produced in Sweden, Denmark and in one of the plants in Czech Republic, while telecom power cables are produced in Sweden. In UK, production is focused on fire-resistant cable technology. Accessories in NKT's *Accessories* business are primarily produced at four production sites in Germany, India and Sweden.

Reference is also made to risk factor in section 1.1.2.7 *NKT is dependent on certain key assets.*

8.9 Sourcing and subcontracting

Raw materials are important to NKT's business. A number of these are highly critical, namely polyethylene compounds, lead, aluminum, copper, powders compounds and Tapes & HFFR. The number of suppliers of these materials is relatively low and consequently a handful of suppliers are labelled critical to NKT. In order to limit potential delivery risks, NKT strives to maintain the good long-term relationships with main suppliers that have been built throughout the years. Moreover, to further limit risk and supplier dependencies, NKT constantly aims to identify alternative suppliers and have identified such for a majority of the critical component categories.

NKT has a wide range of closely related partners who act as subcontractors to various parts of the business. In Solutions, the subcontractors are an important part of the tender process and the subsequent execution of the projects. Therefore, *Solutions* and NKT's procurement and corporate affairs have built a close internal collaboration process which aims to secure the right scope, pricing and to the extent possible back-to-back terms towards the subcontractors to reduce the project risks. The subcontractor process is an integrated part of the tender process, which aims to ensure that quality assurance, and timely subcontractor contracts are in place. As with the collaboration with critical suppliers, in its collaboration with critical sub-contractors, NKT seeks to ensure that alternative sub-contractors have been identified to limit risk and dependencies.

Reference is also made to risk factor in section 1.1.2.2 *NKT is subject to the pricing of raw materials and volatility in such prices may materially adversely affect its business and its ability to pass on cost increases to its customers.*

8.10 Insurance

The Group's insurance portfolio is divided into a global corporate insurance program and a project insurance program. Both programs are managed centrally and in close internal collaboration between the business, enterprise risk management and the Executive Management, and externally with both insurance brokers and insurance companies. The global corporate insurance program includes a market compliant program, including General & Products Liability, Property Damage & Business Interruption, Marine Cargo, D&O liability, Crime, Travel and special insurances. The global corporate insurance program is presented to Board of Directors on an annual basis to ensure, together with the Executive Management, that the Group carries insurance of a type customary for the industry in which it operates and at a level which is generally adequate.

The project insurance program ensures the necessary and compliant insurance coverage of the large tender projects. The project insurance process is an integrated part of the tender process, which enables the Group to secure relevant insurance coverage, compliance with tender minimum requirements and limitation of risk.

Reference is also made to risk factor in section 1.1.2.23 *The Group's insurance policies provide limited coverage, potentially leaving it uninsured against some risks.*

8.11 NKT Photonics

8.11.1 Business description

NKT Photonics operates and is largely run independently from the cable business of NKT.

NKT Photonics holds a strong position as supplier of high-performance fiber lasers and photonic crystal fibers. NKT Photonics is headquartered in Denmark with sales and service world-wide. The main markets are within *Medical & Life Science*, *Industrial*, *Aerospace & Defence*, and *Quantum & Nano Technology*.

- **Medical & Life Science**: NKT Photonics' *Medical & Life Science* segment primarily includes Bio-imaging & Microscopy equipment such as microscopes as well as high precision ultrafast lasers for surgical procedures within Ophthalmology.

- **Industrial**: The *Industrial* segment is the largest segment within NKT Photonics. The wide range of industrial applications for fiber lasers have a wide range, including food inspection systems, semiconductor manufacturing.

- **Aerospace & Defense***:* NKT Photonics' *Aerospace & Defense segment* primarily includes customized, high-power lasers for defense contractors. In 2019, NKT Photonics established a facility in Boston to accommodate defense projects in the United States in accordance with the International Traffic in Arms Regulations (ITAR) and other applicable US regulations.

- **Quantum & Nano Tech***:* NKT Photonics' *Quantum & Nano Tech* segment primarily includes customers within quantum computing and metrology, as well as within development of materials and nano structures.

NKT Photonics' products include ultrafast lasers, supercontinuum white light lasers, low noise fiber lasers, distributed temperature sensing systems and a wide range of specialty fibers. The varied innovative solutions offered by NKT Photonics are applicable for several market segments. These technology-leading solutions are tapping into sustainable megatrends that are expected to support growth opportunities for NKT Photonics going forward, being growing and ageing population, increased technological complexity and focus on security.

8.11.2 Strengths

NKT Photonics has consistently been at the forefront of innovation in the fiber laser market with over 350 patents as of the date of this Prospectus. NKT Photonics expects this amount to grow as the business continues to innovate across the fiber and laser market. At the core of NKT Photonics' products sits the patented Photonic Crystal Fiber (**PCF**) technology. NKT Photonics has pioneered and developed the PCF technology over 20 years.

The Group believes that NKT Photonics' key markets are well placed to benefit from favorable megatrends that will drive growth across the product suite, as demand for increasingly complex laser solutions increases:

- **Medical & Life Science**: NKT Photonics expects aging population living longer to drive demand for minimally invasive surgery such as eye surgery (cataract and refractive surgery devices) and advancements in cancer therapy. Additionally, NKT Photonics expects that laser requirements in cosmetic surgery, such as tissue cutting, will become increasingly prevalent, driving demand for NKT Photonics’ technologies.

- **Industrial**: Within a number of industrial applications, NKT Photonics expects that structural dimensions will become smaller as the original equipment manufacturers (**OEMs**) continue to innovate and increase performance while reducing size. This trend is expected to favour NKT Photonics’ supercontinuum white light lasers. Furthermore, NKT Photonics expects food manufacturers and producers in need of hyperspectral imaging for sorting will continue to increase in numbers as population grows.

- **Aerospace & Defense**: The capabilities of NKT Photonics’ proprietary technology have proved effective and versatile in its Aerospace & Defense projects. NKT Photonics expects that as defense spending continues to be a cornerstone of most countries’ annual budget, this market will continue to grow, benefitting NKT Photonics.

- **Quantum & Nano Tech**: NKT Photonics expects that global research and development will achieve faster computing power and processing to fuel growth in quantum computing.

NKT Photonics is led by a highly experienced management team with vast industry experience. Basil Garabet, NKT Photonics' CEO, joined NKT Photonics in 2015. Since joining NKT Photonics, Basil Garabet has successfully led the commercialization of NKT Photonics from a research and development led organisation to a profitable business positioned for growth. Basil Garabet has extensive international management experience from leading positions in the photonics industry, with JK Lasers EM4, Altitun, and Melles Griot for a combined industry experience of over 35 years. Jakob Fink joined NKT Photonics as CFO in 2021 with over 20 years’ experience in finance and investment banking. Don Riddell, COO has spent 6 years at NKT Photonics with over 25 years of industry experience in total. Christian V. Poulsen, CTO, joined NKT Photonics 25 years ago. Together, the management team of NKT Photonics has combined over 100 years of collective industry experience.

8.11.3 Growth strategy

NKT Photonics pursues a strategic direction to leverage from its core technology and thereby unlock further profitable growth. The strategy is based on three pillars.

Continue to innovate
NKT Photonics wants to drive innovation through continued R&D investments. This is to be leveraged by the history of innovative solutions that combine performance and reliability. NKT Photonics among others has a collaboration with and supply to several leading research institutions and universities globally. It is based on a research focused organization with more than 20 percent of annual revenue spent on R&D historically.

Strengthen profitability
As a growing company, NKT Photonics has the ambition to improve profitability through increased operational leverage. In combination with a focused approach on high profitability market segments such as quantum computing and continued focus on cost efficiency across the organization that should lead to a strengthened profitability.

Accelerate growth
To continue the growing revenues, NKT Photonics is pursuing several initiatives: (i) maximization of product and technology synergies between markets; (ii) focus on high growth markets or markets where NKT Photonics can disrupt with new technology; (iii) a continued approach to secure technology with intellectual property rights; (iv) leverage on strong position in current and new market segments with offering that has a clear technical performance advantage; and (v) offering of high-value products requiring significant expert knowledge to protect NKT Photonics' market position.

8.11.4 **Market overview**

NKT Photonics operates within four market segments: *Medical & Life Science*, *Industrial*, *Aerospace & Defence*, and *Quantum & Nano Technology*.

Medical & Life Science
Medical & Life Science is a fastest growing addressable market of NKT Photonics. Ultrafast fiber lasers especially are finding use in medical procedures such as ophthalmology, and supercontinuum lasers are used in advanced bio-imaging, enabling new ways of diagnosing for instance cancer. The main applications for *Medical & Life Science* are bio-imaging & microscopy, medical devices, and ophthalmology.

Industrial
The *Industrial* segment is the largest and most diversified of NKT Photonics' addressable markets. Customers in this segment use the full breadth of NKT Photonics' product portfolio, including ultrafast lasers, supercontinuum lasers, and sensing systems. Within the *Industrial* segment, NKT Photonics serves a wide range of subsegments and applications, such as device characterization, sorting and quality control, and semiconductors.

Aerospace & Defence
In Aerospace & Defence, NKT Photonics utilizes its entire portfolio of products and capabilities to serve special project needs, focused mainly within the markets in Europe and the United States. The main applications include aerospace and directed energy.

Quantum & Nano Technology
NKT Photonics' customers within quantum technology are active within a range of fast-growing segments within quantum computing, sensing, metrology, and communication. Customers within nano technology activities develop advanced materials such as graphene, carbon nano tubes, meta materials, plasmonic structures and quantum dots. Finally, the segment includes a number of scientific instrumentations applications.

NKT Photonics has three main customer types: OEMs, academic and research institutions and Defense contractors. OEM customers are found in all four market segments. OEM customers account for approximately 60 percent of annual revenue. As examples of OEM customers there are industrial manufacturers of microscopes, semi-conductor tools, consumer electronics test equipment, ophthalmology surgery equipment, and further other applications. Although the revenue grows faster within the OEM customers, the academic and research institutions continue to be an important customer group for NKT Photonics. Much of the early development of technology and applications are found in this customer segment and later forms the basis for OEM business as the technology diffuses into commercial applications. To ensure continued growth in the OEM segment, NKT Photonics continuously collaborates with and sell cutting edge products into academic and research institutions that will eventually form the basis for the next wave of OEM applications. The *Aerospace & Defense* segment is dominated by large projects with Defense contractors. In some respects, this customer type is similar to the industrial OEM customers, but the collaboration typically takes the form of a project, where special solutions are developed in tight collaboration with the customer and various government institutions. Defense contractors account for most of the revenue within the *Aerospace & Defense* segment.

8.11.5 Offerings

NKT Photonics has a broad portfolio of ultra-fast, low noise, and white light lasers. The core product suite includes:

- **SuperK**: Ultra broadband white light lasers covering visible to near infrared wavelengths. SuperK lasers replace lamps, LEDs and lasers in bio-imaging, nano materials, and industrial measurements. NKT Photonics is a leading global supplier of supercontinuum white light lasers – lasers that emit high-brightness light within a very broad spectral range, from UV light all the way into the near infrared. This is unique to supercontinuum technology as light sources are typically either bright or broad. This combination is important as it enables supercontinuum lasers to replace a range of other lasers that emit light of only one colour, thereby saving cost and space while improving reliability and robustness. Moreover, the broad spectrum of these lasers enables a new level of precision in measurements not possible with any other laser type.

- **Koheras**: Low noise lasers with industrial form factor and high reliability. Koheras lasers are used for sensing, quantum technology and directed energy. The Koheras lasers are in many ways the exact opposite of the SuperK white light lasers. They emit light in an extremely narrow and well-defined spectral range and the light is very well controlled. As the characteristics of the light are so well known, it is ideal for sensing applications, even very small disturbances being observable as changes to the light from the lasers. Primary applications include Quantum Technology, Distributed Acoustic Sensing (DAS) and Vibrometry,

- **Ultrafast**: Femto- and picosecond pulsed solid-state and fiber laser. Ultrafast lasers are main applications within eye surgery. Ultrafast lasers emit very short bursts of high-intensity light that can be used to manipulate material with high precision. NKT Photonics' ultrafast lasers are used mainly in ophthalmology and bio-imaging applications with-in the Medical & Life Science segment. The aeroGAIN modules are supplied to other manufacturers of ultrafast lasers where they constitute the main "engine" of the lasers.

NKT Photonics' offering also includes solid-state lasers, and hybrid systems and NKT Photonics' heavily protected Photonics Crystal Fiber technology.

Figure 17: NKT Photonics' core product suite

NKT Photonics' lasers are used in a wide variety of applications, including Bio-imaging & Microscopy, Semiconductors, Remote Sensing, Materials & Nano Structures, Quantum Technology, Ophthalmology, Directed Energy and Sorting & Characterization.

8.11.6 Organization

NKT Photonics operates as an individual business within the Group. However, in specific specialized functions, NKT Photonics is receiving services from the Group to ensure structured uniform approach within areas such as funding and investor relations. As of 31 March 2023, NKT Photonics had 439 full-time employees.

8.11.7 Manufacturing sites

NKT Photonics operates four main production sites across Europe and the United States.

Birkerød, Denmark
Headquarters and main production site. This site produces all units in the supercontinuum white light lasers line and the majority of the narrow linewidth low-noise lasers. All R&D for those lines are also located in Denmark.

Southampton, the United Kingdom
Previously the site of Fianium Ltd., the United Kingdom site manufactures fiber based ultrafast lasers and hosts all Europe-an R&D activities within *Aerospace & Defense*.

Zurich, Switzerland
Previously the site of Onefive, the Swiss site develops and manufactures ultrafast laser products.

Boston, the United States
The Boston site manufactures Narrow linewidth low-noise lasers and acts as NKT Photonics' site into improving presence in the United States *Aerospace & Defense* market.

8.11.8 Intellectual property

NKT Photonics holds a strong portfolio of intellectual property rights in the photonics industry, comprising more than 350 patents (including approximately 250 granted patents and approximately 100 pending patents) as of the date of this Prospectus, covering all major technology and business areas and the core technology area, photonic crystal fibers.

NKT Photonics also relies on trademarks, trade secrets, know-how and continuing technological innovation to develop and maintain its proprietary position.

8.11.9 **The Company's ownership of NKT Photonics**

Introduction

On 20 November 2019, the Company announced the initiation of a review of strategic alternatives for NKT Photonics with the objectives to maximize value creation and to position NKT Photonics for long-term growth. On 13 May 2020, the Board of Directors decided to put the review on hold due to the market uncertainties driven by the COVID-19 pandemic and with respect to the objectives of maximizing the value creation. On 16 July 2021, the Company announced that the review for strategic alternatives for NKT Photonics had been resumed.

The NKT Photonics Transaction

On 24 June 2022, following a structured process involving several potential buyers, the Company announced the entering into of an agreement (the **NKT Photonics SPA**) to divest NKT Photonics to Photonics Management Europe S.R.L, a 100 percent owned subsidiary of Hamamatsu Photonics K.K. (jointly, **Hamamatsu**), which is a Japanese company engaged in developing photoelectric devices and application products (such divestment of NKT Photonics to Hamamatsu, the **NKT Photonics Transaction**). Hamamatsu Photonics K.K. has guaranteed Photonics Management Europe S.R.L's fulfilment of its obligations towards the Company under the NKT Photonics SPA. The NKT Photonics Transaction is based on an agreed enterprise value of NKT Photonics of approximately EUR 205 million.

The NKT Photonics SPA includes customary warranties made by the Company as seller, which are covered by a warranty and indemnity insurance, subject to certain customary exclusions and limitations. The NKT Photonics SPA also contains certain covenants, including an undertaking by the Company and its Group companies not to compete with the business of NKT Photonics and its subsidiaries for a period after closing. The Company has provided certain indemnities in respect of certain identified risks.

Completion of the NKT Photonics Transaction is, among other, subject to Hamamatsu obtaining regulatory approvals in accordance with merger control and foreign direct investment laws in certain jurisdictions. Under the NKT Photonics SPA, the parties undertook to use reasonable efforts and act in good faith to ensure the conditions precedent were satisfied. Hamamatsu has in the NKT Photonics SPA undertaken to take certain actions etc. that may be necessary to obtain such approvals. After the signing of the NKT Photonics SPA, Hamamatsu, with the assistance of the Company, made filings etc. with the relevant regulatory authorities. By end March 2023, all required governmental approvals had been obtained, including from the Bundesministerium für Wirtschaft und Klimaschutz in Germany, the Department for Business, Energy & Industrial Strategy in the United Kingdom, and the Committee on Foreign Investment in the United States, except, however, that Hamamatsu had still not obtained the requisite authorization from the Danish authorities under the Danish Investment Screening Act (in Danish: *Investeringsscreeningsloven* the **DIS Act**). According to the DIS Act, certain investments by foreign investors in Denmark are subject to prior authorization from the Danish Business Authority (in Danish: *Erhvervsstyrelsen*) if the target company operates within certain critical sectors. NKT Photonics' business and activities comes within the scope of the DIS Act and, consequently, any sale of 10 per cent or more of the shares or NKT Photonics requires prior authorization under the DIS Act. Under the DIS Act, the Danish authorities may deny such authorization if the foreign investor's investment would cause a threat to national security or public order in Denmark. The authorities may only deny the authorization if it has not been possible to alleviate the threat to national security or public order in Denmark through commitments from the foreign investor.

The Danish FDI Decision

On 2 May 2023, following several interactions between Hamamatsu, the Company, and the Danish Business Authority, the Company received notification of the Danish FDI Decision, which denied Hamamatsu authorization under the DIS Act to acquire NKT Photonics. According to the Danish FDI Decision adopted by the Danish Minister for Industry, Business, and Financial Affairs (in Danish: *Erhvervsministeren*), Hamamatsu's acquisition of NKT Photonics would pose a threat to national security in Denmark. The Danish FDI Decision means that as the NKT Photonics Transaction currently stands, it cannot close.

Potential termination of the NKT Photonics SPA

Pursuant to the NKT Photonics SPA, each party (provided such party is not in breach of certain of its obligations under the NKT Photonics SPA), is entitled to terminate the NKT Photonics SPA if closing of the NKT Photonics Transaction has not occurred on 30 June 2023 or such later day as the Company and Hamamatsu may agree on (the **Long Stop Date**). The NKT Photonics SPA further provides that Hamamatsu shall, if closing does not occur due to Hamamatsu not obtaining the requisite regulatory approvals as they pertain to foreign direct investment laws (such as the Danish FDI Decision), and the Company is not in breach of the NKT Photonics SPA, pay a break fee to the Company (the size of the break fee being a mid-single digit million EUR amount). In addition, Hamamatsu shall on demand pay to the Company any and all costs incurred by the Company in connection with the NKT Photonics Transaction provided the Company has not caused a condition to closing not to be timely fulfilled. Payment of the break fee and the cost coverage is according to the NKT Photonics SPA not subject to Hamamatsu being in breach of its obligations under the NKT Photonics SPA and are payable without prejudice to the Company's right to enforce other remedies available to it under the NKT Photonics SPA and applicable laws, if Hamamatsu is in breach of its obligations under the NKT Photonics SPA, including the right to claim damages for losses incurred by the Company (in excess of the break fee and cost coverage) due to such breach. Hamamatsu may dispute its obligation to pay the break fee and cost coverage, should the NKT Photonics SPA be terminated.

Following the receipt of the Danish FDI Decision, the Company has engaged in a dialogue with Hamamatsu with a view to explore whether it may be possible for Hamamatsu, with the assistance of the Company, to alleviate the national security concerns in Denmark that resulted in the Danish FDI Decision so that Hamamatsu can obtain the required authorization under the DIS Act and the NKT Photonics Transaction can complete in accordance with the NKT Photonics SPA. While the Company considers there is a material risk that it will still not be possible for Hamamatsu to obtain the requisite authorization under the DIS Act, given that the Danish authorities have already conclusively decided that Hamamatsu's acquisition of NKT Photonics would pose a threat to national security in Denmark, at this time the Company intends to assist Hamamatsu in its continued efforts to obtain such authorization. Although the Company is not under any obligation to do so, this may include agreeing, if so deemed reasonable and in the best interest of the Company, to extend the Long Stop Date for a reasonable period in order to allow Hamamatsu to submit a revised application for the purpose of obtaining the authorization under the DIS Act to complete the agreed acquisition of NKT Photonics. The Company's dialogue with and any assistance rendered to Hamamatsu in order to obtain the requisite authorization under the DIS Act to complete the agreed sale of NKT Photonics is without prejudice to the Company's rights under the NKT Photonics SPA, including the right to terminate the NKT Photonics SPA and request payment of the break fee and cost coverage from Hamamatsu.

While the Company has reserved its legal position towards Hamamatsu under the NKT Photonics SPA, it has not as the date of this Prospectus decided what further steps, if any, it will take against Hamamatsu or other third parties (including the Danish State) in response to the Danish FDI Decision and the ensuing potential non-occurrence of closing of the NKT Photonics Transaction. Any legal proceedings will be subject to inherent risks about the outcome thereof and may require the Company to undertake substantial costs and devote considerable resources to such proceedings.

Consequences if the NKT Photonics Transaction does not close

If the NKT Photonics Transaction does not close, the Company intends to undertake a new strategic review of the ownership of NKT Photonics. The Company continues to believe that it is not the best longer-term owner of NKT Photonics. As of the date of this Prospectus, NKT Photonics will for accounting purposes remain to be considered a discontinued operation and an asset held for sale until the completion of the review process. There can be no assurances as to the timing or outcome of such strategic review.

Based on a dialogue with Danish regulators, the Company believes that a *bona fide* third party will be able to obtain an authorization under the DIS Act to acquire NKT Photonics, potentially subject to agreeing to certain commitments in accordance with the DIS Act deemed necessary to alleviate threats to Danish national security due to NKT Photonics' business. However, such indications are not legally binding and any decision to be taken by the Danish authorities under the DIS Act will be taken based on an assessment of the nature of the proposed transaction, the specific purchaser, and whether the prospective purchaser's ownership of NKT Photonics would pose a threat to national security or public order in Denmark. Despite such indications, given the uncertainty caused by the Danish FDI Decision and the lack of public insight into the specific reasons for such decision, it may be difficult for the Company to find suitable prospective alternative purchasers of NKT Photonics and, even if it does, the Danish FDI Decision may adversely affect the proceeds NKT can realize from a divestment of NKT Photonics and other terms and conditions of such a sale. A future sale of NKT Photonics would likely also be subject to the prospective purchaser obtaining regulatory approvals (e.g. under applicable antitrust and foreign direct investment laws) in countries other than Denmark. Consequently, there are no assurances that the Company will be able to successfully divest NKT Photonics in the foreseeable future at all or on terms and conditions acceptable to the Company and the proceeds realized may be materially less than those payable by Hamamatsu under the NKT Photonics SPA. In addition, there can be no assurance that NKT Photonics' business will not underperform expectations (including due to the risks noted in the risk factors, see section 1 *Risk factors*) prior to an alternative divestment being agreed, which may adversely impact the proceeds and terms of any such divestment.

Existing Shareholders and prospective investors are urged to review any announcement regarding the NKT Photonics Transaction that the Company makes public during the Rights Trading Period and Subscription Period.

8.12 Significant changes impacting the Group's operations and principal activities

There have not been any significant changes impacting the Group's operational and principal activities since the end of the period covered by the 2022 Consolidated Financial Statements, including any significant new products and services. For the avoidance of doubt, reference is made to section 8.11.9 *The Company's ownership of NKT Photonics* concerning the sale of NKT Photonics and the Danish FDI Decision.

8.13 Investments

The Company has made no material investment since the end of the period covered by the Q1 2023 Interim Consolidated Financial Statements, and which are in progress or for which firm commitments have already been made.

9. TREND INFORMATION

9.1 Most significant recent trends

There have been no significant trends in production, sales and inventory, and costs and selling prices since the end of the period covered by the 2022 Consolidated Financial Statements.

9.2 Significant change in the financial performance

There has been no significant change to the financial performance of the Group since the end of the period covered by the Q1 2023 Interim Consolidated Financial Statements.

9.3 Trends affecting the Group's prospects for at least the current financial year

The Company believes that the trends, uncertainties, demands, commitments and events described below are reasonably likely to have a material effect on the Company's prospects for at least the current financial year ending 31 December 2023.

9.3.1 NKT

Sustainability
As countries and companies seek to reach their sustainability targets, an increasing focus on renewable energy sources is expected. In recent years, there has been a material expansion of renewable energy supply year on year. There is an aspiration by policy makers in Europe that approximately two thirds of the energy supply should come from renewables by 2050[20], with the United States aiming for 30 GW offshore wind generation by 2030, and Europe for at least 60 GW by 2030 and 300 GW by 2050. The transition away from conventional power generation is high on the global agenda to reduce carbon emissions. This leads to significant market opportunities in the power cable industry[21]:

- Total annual energy investments are expected to increase to around EUR 5,000 billion by 2030
- New global electricity generation capacity from wind is expected to be 3x from 2020 to 2030, with strongest growth expected from offshore wind
- New global electricity generation capacity from solar is expected to be 6x from 2020 to 2030

This development is expected to impact several parts of the power cable market. Within the HV power cable market, DC solutions are expected to increase relative to AC as renewable energy sources will need to be connected to consumers over long distances and with lower levels of energy loss during transmission. Further, MV power cables will be required to connect wind and solar parks to substations and to reinforce the existing power grid to accommodate the increased electrification of homes, business, industry, and transport.

Apart from sustainability driving the overall electricity and power cable demand, NKT also sees that sustainability-related requirements will play a larger role in the supply chain in the decades to come. This will include low-carbon solutions, environmentally friendly materials and compounds, and circular supply chains to name a few focus areas.

Electrification
In an effort to reduce carbon footprint, consumers and companies are demanding electrical power solutions to substitute for traditional carbon-based power and mechanical systems. Power grid operators seek to accommodate increased demand from electrical power consumers who are increasingly adopting electric vehicles, heat pumps and industrial motors. Electrification of cities and increased adoption of electrified public transportation will also require more power and will lead to more localized demand.

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[20] IEA (2021), Net Zero by 2050, IEA, Paris https://www.iea.org/reports/net-zero-by-2050, License: CC BY 4.0

[21] IEA (2021), World Energy Outlook 2021, IEA, Paris https://www.iea.org/reports/world-energy-outlook-2021, License: CC BY 4.0

These needs are expected to result in an increase in power grid expansions and strengthening programmes for existing electrical grids, including managing the more volatile electrical supply-demand mix and changing distribution and micro-generation patterns. This will require more HV and MV power cable systems and services.

Digitalization
Digitalization continues to be a major global efficiency driver across industries. For power cables, digital solutions may be applied to smart power cable solutions with data collection and monitoring for optimization of the cable system and reduction of the risk of failure through preventive maintenance.

However, whilst smart solutions may foster ownership efficiency and smart-grid operations, most MV and HV systems are, in NKT's belief, considered critical infrastructure by nations and the concern over cybersecurity and preventing risk of external control may dampen the adoption of smart cable systems. The decrease of the global geopolitical stability with Russia's invasion of Ukraine has led to an increased focus on securing critical infrastructure, including power cable systems.

Apart from the power cables themselves, digitalization can be utilized as a lever for factory automatization, supply chain integration and improved customer interfaces. As such, digitalization can have the potential to impact NKT's business model.

Macroeconomic environment
Apart from the relevant overall megatrends, the power cable market is also impacted by significant regional and global events. Market uncertainty increased due to Russia's invasion of Ukraine, which triggered an energy crisis in Europe.

Globally there has been high inflation, volatile raw materials prices, rising interest rates and foreign-exchange fluctuations as a result of the uncertain economic landscape. Following the political and economic development in 2022, supply chains have been disrupted and sourcing of certain raw materials has become more challenging.

In the power cable market, this has increased power cable producers' focus on protecting profitability margins and ensuring access to raw materials to meet customer demand. This has led to higher input costs for NKT that will have to be passed on the customers in order to protect profitability. However, it has also strengthened the market outlook as the need to have stable energy supplies has been underlined.

9.3.2 NKT Photonics

Growing and ageing population
The continued increase in global population and life expectancy is expected to lead to pressure for more effective use of resources and higher health costs. This development is expected to increase (i) the demand for optical sensing and monitoring to optimize use of energy and infrastructure and (ii) the need for faster and cheaper medical instrumentation for mass screening, diagnostics and treatment based on lasers.

Increased technology complexity
There is a demand for more advanced technology but at the same time technology products becoming smaller in size. As technology thereby 'shrinks' and more functions are packed into daily-use devices, the requirements for the technology used to manufacture the advanced products are pushed to new levels. Mechanical manipulation of material that was feasible a few years back is increasingly being replaced by optical manipulation with ultrafast lasers. This allows higher precision and faster throughput when processing the small structure in high-tech devices like smartphones and advanced medical equipment.

Focus on security
As technology advances and cost decreases, access to autonomous drones, surveillance equipment, and other advanced technology is becoming easier. This is accompanied by a security concern as small groups or individuals can harm civilian targets or disrupt infrastructure. Consequently, there is a growing need for fast and efficient defense systems that are safe to use in any environment.

The Company's ownership of NKT Photonics
Reference is made to section 8.11.9 *The Company's ownership of NKT Photonics* for a status on the agreed sale of NKT Photonics to Hamamatsu and the material risk that such sale will not close due to the Danish FDI Decision.

10. OPERATING AND FINANCIAL REVIEW

The following is a discussion of the Group's results of operations for the three-months periods ended 31 March 2023 and 31 March 2022 and for the financial years ended 31 December 2022, 2021 and 2020, and the Group's financial condition as of the end of such three-months periods and years respectively. This discussion should be read in conjunction with the unaudited but reviewed Q1 2023 Interim Consolidated Financial Statements and the audited 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements and the 2020 Consolidated Financial Statements, respectively, and the notes thereto; all of which are incorporated in this Prospectus by reference, see section 16 Financial information concerning the assets and liabilities, financial position and profits and losses and dividends.

Some of the information contained in the following discussion contains forward-looking statements that are based on assumptions and estimates and are subject to risks and uncertainties. Additional risks and uncertainties not presently known to the Company or that the Company currently believes to be immaterial could also materially affect the Group. Existing Shareholders and prospective investors should read section 4.4 Forward-looking statements for a discussion of the risks and uncertainties related to those statements. Existing Shareholders and prospective investors should also read section 1 Risk factors for a discussion of certain factors that may affect the Group's business, financial conditions, and results of operations.

The selected consolidated financial information for the Group, comprising selected consolidated income statement items, balance sheet items and cash flow statement items for the Group, shown below has been extracted from the Q1 2023 Interim Consolidated Financial Statements (with unaudited and unreviewed comparison numbers for the three-months period ended 31 March 2022) prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB) and adopted by the EU and additional Danish disclosure requirements for listed companies, and the 2022 Consolidated Financial Statements (including comparison numbers for the income statement for the financial year ended 31 December 2021 due to NKT Photonics being presented as discontinued operations), the 2021 Consolidated Financial Statements and the 2020 Consolidated Financial Statements prepared in accordance with IFRS as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies. The 2022 Consolidated Financial Statements, the 2021 Consolidated Financial Statements and the 2020 Consolidated Financial Statements have been audited by Deloitte Statsautoriseret Revisionspartnerselskab and are provided with unqualified audit opinions based on International Standards of Auditing. The Q1 2023 Interim Consolidated Financial Statements have not been audited but have been reviewed by the Company's statutory auditors, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab (except for the comparative figures for the financial year 2022). Other than as specifically set out above, no information included in this Prospectus regarding the Group has been audited, reviewed or examined by the independent auditors of the Group.

The selected consolidated historical information for the Group included in this Prospectus has been prepared in accordance with IFRS as adopted by the EU except for non-IFRS financial measures listed in section 10.7 *Alternative performance measures/non-IFRS measures.*

10.1 Overview

NKT is a leading provider of power cable solutions with production and test facilities in Europe and sales offices around the world. NKT was on average 4,062 full-time employees in 2022, which was an increase from 3,775 in 2021 and 3,390 in 2020. NKT is organized into three business lines: *Solutions*, *Applications* and *Service & Accessories*. *Solutions* revenue (market prices) accounted for 42 percent of NKT's total revenue (market prices) and *Solutions'* Operational EBITDA (non-IFRS) 66 percent of NKT's total Operational EBITDA (non-IFRS) for the financial year ended 31 December 2022; *Applications'* revenue (market prices) accounted for 51 percent of NKT's total revenue (market prices) and *Applications* Operational EBITDA (non-IFRS) 18 percent of NKT's total Operational EBITDA (non-IFRS) for the financial year ended 31 December 2022; and *Service & Accessories* revenue (market prices) accounted for 9 percent of NKT's total revenue (market prices) and *Service & Accessories* Operational EBITDA (non-IFRS) 16 percent of NKT's total Operational EBITDA (non-IFRS) for the financial year ended 31 December 2022.

The *Solutions* business line is a project and backlog driven business specializing in HV power cable solutions. NKT designs, develops, manufactures and installs power cables used in offshore and onshore power transmission systems. It covers both AC and DC power cable systems. The *Applications* business line offers customers a broad range of LV and MV power cable solutions. The *Service & Accessories* business line provides services for offshore and onshore power cables and offers a full portfolio of power cable accessories to the HV and MV markets.

The Company reports consolidated financial information on a group level, as well as segmental financial information for each of NKT's three business lines, *Solutions*, *Applications* and *Service & Accessories*. See more details in section 10.6 *Segment analysis* below.

The Group's other business, NKT Photonics, which operates largely separately from NKT, is a leading company in the market for fiber laser and photonic crystal fibers. The business is involved in the research, development and manufacture of optical fiber lasers that are used in a variety of ultrahigh-precision applications. As of 30 June 2022, NKT Photonics were for accounting and reporting purposes classified as discontinued operations and assets held for sale, as a divestment was expected within 12 months from this date. Reference is made to section 8.11.9 *The Company's ownership of NKT Photonics* for a status on the agreed sale of NKT Photonics to Hamamatsu and the material risk that such sale will not close due to the Danish FDI Decision. Please refer to section 10.4 *NKT Photonics as discontinued business* for more details.

10.2 Key financials

EUR million (unless otherwise indicated)	Three months ended 31 March		Financial year ended 31 December		
	2023	2022	2022	2021[22]	2020[23]
Income statement					
Revenue	589.5	489.5	2,079.0	1,827.9	1,470.2
Revenue in std. metal prices (non-IFRS)	421.7	319.2	1,446.8	1,263.1	1,154.7
Operational EBITDA (non-IFRS)	56.9	38.3	154.5	131.1	59.3
EBITDA (non-IFRS)	56.9	38.8	154.6	118.4	49.4
Depreciation, amortisations and impairment.	-22.4	-19.6	-85.4	-94.5	-97.3
Operational EBIT (non-IFRS).	34.5	18.7	69.1	36.6	-38.0
EBIT.	34.5	19.2	69.2	23.9	-47.9
Financial items, net.	4.9	-6.6	9.1	-8.2	-16.7
EBT.	39.4	12.6	78.3	15.7	-64.6
Tax.	-9.9	-1.7	-23.2	-3.8	-9.9
Net result - continuing operations.	29.5	10.9	55.1	11.9	-74.5
Net result - discontinued operations.	-1.9	4.0	7.3	-7.8	0.0
Net result.	27.6	14.9	62.4	4.1	-74.5
Cash flow					
Cash flow from operating activities.	-66.6	-40.9	298.2	208.8	136.3
Cash flow from investing activities excl. acq. & div (non-IFRS).	-31.0	-38.3	-189.1	-213.3	-107.4

[22] Financials for 2021 have been derived from the 2022 Consolidated Finanical Statements where NKT Photonics was included as discontinued operation.

[23] Financials for 2020 are as reported in the 2020 Consolidated Financial Statements, hence including NKT Photonics as continuing operation.

EUR million (unless otherwise indicated)	Three months ended 31 March		Financial year ended 31 December		
	2023	**2022**	**2022**	**2021**[22]	**2020**[23]
Income statement					
Free cash flow excl. acq. & div (non-IFRS)..	-97.6	-79.2	109.1	-4.5	28.9
Balance sheet					
Capital employed (non-IFRS)..	1,220.4	1,325.4	1,089.0	1,173.1	1,050.6
Working capital (non-IFRS).	158.7	65.8	-303.0	-93.2	-137.1
Financial ratios and employees					
Organic growth (non-IFRS)(%)..	34%	7%	15%	15%	15%
Operational EBITDA margin, continuing operations (std. metal prices) (non-IFRS)(%).	13.5%	12.0%	10.7%	10.4%	5.1%
RoCE (non-IFRS)(%).	8.0%	4.1%	6.6%	3.4%	-3.5%
Average number of employees..	4,291	4,008	4,062	3,775	3,800

This Prospectus contains certain financial measures that are not defined or recognized under IFRS, as adopted by the EU. For further information, including definitions of the non-IFRS financial measures and reconciliation of the non-IFRS financial measures presented in this Prospectus to the nearest IFRS measure, see section 10.7 *Alternative performance measures/non-IFRS measures.*

10.3 Principal factors affecting the Group's results of operations

The Group's results of operations have been affected in the periods under review and are expected to continue to be affected by the following principal factors and other factors relating to the business as set forth below.

10.3.1 General economic and other conditions

The level of spending by NKT's existing and potential customers is influenced by general economic conditions in the countries in which the Group operates. As many of NKT's customers, particularly its large customers, are European companies, economic conditions in Europe may affect the demand for NKT's products and solutions and the pricing it is able to agree on in respect of its contracts. Fluctuating, negative or uncertain economic conditions in NKT's customers' markets have in the past undermined, and could in the future undermine, business confidence and cause customers to reduce or defer their spending on new initiatives and technologies, or may result in customers reducing, delaying or eliminating spending. Likewise, prosperous economic conditions could have a positive impact on the general activity level within construction work and other areas which in turn could positively affect the general demand in the cable markets.

As a provider to public sector and semi-public customers, NKT is also impacted by financial, budgetary, regulatory or political constraints, or changes in government policy and public spending constraints which could have a significant impact on the size, scope, timing and duration of contracts and orders placed by them and, therefore, on the level of business which NKT will derive from such customers.

The macroeconomic cycle and market turbulences have become significant drivers, which impact large parts of the business. The current European energy challenges and increasing inflation rate have influenced input costs to production. These challenges combined with the war in Ukraine have caused volatilities in supply chains. An increase in production and input costs remains a risk in respect of NKT's profitability. Where possible, the Group seeks to mitigate the impact of rising costs for metals by hedging using financial contracts. NKT aims to transfer the increased costs to its customer or hedge if possible. Fluctuations in metal prices, particularly copper and aluminum, have historically had a high degree of impact on NKT's revenue, as increases in the prices of these commodities can be significant and are often passed on to the customers, resulting in higher revenue (but with no parallel profit benefit to NKT). NKT therefore also reports its revenue in standard metal prices to eliminate the revenue impact of these raw material price fluctuations, and present comparable revenue year on year. This is shown as Revenue at standard metal prices. The Revenue at standard metal prices is defined in section 10.7.1 *Revenue in std. metal prices (non-IFRS)*. Further, a rising interest rate environment can be a significant factor on future market conditions and demand.

NKT Photonics' revenues grew organically by 23 percent in 2022 and increased to EUR 86.5 million. The growth was driven by positive development in the *Industrial* and *Medical & Life Science* segments with particularly strong sales to semiconductor and ophthalmology customers. The *Industrial* segment, which is the largest and comprised approximately 44 percent of NKT Photonics revenue in the financial year 2022, experienced a 41 percent growth in 2022. After an unusual 2020, which was negatively impacted by the COVID-19 pandemic, NKT Photonics delivered a rebound in 2021 compared to 2020. The *Industrial* and *Quantum & Nano Technology* segments were the key growth drivers. *Life Science* and *Aerospace & Defence* was slightly negatively impacted in 2021 by timing of projects and OEM contracts. 2021 was overall a record year for NKT Photonics despite continuation of the COVID-19 pandemic and a challenging supply chain, which had an adverse effect on the business and financial performance of NKT Photonics in 2020 and 2021.

10.3.2 Trends within the industries in which the Group operates

The Company anticipates an increasing demand for NKT's power cable solutions and services in the years ahead and expects to be a significant beneficiary of this development. The Company expects, in particular, the future development of the HV power cable market to be attractive, supported by the global transition towards renewable energy sources such as solar and wind and a political agenda to expand transmission lines to interconnect power grids particularly within countries in the EU and North America, but also in the rest of the world to enable the transmission of renewable energy form sources to users. The EU's current ambition of at least 40 percent reduction in greenhouse gas emissions compared to 1990 levels and at least 32 percent share of energy from renewable sources in the EU's gross final consumption of energy by 2023 is an example of this trend towards renewable energy in the industry. In September 2020, the European Commission proposed to raise the EU's ambition on reducing greenhouse gas emissions to at least 55 percent (versus 40 percent currently) through a combination of more efficient energy sources and higher contribution from renewable energy, and the European Parliament has proposed an even more ambitious target of a reduction of 60 percent.

In addition to NKT's *Solutions* business line, this transition is expected to also drive demand for the *Applications* and *Service & Accessories* business lines. The growth of the HV power cable markets is, however, subject to various factors, including the timing of political decision making.

The Group sees three megatrends creating the largest impact on the power cable market in the coming years: sustainability, electrification and digitalization. The three megatrends are driven by the political agenda, the green transition and sovereign nations wish to increase their independence from foreign energy sources. The Company expects the megatrends to drive a high demand across all business lines.

In all of the four market segments in which NKT Photonics operates, NKT Photonics expects to benefit from a market trend moving towards adoptions of advanced laser solutions for a variety of precision and high-power applications such as replacement of manual surgery with scalpels in ophthalmology or the use of incandescent lamps or simple lasers in industrial equipment and microscopes, and electrical point sensors in the security and sensing sector.

10.3.3 Ability to win and execute orders

In recent years, NKT has had a strong track record of won tenders and is dependent on the continuation of this ability to win tendered contracts over time, as well as being able to successfully and timely executing on them.

As the values of the orders in the HV power cable market vary but tend to grow in size, award of one or more significant order will be important for NKT in order to limit idle capacity in the large plants. The large asset base as well as a large base of fixed costs require NKT to continuously have a solid HV order backlog of won orders. A solid HV order backlog not only allows for short term revenue but also limits the risk that NKT may be required to make bids with lower margins and less favorable payment conditions than otherwise warranted or considered reasonable. Compromising on margins and terms could be inevitable in scenarios with few order wins, whether driven by general low activity in the market, inability to meet customer needs or other triggers, and would impact the overall financial performance for the Group. On the other hand, the Company expects that many awards and a solid HV order backlog would provide it with more leverage in negotiations and allow it to be more selective in the tendering process, which could drive up profitability. NKT's track record in delivering projects successfully has been pivotal to its recent success in winning large tenders. The ability to continue successful project execution will hence be important not only to ensure short term financial performance through healthy operation profit margins, but also for the Group's ability to attract and retain customers and win new orders.

NKT Photonics' ability to win orders is largely dependent on the rate of adaptation of new technology in its four market segments. As the technology and markets mature, and an increasing part of NKT Photonics' business is with OEMs, more and more of the revenue is expected to come from repeat business secured through multi-year supply agreements.

10.3.4 Competitiveness

The Group's competitiveness depends on its ability to continue to anticipate technological advances and develop and improve relevant technologies in a timely manner.

If the Group does not adapt, expand and develop its products, services and solutions in response to changes in technology or customer demand, its ability to develop and maintain a competitive advantage could be negatively affected, which could result in loss of orders, a decline in sales volume, an increase in price discounting and/or a loss of market share, all of which would adversely impact revenue and margin of the Group's operations. Moreover, the development of or otherwise exclusive access to ground-breaking technologies by competitors of the Group, could have negative impact on its ability to compete effectively on the markets, which in turn could result in unfavorable impact on the financial performance. New or improved technologies offered by competitors may make the Group's offerings less at-tractive by customers.

10.3.5 Competition on the markets

The competitive landscape varies between markets in which the Group's different businesses operate.

In NKT's *Solutions* business line, the market is characterized by few large competitors depending on technology (AC or DC) and voltage level. Substitutability is higher within AC and for lower voltage levels. The Group believes that the competition is high but the expected market demand for power cables is expected to be higher than the current market supply. Assessing future awards to *Solutions* is by nature subject to uncertainty, however the large HV order backlog provides certainty regarding the future revenue and earnings.

In NKT's *Application*s business line, where cables are based on industry standards and are often inter-changeable with similar products made by its main competitors, the Group must successfully market and competitively price its products and solutions in order to be able to compete effectively. The intense price pressure in especially the LV power cable markets implies that to compete effectively and at the same time ensure profitability, the *Applications* business must be very focused on increasing scales through higher sales and reducing cost through technology advances and material & process efficiency. Inability to drive scale and cost efficiency would negatively affect the operational performance of NKT.

The market for *Service* is gradually growing and the competitive landscape is diverse, with different competitors offering different solutions. The *Accessories* business deliver necessary components of power cable systems, and its market is therefore closely linked to that for HV and MV power cables. As with power cables, competitive pressure for *Accessories* is greatest at the lowest voltage levels due to the increasing complexity of accessories for HV application.

NKT Photonics enjoys several niches, such as white light lasers for bio-imaging, material research and semiconductor manufacturing, with a strong market position, and with the most intense competition being in the *Industrial* segment, where most of the biggest players in the photonics industry are operating. Although NKT Photonics only competes with these companies in a limited way, some segments, like consumer electronics, do experience intense competition and price pressure.

10.3.6 Contract pricing

The Group's profitability is dependent on the bill rates it is able to recover from the sale of its products and solutions and the efficiency with which the Group can deliver these products and solutions. The bill rates the Group is able to recover are affected by a number of factors, including: (i) its ability to accurately estimate, attain and sustain contract revenue, margins and cash flows over increasingly longer contract periods; (ii) bid practices of customers and their use of third-party advisors; and (iii) general economic and political conditions. Competition for major new contracts in the markets in which the Group operates is intense and price competition is often occurring.

NKT's profitability is also dependent on its ability to effectively price and manage its fixed fee contracts. Payment terms of a power cable project contract usually comprise the following payments: (i) down payment from the customer at contract inception, (ii) progress payments, linked to project milestones, and (iii) final payment upon completion and customer acceptance. The pricing of fixed price contracts is complex and highly dependent on NKT's internal estimates, predictions and assumptions for the power cable projects. These estimates, predictions and assumptions might be based on limited data and could turn out to be inaccurate. If NKT does not accurately estimate the scope of its costs and timing for completing projects, its fixed price contracts could prove unprofitable for it or yield lower profit margins than anticipated.

Power cable projects to be performed by NKT are usually significant in amount, have a long lead time affecting the financial statements of more reporting periods and have a high degree of project management. Each power cable project is normally considered one performance obligation as each project comprise highly interrelated and interdependent physical assets and services, such as production, installation and project management. Depending on the contract structure, the performance obligation may consist of more than one contract. NKT applies percentage of completion (PoC) cost-to-cost method for its cable projects sold on fixed fee contracts, pursuant to which the estimated work to complete the projects is updated on a monthly basis based on progress to date and any increase in the estimated completion time is adjusted for all individual fixed fee contracts. Any significant deviation in estimated completion time against the original scope and time effort will thus negatively impact profit margins as more resources will be required to complete the project, which was agreed at a fixed price.

Prices in the general photonics market in which NKT Photonics operates are generally dropping as the market grows, but there are very large variations between market segments. With that said, prices in these markets are reasonably stable except for industrial ultrafast lasers, where the rapid adaptation of these lasers in the consumer electronics industry attracts many players with following price pressure. As OEMs adaptation and volume increases, the prices naturally fall but with the gains in efficiency driven by the higher volume, margins remain stable.

10.4 NKT Photonics as discontinued business

As of 30 June 2022, NKT Photonics were for accounting and reporting purposes classified as discontinued operations and assets held for sale, as a divestment was expected within 12 months from this date. This 12 months' period may be extended, which would not preclude NKT Photonics from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control. On 24 June 2022, the Company entered into a share sale and purchase agreement providing for the Company's divestment of 100 percent of the shares of NKT Photonics. Reference is made to section 8.11.9 *The Company's ownership of NKT Photonics* and section 19.2 *Agreement concerning divestment of NKT Photonics.* The results of NKT Photonics are included in the Consolidated Financial Statements (however, in the 2022 Consolidated Financial Statements classified as discontinued in the income statement with comparative figures for 2021 and as assets held for sale in the balance sheet with no adjustment of comparative figures for 2021).

NKT Photonics revenue accounted for 4 percent of the Group's total revenue (market prices) and Operational EBITDA (non-IFRS) 5 percent of the Group's total Operational EBITDA (non-IFRS) for the financial year ended 31 December 2022, 4 percent of the Group's total revenue (market prices) and Operational EBITDA (non-IFRS) 5 percent of the Group's total Operational EBITDA (non-IFRS) for the financial year ended 31 December 2021 and 5 percent of the Group's total revenue (market prices) and Operational EBITDA (non-IFRS) 4 percent of the Group's total Operational EBITDA (non-IFRS) for the financial year ended 31 December 2020.

Discontinued operations represent a separate major line of businesses intended to be disposed within 12 months. The results of discontinued operations are presented separately in the income statement and the cash flow statement with restatement of comparative figures. Assets and liabilities held for sale from discontinued operations are presented as separate items in the balance sheet with no restatement of comparative figures. Elimination between continuing and discontinued operations is presented to reflect continuing operations as post-separation, which includes elimination of interest and loans. Assets and liabilities from discontinued operations and assets held for sale are measured at the lower of carrying amount and fair value less cost of disposal. Impairment test is performed immediately before classification as held for sale. Non-current assets held for sale are not depreciated or amortized.

The Company continues to believe that it is not the best longer-term owner of NKT Photonics and NKT Photonics will, as of the date of this Prospectus, for accounting purposes remain to be considered a discontinued operation and an asset held for sale. In the event the divestment does not close, and the classification of assets held for sale can no longer be maintained for accounting purposes, depreciations and amortizations are resumed from the initial date classified as assets held for sale. Please refer to the risk factor in section 1.1.2.10 *There is a material risk that the Company's agreed sale of NKT Photonics to Hamamatsu will not close as a result of the Danish government's denial to authorize the sale and such denial may have material adverse consequences for the prospects and value of NKT Photonics and a potential future sale of NKT Photonics*. There can be no assurances as to the timing or outcome of such strategic review.

10.5 Results of operations

The results of operations in this section are derived from the Q1 2023 Interim Consolidated Financial Statements, the 2022 Consolidated Financial Statements, the 2021 Consolidated Financial Statements and the 2020 Consolidated Financial Statements.

10.5.1 Comparison of the three-months period ended 31 March 2023 to the three-months period ended 31 March 2022

10.5.1.1 Revenue

In the three-months period ended 31 March 2023, the Group achieved a revenue in market prices of EUR 589.5 million, an increase of EUR 100.0 million compared to a revenue in market prices of EUR 489.5 million in the three-months period ended 31 March 2022. The revenue (std. metal prices) (non-IFRS) for the three-months period ended 31 March 2023 amounted to EUR 421.7 million, whereas revenue (std. metal prices) (non-IFRS) for the three-months period ended 31 March 2022 amounted to EUR 319.2 million, an increase of EUR 102.5 million.

This improved revenue performance was mainly due to results in NKT's *Solutions* and *Applications* business lines. The execution of the HV order backlog in *Solutions*, when combined with continued recovery in *Applications*, both contributed significantly to the revenue level. Also contributing to improved revenue was the improvement in *Service & Accessories* in the three-months period ended 31 March 2023, though the contribution of this business line was more muted as no offshore repair work was conducted in the period. The driver of the higher revenues was the *Accessories* business, while the activity level in the *Service* business was lower than last year in the offshore segment.

10.5.1.2 Other operating income

In the three-months period ended 31 March 2023, other operating income amounted to EUR 1.8 million, a decrease of EUR 3.7 million compared to other operating income of EUR 5.5 million in the three-months period ended 31 March 2022.

The decrease was mainly due to gain on business combination and payment received from insurance companies in the three-months period ended 31 March 2022, which did not occur again in the three-months period ended 31 March 2023.

10.5.1.3 Organic growth (non-IFRS).

In the three-months period ended 31 March 2023, the Group realized organic growth (non-IFRS) of 34 percent, an increase of 27 percentage points compared to organic growth of 7 percent in the three-months period ended 31 March 2022.

10.5.1.4 Costs of raw materials, consumables, and goods for resale

In the three-months period ended 31 March 2023, costs of raw materials, consumables and goods for resale amounted to EUR 398.2 million, an increase of EUR 55.9 million compared to costs of raw materials, consumables, and goods for resale of EUR 342.3 million in the three-months period ended 31 March 2022.

The increase in costs was primarily due to the higher activity level as also reflected in the revenue increase in the same period.

10.5.1.5 Staff costs

In the three-months period ended 31 March 2023, staff costs amounted EUR 78.7 million, increase of EUR 3.8 million compared to staff costs of EUR 74.9 million in the three-months period ended 31 March 2022.

The increase in staff costs was primarily due to the higher activity level as also reflected in the revenue increase in the same period.

10.5.1.6 Other costs, etc.

In the three-months period ended 31 March 2023, other costs amounted EUR 57.5 million, an increase of EUR 18.5 million compared to other costs of EUR 39.0 million in the three-months period ended 31 March 2022.

The increase in other costs, etc. was primarily due to the higher activity in the same period as well as lower work performed by the Group and capitalized in the three-months period ended 31 March 2023 than in the three-months period ended 31 March 2022.

10.5.1.7 Operational EBITDA (non-IFRS)

In the three-months period ended 31 March 2023, the Group achieved an operational EBITDA (non-IFRS) of EUR 56.9 million, an increase of EUR 18.6 million compared to an operational EBITDA (non-IFRS) of EUR 38.3 million in the three-months period ended 31 March 2022.

The higher Operational EBITDA (non-IFRS) was driven by all three business lines, with the primary improvements coming from NKT's *Solutions* and *Applications* business lines.

10.5.1.8 EBITDA (non-IFRS)

For the three-months period ended 31 March 2023, the Group achieved an EBITDA (non-IFRS) of EUR 56.9 million, an increase of EUR 18.1 million compared to the total EBITDA (non-IFRS) of EUR 38.8 million in the three-months period ended 31 March 2022.

The higher earnings level was driven by all three business lines, with the primary improvements coming from NKT's *Solutions* and *Applications* business lines.

10.5.1.9 Depreciation of property, plant and equipment, including impairment

For the three-months period ended 31 March 2023, depreciation of property, plant and equipment, including impairment was EUR 17.0 million, an increase of EUR 1.7 million compared to depreciation of property, plant and equipment, including impairment of EUR 15.3 million in the three-months period ended 31 March 2022.

The increase was primarily due the start of depreciation of assets previously held as under construction which were taken into use, and which commenced depreciation during the three-months period ended 31 March 2023.

10.5.1.10 Amortization of intangible assets

For the three-months period ended 31 March 2023, amortization of intangible assets was EUR 5.4 million, an increase of EUR 1.1 million compared to amortization of intangible assets of EUR 4.3 million in the three-months period ended 31 March 2022.

The increase was primarily due to development cost in process of assets taken into use and which commenced amortization during the three-months period ended 31 March 2023.

10.5.1.11 Operational EBIT (non-IFRS)

For the three-months period ended 31 March 2023, Operational EBIT (non-IFRS) amounted to EUR 34.5 million, an increase of EUR 15.8 million compared to an Operational EBIT (non-IFRS) of EUR 18.7 million in the three-months period ended 31 March 2022.

The higher EBIT was primarily driven by the same factors as Operational EBITDA (non-IFRS), which more than offset the increase in depreciation and amortization.

10.5.1.12 EBIT

For the three-months period ended 31 March 2023, EBIT amounted to EUR 34.5 million, an increase of EUR 15.3 million compared to an EBIT of EUR 19.2 million in the three-months period ended 31 March 2022.

The higher EBIT was primarily driven by the same factors as Operational EBITDA (non-IFRS), which more than offset the increase in depreciation and amortization.

10.5.1.13 Financial income and expenses

For the three-months period ended 31 March 2023, net financial items represented an income of EUR 4.9 million compared to an expense of EUR 6.6 million in the three-months period ended 31 March 2022.

While interest had a slightly negative impact in the three-months period ended 31 March 2023, gains from exchange-rate fluctuations had a large positive impact, ultimately resulting in positive net financial items.

10.5.1.14 Earnings before tax (EBT)

For the three-months period ended 31 March 2023, earnings before tax (EBT) amounted to EUR 39.4 million, an increase of EUR 26.8 million compared to earnings before tax (EBT) of EUR 12.6 million in the three-months period ended 31 March 2022.

The higher EBT was driven by the improvements in EBIT and financial income and expenses.

10.5.1.15 Tax

Tax expense amounted to EUR 9.9 million for the three-months period ended 31 March 2023, compared to EUR 1.7 million for the three-months period ended 31 March 2022.

The increase in tax expense was driven by the improved earnings before tax as well as distribution of earnings across tax jurisdictions. As a result, the Group's effective tax rate for the three-months period ended 31 March 2023 was 25.1 percent compared to 13.8 percent for the three-months period ended 31 March 2022.

10.5.1.16 Net result - continued operations

For the three-months period ended 31 March 2023, net result - continued operations amounted to EUR 29.5 million, an increase of EUR 18.6 million compared to net result - continued operations of EUR 10.9 million in the three-months period ended 31 March 2022.

The higher net result from continuing operations was primarily driven by the same parameters as earnings before tax (EBT), partly offset by increased tax expense.

10.5.1.17 Net result - discontinued operations

For the three-months period ended 31 March 2023, net loss - discontinued operations amounted to EUR -1.9 million, a decrease of EUR 5.9 million compared to net profit - discontinued operations of EUR 4.0 million in the three-months period ended 31 March 2022.

The decrease was driven by a gain from divestment of the LIOS business in the three-months period ended 31 March 2022 which was not repeated in the three-months period ended 31 March 2023, partly offset by the discontinuing of amortization and depreciation in the three-months period ended 31 March 2023 following the classification as held for sale.

10.5.1.18 Net result

In the three-months period ended 31 March 2023, net result for the period was EUR 27.6 million, an increase of EUR 12.7 million compared to a net result of EUR 14.9 million in the three-months period ended 31 March 2022.

10.5.2 **Comparison of the financial year ended 31 December 2022 to the financial years ended 31 December 2021 and 2020**

10.5.2.1 Revenue

For the financial year ended 31 December 2022, the Group achieved a revenue of EUR 2,079.0 million in market prices as compared to a revenue of EUR 1,827.9 million for the financial year ended 31 December 2021 and EUR 1,470.2 million for the financial year ended 31 December 2020. The revenue (std. metal prices) (non-IFRS) for financial year ended 31 December 2022 amounted to EUR 1,446.8 million, whereas revenue (std. metal prices) (non-IFRS) amounted to EUR 1,263.1 million in 2021 and EUR 1,154.7 million in 2020.

This development from the financial year 2021 to 2022 was primarily due to an increased level of activity in NKT's *Solutions* and *Applications* business lines, partly offset by a marginal decrease of revenue *Service & Accessories*. The largest absolute increase in revenue was delivered by *Solutions* which saw higher activity with execution of a variety of orders with various technologies awarded in the year. In addition, the growth was due to capacity expansions in NKT's factories in Cologne, Germany, and Karlskrona, Sweden expected to also gradually benefit revenues. Growth in *Applications* was mainly due to increased prices on the back of increased inflation on several cost items. *Service & Accessories* delivered a decline in revenue due to high activity in offshore repairs in the financial year ended 31 December 2021.

The development from the financial year ended 31 December 2020 to 2021 was mainly due to an increased level of activity and implementation of efficiency measures across all business lines partly offset by revenue in NKT Photonics, which have only been reported as discontinued operations for the financial years ended 31 December 2022 and 2021 and thus were included as part of the Group's revenue in the financial year ended 31 December 2020.

10.5.2.2 Other operating income

In the financial year ended 31 December 2022, the Group achieved other operating income of EUR 14.2 million as compared to an operating income of EUR 30.9 million in the financial year ended 31 December 2021 and EUR 12.0 million in the financial year ended 31 December 2020. The high level of other operating income in 2021 was related to closing of outstanding insurance cases relating to past incidents, generating other operating income of EUR 20.7 million in that year which was not repeated in 2022.

10.5.2.3 Organic growth (non-IFRS)

In the financial years ended 31 December 2022, 2021 and 2020, the Group realized organic growth (non-IFRS) of 15 percent per year.

10.5.2.4 Work performed by the Group and capitalized

In the financial year ended 31 December 2022, work performed by the Group and capitalized was EUR 33.1 million, which was in line with the level in the financial year ended 31 December 2021 of EUR 28.5 million and the financial year ended 31 December 2020 of EUR 33.1 million.

10.5.2.5 Costs of raw materials, consumables and goods for resale

In the financial year ended 31 December 2022, costs of raw materials, consumables and goods for resale amounted to EUR 1,442.6 million, which was an increase of EUR 201 million compared to the financial year ended 31 December 2021 of EUR 1,241.6 million. The level of costs of raw materials, consumables and goods for resale in the financial year 2021 was an increase of EUR 280.2 million compared to costs of raw materials, consumables and goods for resale of EUR 961,4 million in the financial year ended 31 December 2020. The increase in both comparison periods was primarily due to the higher activity level as also reflected in the revenue increase in the same period.

10.5.2.6 Staff costs

In the financial year ended 31 December 2022, staff costs amounted to EUR 302.5 million, a decrease of EUR 9 million (or 3 percent) compared to staff costs of EUR 311.5 million in the financial year ended 31 December 2021. The decrease was impacted by exchange rates and utilization of the restructuring provision recognized in 2021 regarding German activities (recognized as a one-off item in 2021).

The level of staff costs in the financial year ended 31 December 2021 was an increase of EUR 11.9 million (4 percent) com-pared to staff costs of EUR 299.6 million in the financial year 2020. The increase was primarily due to the higher activity level as also reflected in the revenue increase in the same period, partly offset by staff costs in NKT Photonics, which has only been reported as discontinued operations for the financial years 2022 and 2021 and thus was included as part of the Group's staff costs in the financial year ended 31 December 2020.

The average number of full-time employees for the financial year ended 31 December 2022 was 4,062, which was an in-crease of 8 percent compared to the financial year ended 31 December 2021 where the average number of full-time employees was 3,775. The level in 2021 was a decrease of 1 percent as compared to the financial year ended 31 December 2020 where the average number of full-time employees was 3,390 excluding NKT Photonics.

10.5.2.7 Other costs, etc.

In the financial year ended 31 December 2022, other costs, etc. amounted to EUR 226.6 million, which was an increase of 10.8 million compared to the financial year ended 31 December 2021 of EUR 215.8 million. The level of other costs, etc. in the financial year 2021 was an increase of EUR 10.9 million compared to other costs of EUR 204.9 million in the financial year ended 31 December 2020.

10.5.2.8 Operational EBITDA (non-IFRS)

In the financial year ended 31 December 2022, the Group reported Operational EBITDA (non-IFRS) of EUR 154.5 million, which was an increase of EUR 23.4 million compared to the financial year ended 31 December 2021 of EUR 131.1 million. The increase was primarily driven by *Solutions* which saw an increase from EUR 83.1 million in the financial year 2021 to EUR 105.9 million in the financial year ended 31 December 2022, primarily due to a higher activity level. In *Applications* the Operational EBITDA (non-IFRS) remained on level as higher revenues were offset by higher input costs as NKT had to respond to the high inflationary pressure on several cost items. *Service & Accessories* decreased on the back of a high comparison base with a decline from EUR 32.8 million in the financial year 2021 to EUR 28.5 million in the financial year ended 31 December 2022. In addition to the lower revenue level as a result of lower repair works, Operational EBITDA was also impacted by the cost level in the *Accessories* business that was temporarily higher due to ongoing consolidation of HV power cable accessory production moving the production from Cologne, Germany, to Alingsås, Sweden.

The level of Operational EBITDA (non-IFRS) in the financial year ended 31 December 2021 was an increase of EUR 71.8 million compared to Operational EBITDA (non-IFRS) of EUR 59.3 million in the financial year ended 31 December 2020. The Group saw substantial increases across all business lines due to increased activity and improved profitability.

The Operational EBITDA margin (std. metal prices) (non-IFRS) was 11 percent in the financial year ended 31 December 2022 which was an increase compared to 10 percent in the financial year ended 31 December 2021. The improvement in the Operational EBITDA margin (non-IFRS) was driven by several factors. Main driver was the improved revenue, which was broadly based across *Solutions*, *Applications* and *Service & Accessories*. However, cost focus as well as insurance income in *Solutions* in 2021 also improved the Operational EBITDA margin (non-IFRS). The Operational EBITDA margin (std. metal prices) (non-IFRS) was 5 percent in the financial year ended 31 December 2020.

10.5.2.9 EBITDA (non-IFRS)

For the financial year ended 31 December 2022, EBITDA (non-IFRS) for the Group amounted to EUR 154.6 million compared to EUR 118.4 million in the financial year ended 31 December 2021 and EUR 49.4 million in the financial year ended 31 December 2020. The Group's EBITDA margin (non-IFRS) of 11 percent in the financial year ended 31 December 2022 increased from 9 percent in the financial year ended 31 December 2021. The level in the financial year 2021 was an increase compared to 4 percent in the financial year ended 31 December 2020.

10.5.2.10 Depreciation of property, plant and equipment, including impairment

For the financial year ended 31 December 2022, depreciation of property, plant and equipment was EUR 62.7 million, a decrease of EUR 6 million compared to depreciation of property, plant and equipment of EUR 68.7 million in the financial year ended 31 December 2021. The level in the financial year 2021 was a decrease of EUR 1.8 million as compared to EUR 70.5 million in the financial year ended 31 December 2020.

10.5.2.11 Amortization of intangible assets

For the financial year 2022, amortizations of intangible assets were EUR 22.7 million, a decrease of EUR 3.1 million compared to amortizations of intangible assets of EUR 25.8 million in the financial year 2021. The level of amortizations of intangible assets in the financial year 2021 was a decrease of EUR 1 million compared to EUR 26.8 million in the financial year 2020.

10.5.2.12 Operational EBIT (non-IFRS)

For the financial year ended 31 December 2022, Operational EBIT (non-IFRS) amounted to EUR 69.1 million, an increase of EUR 32.5 million compared to an Operational EBIT (non-IFRS) of EUR 36.6 million in the financial year ended 31 December 2021. The increase was primarily driven by the aforementioned higher activity level in *Solutions* and *Applications*.

The level of Operational EBIT (non-IFRS) in the financial year ended 31 December 2021 was an increase of EUR 74.6 million compared to operational EBIT (non-IFRS) of EUR -38.0 million in the financial year 2020. The increase was primarily driven by the aforementioned higher activity across all business lines, partly offset by NKT Photonics only being reported as discontinued operations in the financial years ended 31 December 2022 and 2021.

10.5.2.13 EBIT

For the financial year 31 December 2022, the Group's EBIT amounted to EUR 69.2 million, an increase of EUR 45.3 million compared to the financial year 31 December 2021 where EBIT amounted to EUR 23.9 million. The increase was primarily driven by the aforementioned higher activity level in *Solutions* and *Applications*.

The level of EBIT in the financial year 31 December 2021 was an increase as of EUR 71.8 million compared to EBIT of EUR -47.9 million in the financial year 31 December 2020. The increase was primarily driven by the aforementioned higher activity across all business lines, partly offset by NKT Photonics only being reported as discontinued operations in the financial years 31 December 2022 and 2021.

10.5.2.14 Financial income and expenses

Financial income comprises interest, dividends, gains on securities, receivables and transactions denominated in foreign currencies, amortization of financial assets, and allowances under the Danish tax prepayment scheme, etc. Positive changes in the fair value of derivative financial instruments not designated as hedging arrangements are also included.

Financial expenses comprise interest, payables and transactions denominated in foreign currencies, amortization of financial liabilities and surcharges under the Danish tax prepayment scheme, etc. Negative changes in the fair value of derivative financial instruments not designated as hedging arrangements are also included.

For the financial year 31 December 2022, net financial items represented an income of EUR 9.1 million compared to an expense of EUR 8.2 million in the financial year 31 December 2021. The increase was mainly caused by net currency gains, including gain on derivative financial instruments, in 2022 of EUR 15.1 million compared to a net currency loss, including loss on derivative financial instruments, in 2021 of EUR -2.1 million. Net financial items improved from EUR -16.7 million in the financial year 31 December 2020 to EUR -2.1 million in the financial year 31 December 2021. The improvement was driven by lower interest expenses.

In the financial year 31 December 2022, losses coming from net foreign exchange gains/losses of EUR -2.7 million (2021: EUR 3.2 million and 2020: EUR -3.1 million) were more than fully offset by gains/losses on hedging derivatives of EUR 17.8 million (2021: EUR -5.3 million and 2020: EUR 1.7 million). This resulted in a net currency gain of EUR 15.1 million in the financial year 31 December 2022 compared to EUR -2.1 million in the financial year 2021 and EUR -1.4 million in the financial year 31 December 2020. The level has for all three financial years been within the expected range of the Group's hedging policy.

10.5.2.15 Earnings before tax (EBT)

For the financial year ended 31 December 2022, earnings before tax (EBT) amounted to EUR 78.3 million, an increase of EUR 62.6 million compared to earnings before tax (EBT) of EUR 15.7 million in the financial year ended 31 December 2021. The increase was primarily driven by the aforementioned higher activity level in *Solutions* and *Applications.*

The level of earnings before tax (EBT) in the financial year ended 31 December 2021 increased compared to earnings before tax (EBT) of EUR -64.6 million in the financial year ended 31 December 2020. The increase was primarily driven by the aforementioned higher activity across all business lines, partly offset by NKT Photonics only being reported as discontinued operations in the financial years ended 31 December 2022 and 2021.

10.5.2.16 Tax

In the financial year ended 31 December 2022, the Group realized EBT of EUR 78.3 million (2021: EUR 15.7 million, 2020: EUR -64.6 million) which resulted in a reported tax rate of 29.6 percent (2021: 24.1 percent, 2020: -15.3 percent). The reported tax rate of 29.6 percent was primarily impacted by changes to deferred tax assets in Germany and utilization of not recognized deferred tax assets in Denmark. In the financial year ended 31 December 2022, the Group paid a net amount of EUR 15.3 million in corporate income tax compared to EUR 0.4 million in the financial year 2021 and receiving net EUR 1.1 million in 2020. Earnings realized in the Group's Danish companies resulted in payable corporate tax of EUR 3.3 million in the financial year ended 31 December 2022 (2021: EUR 0.3 million, 2020: nil) after utilizing tax losses carried forward.

Deferred tax (net) per 31 December 2022 was EUR -43.2 million (2021: EUR -46.9 million, 2020: EUR -17.8 million). The majority of the deferred tax assets related to the Group's German tax unit. The utilization of the German tax asset is depending on a successful turn-around of the HV business. The tax losses carried forward from the German Tax unit increased from EUR 311.8 million in 2021 to EUR 387.9 million in 2022 (2020: EUR 268.5 million). The total deferred tax value amounted to EUR 124.1 million for the financial year 2022 (2021: EUR 99.8 million, 2020: EUR 85.9 million). The Group recognized a tax asset hereof of EUR 30.7 million at year-end 2022 (2021: EUR 29.9 million, 2020: EUR 17.5 million).

The tax losses carried forward in the Danish tax unit were fully utilized in 2022, hence were nil at 31 December 2022 (2021: EUR 58.1 million, 2020: EUR 58.4 million). The Group recognized tax assets hereof amounting to EUR 12.2 million in 2021 and EUR 12.8 million in 2020. The tax losses carried forward at end-2022 in the Swedish tax unit amounted to EUR 6.3 million which led to a deferred tax asset of EUR 1.3 million (2021: EUR 11.2 million, 2020: EUR 26.7 million), which for the financial years ended 31 December 2022, 2021 and 2020 was fully offset against a deferred tax liability.

10.5.2.17 Net result – continuing operations

In the financial year 2022, net result – continuing operations for the period was EUR 55.1 million, an increase of EUR 43.2 million compared to a net result – continuing operations of EUR 11.9 million in the financial year 2021. For the financial year 2020 no reporting of discontinued operations was performed.

10.5.2.18 Net result – discontinued operations

In the financial year 2022, net result – discontinued for the period was EUR 7.3 million, an increase of EUR 15.1 million compared to a net result - discontinued operations of EUR -7.8 million in the financial year 2021. The improvement was driven by gain from divestment of business and increased activity. For the financial year 2020 no reporting of discontinued operations was performed.

10.5.2.19 Net result

For the financial year ended 31 December 2022, net result for the period was EUR 62.4 million, an increase of EUR 58.3 million compared to a net result of EUR 4.1 million in the financial year ended 31 December 2021.

The level of net result in the financial year ended 31 December 2021 increased EUR 78.6 million compared to a net result of EUR -74.5 million in the financial year ended 31 December 2020.

10.6 Segment analysis

The following includes an analysis of results of operations NKT's three business lines *Solutions*, *Applications* and *Service & Accessories* and NKT Photonics for the periods indicated.

10.6.1 Solutions

The following table sets forth key financial information for *Solutions* for the three-months period ended 31 March 2023 and 2022 and in the financial years ended 31 December 2022, 2021 and 2022.

EUR million	**Three months ended 31 March**		**Financial year ended 31 December**		
	2023	**2022**	**2022**	**2021**	**2020**
Revenue	252.2	174.2	867.1	755.2	652.6
Revenue in std. metal prices (non-IFRS)	215.0	150.9	749.5	640.1	578.5
Organic growth (%) (non-IFRS)	47%	-4%	21%	9%	26%
Operational EBITDA (non-IFRS)	35.3	24.7	105.9	83.1	35.9
Operational EBITDA margin (std. metal prices) (%) (non-IFRS)	16%	16%	14%	13%	6%

Development in the three-months period ended 31 March 2023 and 2022

For the three-months period ended 31 March 2023, revenue measured in market prices for *Solutions* was EUR 252.2 million, against EUR 174.2 million for the three-months period ended 31 March 2022. Revenue (std. metal prices) (non-IFRS) was EUR 215.0 million for the three-months period ended 31 March 2023, against EUR 150.9 million for the three-months period ended 31 March 2022. The most significant contributor to this growth was the execution of orders awarded in recent years covering several power cable projects. NKT continued to progress several projects through varying stages of execution in the three-months period ended 31 March 2023. These projects included Borwin 5, Champlain Hudson Power Express, Dogger Bank A, B and C, Hertel-NY, Shetland HVDC Link, SuedLink, and SuedOstLink. The SuedLink project was progressed further by the arrival of the first cable drums to the intermediate storage area in Zeven in Northern Germany.

For the three-months period ended 31 March 2023, Operational EBITDA (non-IFRS) for *Solutions* amounted to EUR 35.3 million compared to EUR 24.7 million for the three-months period ended 31 March 2022. Operational EBITDA margin (std. metal prices) (non-IFRS) was 16 percent as compared to Operational EBITDA margin (non-IFRS) of 16 percent for the three-months period ended 31 March 2022. This development was primarily due to the execution of projects which on average has been satisfactory in the three-months period ended 2023. Quarterly margin fluctuations will occur, depending on the phasing of projects in execution.

Development in the financial years ended 31 December 2022, 2021 and 2020

Revenue (std. metal prices) (non-IFRS) increased to EUR 749.5 million in the financial year ended 31 December 2022 against EUR 640.1 million in the financial year ended 31 December 2021, equal to organic growth (non-IFRS) of 21 percent. This increase was due to higher activity as a result of the project awards in the previous years and thereby higher capacity utilization. Revenue measured in market prices was EUR 867.1 million in the financial year ended 31 December 2022, against EUR 755.2 million in the financial year ended 31 December 2021.

Revenue (std. metal prices) (non-IFRS) in the financial year ended 31 December 2021 increased from EUR 578.5 million in the financial year 2020, corresponding to organic growth of 9 percent. This increase was due to higher activity as a result of the project awards in the previous years covering most power cable types and thereby higher capacity utilization. Revenue measured in market prices was EUR 652.6 million in the financial year ended 31 December 2020.

The increase in revenue impacted Operational EBITDA (non-IFRS) in *Solutions*, which amounted to EUR 105.9 million in the financial year ended 31 December 2022 compared to EUR 83.1 million in the financial year ended 31 December 2021. *Solutions* drove the increase in earnings due to higher revenue and satisfactory project execution.

Operational EBITDA (non-IFRS) in the financial year ended 31 December 2021 increased to EUR 83.1 million compared to EUR 35.9 million in the financial year ended 31 December 2020. The increase was driven by driven by the higher revenue and successful implementation of efficiency measures.

In the financial year ended 31 December 2022, the operational EBITDA margin (std. metal prices) (non-IFRS) was 14 percent, compared to 13 percent in the financial year ended 31 December 2021 and 6 percent in the financial year ended 31 December 2020. NKT has gradually increased its revenues and consequently benefitted from higher capacity utilization.

As of 31 December 2022, HV order backlog totaled EUR 4.7 billion (EUR 4.1 billion in std. metal prices), an increase from EUR 2.9 billion (EUR 2.4 billion in std. metal prices) in 2021. The record high level was driven by project awards in 2022. The main contributors were the order for the SuedOstLink 2nd system in Germany and the turnkey contract for the Champlain Project in the United States. Both projects are large HVDC transmission systems.

The HV order backlog decreased from 2021 to 2020 and totalled EUR 3.1 billion (EUR 2.6 billion in std. metal prices) as of 31 December 2020. The slight decrease was driven by execution of the backlog from 2020 during 2021 partly offset by new contract awards.

10.6.2 Applications

The following table sets forth key financial information for *Applications* for the three-months period ended 31 March 2023 and 2022 and in the financial years ended 31 December 2022, 2021 and 2020.

EUR million	Three months ended 31 March		Financial year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Revenue	294.6	277.3	1,066.7	900.0	653.6
Revenue in std. metal prices (non-IFRS)	164.0	131.1	552.0	450.1	393.7
Organic growth (%) (non-IFRS)	25%	32%	19%	13%	3%
Operational EBITDA (non-IFRS)	18.0	10.4	28.5	28.5	314.5
Operational EBITDA margin (std. metal prices) (%) (non-IFRS).	11%	8%	5%	6%	4%

Development in the three-months period ended 31 March 2023 and 2022

For the three-months period ended 31 March 2023, revenue measured in market prices for *Applications* was EUR 294.6 million, against EUR 277.3 million for the three-months period ended 31 March 2022. Revenue (std. metal prices) (non-IFRS) was EUR 164.0 million for the three-months period ended 31 March 2023, against EUR 131.1 million for the three-months period ended 31 March 2022. The most significant contributor to this growth was the increase in customer prices, which thereby more than offset the impact of high inflation. Order volumes were stable compared to the three-months period ended 31 March 2022. Within the MV power cables segment, NKT grew revenues substantially in the three-months period ended 31 March 2023, and volumes improved compared to the three-months period ended 31 March 2022. These improvements were driven by the German and Swedish markets in particular. As in the previous quarters, developments in the BW segment were negative, leading to a lower revenue level in the three-months period ended 31 March 2023 compared to the three-months period ended 31 March 2022. Volumes were at a lower level but did improve from the levels experienced in the second half of 2022. There has been a broad-based slowdown in the markets where NKT is present, and higher prices have not been enough to offset this.

For the three-months period ended 31 March 2023, Operational EBITDA (non-IFRS) for *Applications* amounted to EUR 18.0 million as compared to EUR 10.4 million for the three-months period ended 31 March 2022. Operational EBITDA margin (std. metal prices) (non-IFRS) was 11 percent as compared to Operational EBITDA margin (non-IFRS) of 8 percent for the three-months period ended 31 March 2022. This development was primarily due to adjusting and updating prices to offset the effect of increased input prices. The result of these efforts gradually became visible in the fourth quarter of 2022 and has improved further in the three-months period ended 31 March 2023. NKT has worked intensely with both customers and suppliers to ensure improved profitability. NKT has been running various efficiency initiatives in recent years to improve profitability in *Applications*. This has included transfer of production from Germany and Denmark to the Czech Republic and Poland. These initiatives have gradually shown their advantages and have contributed to the improved profitability in recent quarters.

Development in the financial years 2022, 2021 and 2020

In *Applications*, revenue (std. metal prices) (non-IFRS) amounted to EUR 552.0 million in the financial year 2022 against EUR 450.2 million in the financial year 2021 equal to organic growth (non-IFRS) of 19 percent. Growth in *Applications* was mainly driven by increased prices on the back of increased inflation. Revenue measured in market prices amounted to EUR 1,066.7 million in the financial year 2022, against EUR 900.0 million in the financial year 2021.

The level of revenue (std. metal prices) (non-IFRS) in the financial year 2021 increased as compared to EUR 393.7 million in the financial year 2020. This increase was mainly driven by higher activity. This improvement was broad-based driven by favourable market conditions and NKT's ability to respond to the higher demand. Revenue measured in market prices was EUR 653.6 million in the financial year 2020.

Operational EBITDA (non-IFRS) in the financial year 2022 amounted to EUR 28.5 million, which was at the same level as in the financial year 2021. *Applications* was impacted by higher input prices in 2022 causing the operational EBITDA (non-IFRS) to remain in line with the financial year 2021 despite the increase in revenue. In the financial year 2022, Operational EBITDA margin (std. metal prices) (non-IFRS) was 5 percent, compared to 6 percent in the financial year 2021 and 4 percent in the financial year 2020.

The level of operational EBITDA (non-IFRS) in the financial year 2021 was an increase as compared to EUR 14.5 million in the financial year 2020. The increase was driven by the higher revenue and successful implementation of efficiency measures.

10.6.3 Service & Accessories

The following table sets forth key financial information for *Service & Accessories* for the three-months period ended 31 March 2023 and 2022 and in the financials years 2022, 2021 and 2020.

EUR million	**Three months ended 31 March**		**Financial year ended 31 December**		
	2023	**2022**	**2022**	**2021**	**2020**
Revenue	47.5	43.8	193.3	206.0	141.4
Revenue in std. metal prices (non-IFRS)	47.5	43.6	193.2	205.8	141.3
Organic growth (%) (non-IFRS)	7%	-16%	-11%	48%	15%
Operational EBITDA (non-IFRS)	3.9	3.7	25.7	32.8	15.2
Operational EBITDA margin (std. metal prices) (%) (non-IFRS)	8%	8%	13%	16%	11%

Development in the three-months period ended 31 March 2023 and 2022

For the three-months period ended 31 March 2023, revenue measured in market prices for *Service & Accessories* was EUR 47.5 million against EUR 43.8 million for the three-months period ended 31 March 2022. Revenue (std. metal prices) (non-IFRS) was EUR 47.5 million for the three-months period ended 31 March 2023, against EUR 43.6 million for the three-months period ended 31 March 2022. The main growth contributor of the higher revenues was the *Accessories* business, while the activity level in the *Service* business was lower than last year in the off-shore segment.

For the three-months period ended 31 March 2023, Operational EBITDA (non-IFRS) for *Service & Accessories* amounted to EUR 3.9 million as compared to EUR 3.7 million for the three-months period ended 31 March 2022. Operational EBITDA margin (std. metal prices) (non-IFRS) was 8 percent, which was in line with Operational EBITDA margin (non-IFRS) of 8 percent for the three-months period ended 31 March 2022. This was primarily due to the revenue mix between the *Service & Accessories* businesses in the three-months period ended 31 March 2023.

Development in the financial years ended 31 December 2022, 2021 and 2020

Revenue (std. metal prices) (non-IFRS) for *Service & Accessories* in the financial year ended 31 December 2022 amounted to EUR 193.2 million, compared to EUR 205.8 million in the financial year ended 31 December 2021, equal to organic growth (non-IFRS) of -11 percent. The decrease was driven by a high activity in offshore repairs in the financial year ended 31 December 2021 the *Service* business. The level of offshore repair activity normalized in 2022, and hence earnings were lower in the financial year ended 31 December 2022 than in the financial year ended 31 December 2021. In the financial year ended 31 December 2022, revenue measured in market prices amounted to EUR 193.3 million, compared to EUR 206.0 million in the financial year ended 31 December 2021.

The level of revenue (std. metal prices) (non-IFRS) in the financial year ended 31 December 2021 increased compared to EUR 141.3 million in the financial year ended 31 December 2020. The improvement in earnings was driven by the growth in revenue due to an increase in offshore service repairs. In parallel with this positive development, *Service & Accessories* increased its cost level by ramping up recruitment to prepare for future growth opportunities. Revenue measured in market prices was EUR 141.4 million in the financial year ended 31 December 2020.

Operational EBITDA (non-IFRS) in the financial year ended 31 December 2022 amounted to EUR 25.7 million, which was a decrease as compared to EUR 32.8 million in the financial year ended 31 December 2021. The decrease was due to the aforementioned high activity in offshore repairs in the financial year ended 31 December 2021.

The level of operational EBITDA (non-IFRS) in the financial year ended 31 December 2021 was an increase as compared to EUR 15.2 million in the financial year ended 31 December 2020. This increase was driven by the aforementioned high activity in offshore repairs in the financial year ended 31 December 2021.

In the financial year ended 31 December 2022, Operational EBITDA margin (std. metal prices) (non-IFRS) was 13 percent, compared to 16 percent in the financial year ended 31 December 2021 and 11 percent in the financial year ended 31 December 2020.

10.6.4 NKT Photonics

The following table sets forth key financial information for NKT Photonics for the three-months period ended 31 March 2023 and 2022 and in the financial years ended 31 December 2022, 2021 and 2022.

EUR million (unless otherwise indicated)	Three months ended 31 March		Financial year ended 31 December		
	2023	2022	2022	2021	2020
Revenue	17.4	16.1	86.5	80.1	69.9
Organic growth (non-IFRS)	12%	7%	23%	15%	-6%
EBITDA (non-IFRS)	-2.8	6.3	14.6	7.5	2.6
EBITDA margin (non-IFRS)	-16%	39%	17%	9%	4%

Development in the three-months period ended 31 March 2023 and 2022

For the three-months period ended 31 March 2023, revenue was EUR 17.4 million, against EUR 16.1 million for the three-months period ended 31 March 2022. The revenue growth was driven by solid development across the three major segments *Industrial*, *Medical & Life Science* and *Quantum & Nano Technology*.

For the three-months period ended 31 March 2023, EBITDA (non-IFRS) amounted to EUR -2.8 million as compared to EUR 6.3 million for the three-month period ended 31 March 2022. EBITDA (non-IFRS) for the three-months period ended 31 March 2022 was positively affected by the inclusion of a one-off gain of DKK 8 million from the sale of the non-core LIOS division in March 2022. The development in EBITDA margin (non-IFRS) was also affected by the LIOS division as well as increased costs of materials and inflation.

Development in the financial years ended 31 December 2022, 2021 and 2020

The revenue increased in the financial year ended 31 December 2022, amounting to EUR 86.5 million against EUR 80.1 million in the financial year ended 31 December 2021 and EUR 69.9 million in the financial year ended 31

December 2020. The increased revenue was driven by very positive development in the *Industrial* and *Medical & Life Science* segments with strong sales to semiconductor and ophthalmology customers in particular.

EBITDA (non-IFRS) in the financial year ended 31 December 2022 amounted to EUR 14.6 million, against EUR 7.5 million in the financial year ended 31 December 2021 and EUR 2.6 million in the financial year ended 31 December 2020. The EBITDA margin (non-IFRS) increased to 17 percent in the financial year 2022 compared to a margin of 9 percent in the financial year ended 31 December 2021 and 4 percent in the financial year 31 December 2020. The increase in EBITDA (non-IFRS) was driven by the increased scale of the NKT Photonics business in combination with the inclusion of a one-off gain of DKK 8 million in 2022 from the sale of the non-core LIOS division.

10.7 Alternative performance measures/non-IFRS measures

The supplemental, non-IFRS financial measures used by the Company and presented in this Prospectus are not measures of financial performance under IFRS, as adopted by the EU, but are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 on alternative performance measures. Executive Management uses these non-IFRS measures in a number of ways to assess the Group's consolidated financial and operating performance, and the Company believes these measures are helpful to management and external users in identifying trends in Group performance. For example, EBITDA (non-IFRS) helps Executive Management identify controllable expenses and make decisions designed to help the Group meet its current financial goals and optimize its financial performance, while neutralizing the impact of financing and capital expenditures on the results, whereas revenue in std. metal price (non-IFRS) is the primary measure of activity in Applications. Accordingly, the Company believes these metrics measure the Group’s financial performance based on operational factors that Executive Management can impact in the short-term, namely the Group’s cost structure and expenses.

The Company believes that the presentation of these non-IFRS measures in this Prospectus provides supplemental information useful to investors in assessing the Group's financial condition and results of operations. While the measures are used by Executive Management to monitor the underlying performance of the Group, the definition of the non-IFRS financial measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation, as a measure of the Group's liquidity or otherwise as a substitute for analysis of the Group's operating results as reported under IFRS.

The following definitions apply throughout the Prospectus and include definitions of the non-IFRS measures and reconciliations from the relevant IFRS financial measures to the defined non-IFRS financial measures:

10.7.1 Revenue in std. metal prices (non-IFRS)

Revenue in std. metal prices (non-IFRS) is defined as revenue calculated using standard metal prices for copper and aluminum set at EUR/ton 1,550 and EUR/ton 1,350, respectively. Because this measure excludes impacts from price fluctuations in the largest raw material components, Executive Management considers revenue in std. metal prices (non-IFRS) to be a useful measure to monitor the Group's underlying growth.

The following table provides a reconciliation of revenue in market prices to revenue in std. metal prices (non-IFRS) for each of the periods indicated:

EUR million	**Three months ended 31 March**		**Financial year ended 31 December**		
	2023	**2022**	**2022**	**2021**	**2020**
Revenue in market prices..	589.5	489.5	2,079.0	1,827.9	1,470.2
Adjustment of market prices to std. metal prices.............................	-167.8	-170.3	-632.2	-564.8	-315.5

EUR million	Three months ended 31 March		Financial year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Revenue in std. metal prices (non-IFRS)....................................	**421.7**	**319.2**	**1,446.8**	**1,263.1**	**1,154.7**

10.7.2 **EBITDA (non-IFRS)**

EBITDA (non-IFRS) is defined as earnings before interest, tax, depreciation and amortisation (EBITDA). Executive Management considers EBITDA (non-IFRS) to be a useful measure to monitor the underlying performance because by excluding such depreciation and amortization, the measure is not impacted by capital investments when measuring performance.

The following table provides a reconciliation of EBIT (defined as earnings before interests and taxes) to EBITDA (non-IFRS) for each of the periods indicated:

EUR million	Three months ended 31 March		Financial year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
EBIT	34.5	19.2	69.2	23.9	-47.9
Total amortization of intangible assets	-17.0	-4.3	-22.7	-25.8	-26.8
Total depreciation of owned and leased assets	-5.4	-15.3	-62.7	-68.7	-70.5
EBITDA (non-IFRS)...	**59.6**	**38,8**	**154.6**	**118.4**	**49.4**

10.7.3 **One-off items (non-IFRS)**

One-off items (non-IFRS) are defined as non-recurring income and expenses that are not considered to be a part of the Group's ordinary operations such as non-recurring income and costs related to acquisitions, divestments, integration, restructuring, severance and other one-time items. Executive Management considers adjustments for one-off items to be a useful measure to monitor the underlying performance as items of a non-recurring nature are important to understand underlying performance.

The following table sets forth the composition for one-off items (non-IFRS) for each of the periods indicated:

EUR million	Three months ended 31 March		Financial year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Transaction-related acquisition/divestment	0.0	-1.6	0.1	1.8	0.0
Restructuring costs...	0.0	0.0	0.0	-14.5	0.0
Cost programs and other strategic initiatives	0.0	0.0	0.0	0.0	-1.3
Other	0.0	1.1	0.0	0.0	-0.7
EU case regarding alleged price-fixing activities[24]	0.0	0.0	0.0	0.0	-7.9
One-off items (non-IFRS)...	**0.0**	**-0.5**	**0.1**	**-12.7**	**-9.9**

[24] Reference is made to section 16.4

Legal and arbitration proceedings for a description of the EU case on alleged price-fixing activities.

10.7.4 **Organic growth (non-IFRS)**

Organic growth (non-IFRS) is defined as revenue growth (std. metal price) as a percentage of prior-year adjusted revenue (std. metal price). Organic growth (non-IFRS) is a measure of growth, excluding the impact of exchange rate adjustments and acquisitions and divestments.

The following table present the adjustments made to change in revenue to arrive at organic growth (non-IFRS) in revenue for each of the periods indicated. The figures in this section are excluding NKT Photonics, hence representing the revenue for the continuing operations for NKT.

EUR million (unless otherwise indicated)

2019 revenue (std. metal prices) (non-IFRS)	**945.0**
Currency effect.	-3.0
Acquisitions & divestments.	2.3
2019 adjusted revenue (std. metal prices) (non-IFRS)	**944.3**
Organic growth (non-IFRS)	142.7
2020 revenue (std. metal prices) (non-IFRS)	**1,087.0**
Organic growth from 2019 to 2020 (%) (non-IFRS)	**15%**

EUR million (unless otherwise indicated)

2020 revenue (std. metal prices) (non-IFRS)	**1,087.0**
Currency effect.	18.3
Acquisitions & divestments.	0.0
2020 adjusted revenue (std. metal prices) (non-IFRS)	**1,105.3**
Organic growth (non-IFRS)	157.7
2021 revenue (std. metal prices) (non-IFRS)	**1,263.0**
Organic growth from 2020 to 2021 (%) (non-IFRS)	**15%**

EUR million (unless otherwise indicated)

2021 revenue (std. metal prices) (non-IFRS)	**1,263.0**
Currency effect.	-20.7
Acquisitions & divestments.	14.5
2021 adjusted revenue (std. metal prices) (non-IFRS)	**1,256.8**
Organic growth (non-IFRS)	190
2022 revenue (std. metal prices) (non-IFRS)	**1,446.8**
Organic growth from 2021 to 2022 (%) (non-IFRS)	**15%**

10.7.5 **Operational EBITDA (non-IFRS)**

Operational EBITDA (non-IFRS) is defined as earnings before interest, tax, depreciation, amortisation, impairment (EBITDA) (non-IFRS) and one-off items (non-IFRS). Executive Management considers Operational EBITDA (non-IFRS) to be a useful measure to monitor the underlying performance as it excludes items which are non-recurring by nature when measuring underlying performance.

The following table provides a reconciliation of EBITDA (non-IFRS) to Operational EBITDA (non-IFRS) for each of the periods indicated:

EUR million	Three months ended 31 March		Financial year ended 31 December		
	2023	2022	2022	2021	2020
EBITDA (non-IFRS)	56.9	38.8	154.6	118.4	49.4
One-off items (non-IFRS)	0.0	0.5	0.1	-12.7	-9.9
Operational EBITDA (non-IFRS)	**56.9**	**38.3**	**154.5**	**131.1**	**59.3**

10.7.6 **Operational EBIT (non-IFRS)**

Operational EBIT (non-IFRS) is defined as earnings before interest and tax excluding one-off items (non-IFRS). Executive Management considers Operational EBIT (non-IFRS) to be a useful measure to monitor the underlying performance as it excludes special items which are non-recurring by nature.

The following table provides a reconciliation of EBIT to Operational EBIT (non-IFRS) for each of the periods indicated:

EUR million	Three months ended 31 March		Financial year ended 31 December		
	2023	2022	2022	2021	2020
EBIT	34.5	19.2	69.2	23.9	-47.9
One-off items (non-IFRS)	0.0	0.5	0.1	-12.7	-9.9
Operational EBIT (non-IFRS)	**34.5**	**18.7**	**69.1**	**36.6**	**-38.0**

10.7.7 **Cash flow from investing activities excl. acquisitions & divestments (non-IFRS)**

Cash flow from investing activities excl. acquisitions & divestments (non-IFRS) is defined as cash flows from investments in and disposals of property, plant and equipment, excluding cash flows from acquisition and divestments of business. Executive Management considers cash flow from investing activities excl. acquisitions & divestments (non-IFRS) to be a useful measure to monitor the cash needed to fund capital expenditures.

The following table provides a reconciliation of cash flow from investing activities to cash flow from investing activities excl. acquisitions & divestments (non-IFRS) for the periods indicated:

EUR million	Three months ended 31 March		Financial year ended 31 December		
	2023	2022	2022	2021	2020
Investments in property, plant and equipment	-23.2	-31.8	-156.1	-184.5	-65.5
Disposal of property, plant and equipment	0.2	0.6	2.0	0.1	0.4
Intangible assets and other investments, net	-8.0	-7.1	-35.0	-28.9	-42.3
Cash flow from investing activities excl. acquisitions & divestments (non-IFRS)	**-31.0**	**-38.2**	**-189.1**	**-213.3**	**-107.4**

10.7.8 **Free cash flow excl. acquisitions & divestments (non-IFRS)**

Free cash flow excl. acquisitions & divestments (non-IFRS) is defined as cash flow from operating activities plus cash flow from investing activities, and less cash flow from acquisition and divestment of businesses. Executive Management considers the measure useful in order to analyze the underlying trends in cash flow as it excludes cash flows that are less predictable in terms of timing and impact.

The following table provides a reconciliation of cash flow from operating activities and of cash flow from investing activities to free cash flow excl. acquisitions & divestments (non-IFRS) for each of the periods:

EUR million	Three months ended 31 March		Financial year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Cash flow from operating activities	-66.6	-42.2	298.2	208.8	136.3
Cash flow from investing activities excl. acquisitions & divestments (non-IFRS)	-31.0	-38.2	-189.1	-213.3	-107.4
Free cash flow excl. acquisitions & divestments (non-IFRS)	**-97.6**	**-80.4**	**109.1**	**-4.5**	**28.9**
Acquisition of businesses	0.0	-15.4	-15.7	0.0	0.0
Divestment of businesses	0.0	0.0	0.0	2.1	0.0
Free cash flow (non-IFRS)	**-97.6**	**-95.8**	**-15.7**	**2.2**	**0.0**

10.7.9 Capital employed (non-IFRS)

Capital employed (non-IFRS) is defined as Group total equity plus net interest-bearing debt (which is defined as cash and interest-bearing receivables less interest-bearing debt). Executive Management considers capital employed (non-IFRS) to be a useful measure to monitor capital requirement and analyse the composition of financial performance.

The following table presents capital employed (non-IFRS) for each of the periods indicated:

EUR million	Three months ended 31 March		Financial year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Total equity	1,170.3	1,216.0	1,143.8	1,159.9	1,076.4
Net-interest bearing debt	50.1	109.4	-54.8	13.2	-25.9
Capital employed (non-IFRS).	**1,220.4**	**1,325.4**	**1,089.0**	**1,173.1**	**1,050.5**

10.7.10 Working capital (non-IFRS)

Working capital (non-IFRS) is defined as current assets minus current liabilities (excluding interest-bearing items and provisions). Executive Management considers working capital (non-IFRS) to be a useful measure to monitor the capital tied in operations.

The following table presents working capital (non-IFRS) for each of the periods indicated:

EUR million	Three months ended 31 March		Financial year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Current assets (excl. cash and interest-bearing items)	1,085.3	1,101.9	958.9	922.4	602.7

EUR million	Three months ended 31 March		Financial year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Current liabilities (excl. interest-bearing items and provisions)...	-1,244.0	-1,036.1	-1,261.9	-982.0	-739.8
Working capital (non-IFRS).	**-158.7**	**65.8**	**-303.0**	**-59.6**	**-137.1**

10.7.11 Operational EBITDA margin, continuing operations (std. metal prices) (non-IFRS)

Operational EBITDA margin, continuing operations (std. metal prices) (non-IFRS) is defined as Operational EBITDA (non-IFRS) as a percentage of revenue in std. metal prices (non-IFRS) over a given period.

The following table presents Operational EBITDA margin, continuing operations (std. metal prices) (non-IFRS) for each of the periods indicated:

EUR million (unless otherwise indicated)	Three months ended 31 March		Financial year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Operational EBITDA (non-IFRS).	56.9	38.3	69.1	36.6	1,154.7
Revenue in std. metal prices (non-IFRS)	421.7	319.2	1,050.4	1,074.0	59.3
Operational EBITDA margin, continuing operations (std. metal prices) (%) (non-IFRS).	**13.5%**	**12.0%**	**6.6%**	**3.4%**	**5.0%**

10.7.12 Return of capital employed (RoCE) (non-IFRS)

Return on capital employed (RoCE) (non-IFRS) is defined as Operational EBIT LTM (non-IFRS) as a percentage of five quarters average capital employed (non-IFRS). Executive Management considers Return on capital employed (RoCE) (non-IFRS) to be a useful measure to monitor the Group's ability to generate profit on the capital invested in the business.

The following table presents Return on capital employed (RoCE) (non-IFRS) for each of the periods indicated:

EUR million (unless otherwise indicated)	Three months ended 31 March		Financial year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Operational EBIT (LTM)[25] continuing operations (non-IFRS)..........	85.0	46.2	69.1	36.6	-28.5
Average capital Employed continuing operations (non-IFRS).	1,057.5	1,128.3	1,051.2	1,074.0	977.6
Return on capital employed (RoCE) (%) continuing operations (non-IFRS).	**8.0%**	**4.1%**	**6.6%**	**3.4%**	**-2.9%**

The calculation of Return on capital employed (RoCE) is for all periods mentioned above based on the continuing operations for the Group. Consequently, NKT Photonics are excluded in both Operating EBIT (LTM) and Average capital Employed.

[25] LTM refers to the last twelve months.

10.8 HV order backlog

NKT's estimates of future revenue, and to a lesser extent, future operating profit margins, are to a significant degree dependent on its current HV order backlog. The HV order backlog comprises HV power cable projects won by NKT and as such, the HV order backlog is an essential parameter in assessing the commercial and financial position of NKT at any point in time. The calculation of NKT's HV order backlog is made subject to certain assumptions and estimates.

The following table sets forth information about NKT's HV order backlog in the periods indicated.

EUR billion (market prices)	Three months ended 31 March		Financial year ended 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
HV order backlog	7.0	2.75	4.7	2.9	3.07

The HV order backlog amounted to EUR 7.0 billion at market prices as of 31 March 2023, against EUR 2.75 billion at market prices as of 31 March 2022. NKT has been awarded significant HV power cable projects in the period from 31 March 2022 to 31 March 2023, including projects based on HVDC technology. The main project awards were SuedOstLink 2nd system in Germany, the Champlain Project in the United States, and three projects for the Ijmuiden Ver and Nederwiek Offshore Wind Zones in the Netherlands.

The HV order backlog amounted to EUR 4.7 billion at market prices as of 31 December 2022, compared to a HV order backlog of EUR 2.9 billion at market prices as of 31 December 2021 and EUR 3.07 billion at market prices as of 31 December 2020. NKT was awarded relatively few HV projects in 2022, while the book at the end of 2022 was at a record high. The most significant projects awarded in 2022 were SuedOstLink 2nd system in Germany and the Champlain Project in the United States.

10.9 Liquidity and capital resources

The Group finances both its short-term and long-term liquidity requirements principally from cash flow from operating activities, liquid funds and amounts available under its EUR 200 million RCF, as well as the issuance of indebtedness, including callable subordinated capital securities of up to EUR 150 million and a mortgage debt of EUR 147.6 million as of 31 March 2023.

It is the Group's policy to maintain adequate liquidity resources to implement planned operating activities and to be able to operate effectively in the event of unforeseen fluctuations in liquidity. The Group's liquidity resources consist of cash, cash equivalents and undrawn committed credit facilities. The following table sets forth select information relating to the Group's liquidity for the periods set forth therein (and does not reflect the uncommitted guarantee facilities the Group has entered into).

EUR million	As of 31 March		As of 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Committed facilities (>3 years)	0.0	0.0	0.0	0.0	0.0
Committed facilities (1-3 years)	200.0	200.0	200.0	200.0	300.0
Committed facilities (<1 year)	0.0	0.0	0.0	0.0	0.0
Total committed facilities	**200.0**	**200.0**	**200.0**	**200.0**	**300.0**
Uncommitted facilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total facilities	200.0	200.0	200.0	200.0	300.0
Cash	144.0	118.5	258.5	200.5	239.2

EUR million	As of 31 March		As of 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Utilized facilities	-3.2	-23.0	-9.0	-5.4	-3.3
Cash classified as assets held for sale[26]	4.6	0.0	3.7	0.0	0.0
Liquidity resources	**345.4**	**295.5**	**453.2**	**395.1**	**535.9**

As of 31 December 2022, the Group's total available liquidity resources amounted to EUR 453.2 million compared to EUR 395.1 million as of 31 December 2021, and as of 31 March 2023, the Group's total available liquidity resources amounted to EUR 345.4 million compared to EUR 295.5 million as of 31 March 2022. The EUR 200 million RCF matures in November 2024, while the mortgage loan portfolio matures in 2032 and 2033. The RCF is the only financing instrument subject to financial covenants. See section 19.1.1 *RCF.*

The Group may from time-to-time issue or incur or increase the Group's capacity to incur new debt and/or purchase its outstanding debt through underwritten offerings, open market transactions, privately negotiated transactions or otherwise. Issuances or incurrence of new debt (or an increase in the Group's capacity to incur new debt) and/or purchases or retirement of outstanding debt, if any, will depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

10.9.1 Working capital (non-IFRS)

The Group's operations are by definition highly capital-intensive, as the manufacture of power cables involves a high proportion of raw materials such as copper and aluminum. Furthermore, working capital (non-IFRS) is volatile in *Solutions*, but to some extent predictable, and large sums may be tied up for lengthy periods as payments are linked to project milestones and general contract terms.

The Group defines working capital (non-IFRS) as current assets minus current liabilities (excluding interest-bearing items and provisions). The most significant components of the Group's working capital are inventory, trade receivables and other receivables, contract assets and contract liabilities and trade payables and other liabilities. Inventory comprises raw materials, work in progress and finished goods. Trade receivables comprise receivables from external sales. Construction contracts (assets) comprise the sales value of work performed, where the Group does not yet possess an unconditional right to payment as the work performed has not been approved by the customer. Construction contracts (liabilities) comprise contractual unconditional invoicing for work not yet performed. Trade payables comprise payables to suppliers.

EUR million (unless otherwise indicated)	As of 31 March		As of 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Inventory	320.1	321.9	334.9	287.4	243.6
Trade receivables and other receivables	647.4	643.7	525.8	537.7	337.8
Contract assets	117.8	136.3	98.2	97.3	21.3
Contract liabilities	-636.9	-452.4	-677.6	-459.3	-296.5
Trade payables and other payables	-607.1	-583.7	-584.3	-522.7	-443.3
Working capital (non-IFRS)	-158.7	**65.8**	**-303.0**	**-59.6**	**-137.1**

As of 31 December 2022, the Group's working capital (non-IFRS) was EUR -303.0 million, compared to EUR -59.6 million as of 31 December 2021, and as of 31 March 2023, the Group's working capital (non-IFRS) was EUR -158.7 million, compared to EUR 65.8 million as of 31 March 2022.

[26] Relates to NKT Photonics.

The Group worsened its working capital (non-IFRS) position by EUR 144.3 million in the three-months period ended 31 March 2023 from the financial year ended 31 December 2022. This was driven primarily by a development in *Solutions* due to delays in projects progress and increase in trade receivables in *Applications* due to increase sales levels.

The Group improved its working capital (non-IFRS) position by EUR 210.0 million in the financial year ended 31 December 2022 from the financial year ended 31 December 2021. This was driven by a positive development in *Solutions* due to phasing of prepayments and milestone payments relating to new and existing projects partly offset by increased inventory levels in Application due to higher quantities and higher price levels.

The Group increased its working capital (non-IFRS) by EUR 77.5 million from EUR -137.1 million at the end of the financial year 2020 to EUR -59.6 million at the end of the financial year 2021. The increase was mainly driven by an increase in the derivative financial instruments due to increased raw material prices.

The Group is exposed to seasonality in business and hence cash generation, in the parts of the businesses which are outside *Solutions*. The nature of the HV market means that *Solutions* will normally improve its working capital when the HV order backlog increases.

Reference is further made to section 23.3 *Working capital statement.*

10.9.2 Capital resources

The Group's cash flow from operating activities is derived from earnings before interest, tax, depreciation, and amortization plus changes in working capital and cash flow from interests and tax.

The below table shows the consolidated cash flows from the Group for the three-months period ended 31 March 2023 and 2022 and the financial years ended 31 December 2022, 2021, and 2020.

EUR million	**Three months ended 31 March**		**Financial year ended 31 December**		
	2023	**2022**	**2022**	**2021**	**2020**
Earnings before interest, tax, depreciation and amortization (EBITDA) (non-IFRS)	56.9	38.8	154.6	118.4	49.4
Non-cash operating items:					
Profit on sales on non-current assets, use and increase of provisions, and other non-cash operating items, etc.	-1.4	-15.1	-34.7	48.4	-11.7
Changes in working capital	-122.5	-58.4	185.1	50.7	114.5
Cash flow from operations before financial items, etc.	**-67.0**	**-34.7**	**305.0**	**217.6**	**152.2**
Financial income received	0.0	0.0	50.1	43.2	40.0
Financial expenses paid	4.3	-6.4	-41.6	-51.2	-57.0
Income tax paid, net	-3.9	-1.1	-15.3	-0.8	1.1
Cash flow from operating activities	**-66.6**	**-42.2**	**298.2**	**208.8**	**136.3**
Acquisition of businesses	0.0	-15.3	-15.7	0.0	0.0
Divestment of businesses	0.0	0.0	0.0	2.1	0.0
Investments in property, plant and equipment	-23.2	-31.8	-156.1	-184.5	-65.5
Disposal of property, plant and equipment	0.2	0.6	2.0	0.1	0.4

Intangible assets and other investments, net	-8.0	-7.1	-35.0	-28.9	-42.3
Cash flow from investing activities	**-31.0**	**-53.6**	**-204.8**	**-211.2**	**-107.4**
Free cash flow (non-IFRS)	**-97.6**	**-95.8**	**93.4**	**-2.4**	**28.9**
Repayment of loans	-11.5	16.2	-19.2	-23.3	-41.3
Repayment of lease liabilities	-1.4	-1.3	-5.3	-5.2	-5.8
Repurchase of treasury shares	-4.7	-2.5	-2.5	0.0	0.0
Coupon payments on hybrid capital	0.0	0.0	-7.4	-8.1	-8.1
Capital increase	0.0	0.0	0.0	0.0	258.6
Repurchase of hybrid capital	0.0	0.0	-63.3	0.0	0.0
Proceeds from issuance of hybrid capital	0.0	0.0	61.7	0.0	0.0
Cash from exercise of warrants	0.0	0.0	0.0	0.0	0.3
Cash flow from financing activities	**-17.6**	**12.4**	**-36.0**	**-36.6**	**203.7**
Net cash flow for the year from continuing operations	**-115.2**	**-83.4**	**57.4**	**-39.0**	**232.6**
Net cash flow for the year from discontinued operations	3.2	1.5	8.0	0.3	0.0
Net cash flow for the year	**-112.0**	**-81.9**	**65.4**	**-38.7**	**232.6**
Cash at bank and in hand, 1 January	262.2	200.5	200.5	239.2	6.9
Currency adjustments	-1.6	-0.1	-3.7	0.0	-0.3
Net cash flow for the year	-112.0	-81.9	65.4	-38.7	232.6
Cash at bank and in hand, 31 December	**148.6**	**118.5**	**262.2**	**200.5**	**239.2**
Of which classified ad assets held for sale[27]	4.6	0.0	3.7	0.0	0.0
Cash at bank and in hand from continuing operations, 31 December	**144.0**	**118.5**	**258.5**	**200.5**	**239.2**

In the three-months periods ended 31 March 2023, the Group realized a negative cash flow from operating activities of EUR -67.0 million compared to a positive cash flow of EUR -34.7 million in the three-months periods ended 31 March 2022. The decrease in cash flow from operations was primarily due to the unfavorable movements in the working capital, driven by the projects delays in *Solutions* and increase in trade receivables in *Applications.*

In the financial year ended 31 December 2022, the Group realized a positive cash flow from operating activities of EUR 298.2 million compared to a positive cash flow of EUR 208.8 million in the financial year ended 31 December 2021. The increase in cash flow from operations was primarily due to the favorable movements in the working capital, driven by the aforementioned positive development in *Solutions* due to timing of milestone payments.

The cash flow from investing activities was EUR -31.0 million in the three-months periods ended 31 March 2023, which is EUR 22.6 million less invested. The lower investment level in 2023 is primary due to the acquisition of Ventcroft Ltd. of EUR 15.3 million in three-months periods ended 31 March 2022. The Group continues to have a high investment level in property, plant and equipment, the development is mainly driven by a continued upgrade of the factories in the *Solutions* and *Applications* business.

The cash flow from investing activities was EUR -204.8 million in the financial year ended 31 December 2022, which was in line with the financial year ended 31 December 2021 where cash flow from investing activities comprised

[27] Relates to NKT Photonics.

EUR -211.2 million. The development was mainly driven by a continued upgrade of the factories in the *Solutions* and *Applications* business.

The cash flow from financing activities was EUR -36.0 million in the financial year ended 31 December 2022, which was in line with the financial year ended 31 December 2021, where cash flow from financing activities comprised EUR -36.6 million.

10.9.3 Capex excluding acquisition and divestment of business

The below table shows the consolidated capex excluding acquisition and divestment of business from the Group for the financial years ended 31 December 2022, 2021 and 2020.

EUR million	Financial year ended 31 December		
	2022	**2021**	**2020**
Investments in property, plant and equipment	156.1	184.5	65.5
Disposal of property, plant and equipment	-2.0	-0.1	-0.4
Intangible assets and other investments, net.	35.0	28.9	42.3
Total investment....	**189.1**	**213.3**	**107.4**

Total investment in the financial year ended 31 December 2022 was EUR 189.1 million, corresponding to a decrease of EUR -24.2 million as compared to the financial year ended 31 December 2021. The total investment remained high in 2022 primarily driven by the continuing investment in *Solution* business with the completion of the new extrusion tower, extrusion line and a new test center for HV power cable.

Total investment in the financial year ended 31 December 2021 was EUR 213.3 million, as compared to EUR 107.4 million in the financial year ended 31 December 2020. The increase was mainly due to investment in the *Solution* business with the construction of a second extrusion tower, a new extrusion line and a new test center for HV power cable.

Reference is made to section 10.7.7 *Cash flow from investing activities excl. acquisitions & divestments (non-IFRS)* for a definition of cash flow.

10.9.4 Debt and debt funding

The long-term debt of the Group is funded by means of real estate mortgage bonds (EUR 148.9 million as of 31 December 2022) and subordinated callable bonds due in 3022 and with first call in July 2026 (EUR 150 million as of 31 December 2022).

For short-term funding purposes the Group has a EUR 200 million unsecured revolving credit facility due for refinancing in November 2025. And for working capital optimizing purposes the Group has a supply chain financing program in place for up to EUR 162 million (EUR 148.8 million utilized as of 31 March 2023).

EUR million	As of 31 March		As of 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Non-current loans..	171.9	213.3	180.9	196.4	200.6
Current loans.	15.5	14.8	14.9	17.5	12.8
Interest-bearing debt, gross....	**187.4**	**228.1**	**195.8**	**213.9**	**213.4**
Interest-bearing receivables……………………………………..	-0.2	-0.2	-0.2	-0.2	-0.1
Cash at bank and in hand………………………………………..	-144.0	-118.5	-258.5	-200.5	-239.2

EUR million	As of 31 March		As of 31 December		
	2023	**2022**	**2022**	**2021**	**2020**
Net interest-bearing debt ……………………………………	**43.2**	**109.4**	**-62.9**	**13.2**	**-25.9**
Net interest-bearing debt presented as assets at held for sale	6.9	0.0	8.1	0.0	0.0
Net interest-bearing debt incl. assets at held for sale……	**50.1**	**109.4**	**-54.8**	**13.2**	**-25.9**

Net interest-bearing debt as of 31 March 2023 was EUR 50.1 million. This corresponded to a net debt increase of EUR 104.9 million as compared to 31 December 2022. The net interest-bearing debt consisted of gross debt of EUR 187.4 million and cash and interest-bearing receivables of EUR 144.0 million.

Net interest-bearing debt as of 31 December 2022 was EUR -54.8 million. This corresponded to a net debt decrease of EUR 68.0 million as compared to 31 December 2021. The net interest-bearing debt consisted of gross debt of EUR 195.8 million and cash and interest-bearing receivables of EUR 258.5 million.

In September 2022, the Company refinanced Bonds of EUR 150 million, which are subordinated to other creditors (hybrid capital). The Bonds bears a coupon of 7.24 percent until the first call date on 1 July 2026 after which the coupon resets to the four-year EUR swap rate prevailing at that time plus 5 percent. It has a final maturity on 1 July 3022. Coupon payments may, at the discretion of the Company, be deferred and ultimately any deferred coupons outstanding in 3022 will be cancelled. However, deferred coupon payments become payable if the Company decides to pay dividends to shareholders. As a consequence of the terms of the Bonds, it is accounted for as equity. Coupon payments are also recognized in equity.

In addition to the hybrid capital bonds and the RCF, as of 31 December 2022 the Group had real estate mortgage debt of EUR 148.9 million.

10.10 Contractual obligations, commitments and contingent liabilities

As of 31 December 2022, the Group's net pension obligations amounted to EUR 41.3 million, compared to EUR 53.8 million as of 31 December 2021. The Group provides pension plans to its employees in the countries in which it is market practice to do so. Most of the Group's pension plans are defined contribution plans. However, the Group provides defined benefit pension plans in certain countries, primarily in Germany. In some countries, the Group's defined benefit pension plans are unfunded. The funded defined benefit pension plans are funded by payments from Group companies and by payments from employees to funds independent of the Group.

10.11 Off-balance sheet items

In the financial year ended 31 December 2022, the Group's off-balance sheet arrangements mainly consisted of bank guarantees and payments relating to leases not recognized. As part of the Group's commercial activities NKT has provided bank guarantees mainly relating to HV power cable projects. As of 31 December 2022, the value of issued bank guarantees was EUR 1,231 million (EUR 1,015 million as of 31 December 2021). Reference is made to the risk factor in section 1.1.3.2 *NKT depends on third-party financiers to issue guarantees to its customers, which are a pre-requisite for participating in tenders for power cable orders, in particular large HV power cable orders*.

Total future payments related to leases not recognised in the balance sheet were EUR 11.6 million as of 31 December 2022 compared to EUR 13.4 million as of 31 December 2021 and EUR 15.2 million as of 31 December 2020.

EUR million (unless otherwise indicated)	Financial year ended 31 December		
	2022	**2021**	**2020**
Total minimum future lease payments	11.6	13.4	15.2

10.12 Critical accounting estimates and judgements

For information on the Group's general accounting policies and its critical accounting estimates and judgements, see Notes 1.1, 1.2 and 1.3, respectively, to the 2022 Consolidated Financial Statements.

11. CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalization, indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured) and cash, cash equivalents, and securities of the Company as of the dates mentioned on an actual basis reflecting the carrying amounts on the internal bookkeeping of the Company. This table should be read in conjunction with the Consolidated Financial Statements, which are incorporated by reference in this Prospectus. See section 16 *Financial information concerning the assets and liabilities, financial position and profits and losses and dividends.*

EUR (million)	**Adjusted for the Offering as of 31 March 2023**[28]	**As of 31 March 2023**	**As of 31 December 2022**
Cash	500.3	144.0	258.5
Cash equivalent	0.0	0.0	0.0
Other current financial assets[29]	0.2	0.2	0.2
Liquidity	**500.5**	**144.2**	**258.7**
Current debt			
Loans	10.1	10.1	9.4
Lease liabilities	5.4	5.4	5.5
Trade payables	364.4	364.4	351.0
Contract liabilities	636.9	636.9	677.6
Derivative financial liabilities	96.1	96.1	76.6
Income tax payable	9.1	9.1	9.6
Other financial liabilities	190.2	190.2	205.4
Total current debt	**1,312.2**	**1,312.2**	**1,335.1**
Current interest-bearing loans and borrowings	15.5	15.5	14.9
Of which is guaranteed	0.0	0.0	0.0
Of which is secured.	9.5	9.5	9.2
Of which is unguaranteed / unsecured	6.0	6.0	5.7
Non-current debt			
Loans.	141.2	141.2	148.8
Lease liabilities	30.7	30.7	32.1
Pension liabilities	41.3	41.3	41.3
Total non-current debt	**213.2**	**213.2**	**222.2**
Non-current interest-bearing loans and borrowings	171.9	171.9	180.9
Of which is guaranteed	0.0	0.0	0.0
Of which is secured.	138.1	138.1	139.7
Of which is unguaranteed / unsecured	33.8	33.8	41.2
Total financial indebtedness	**1,525.4**	**1,525.4**	**1,557.3**
Net financial indebtedness	**1,024.9**	**1,381.2**	**1,298.6**

[28] Assuming subscription of all New Shares.

[29] Other current financial assets include long-term securities.

EUR (million)	Adjusted for the Offering as of 31 March 2023[28]	As of 31 March 2023	As of 31 December 2022
Share capital	144.3	115.4	115.4
Hybrid capital	156.3	156.3	153.6
Reserves and retained comprehensive income	1,225.9	898.5	874.8
Total equity	**1,526.5**	**1,170.2**	**1,143.8**

Other than as specifically set out above, all of the Company's interest-bearing liabilities are unsecured and unguaranteed.

The Company may need additional capital in the future and may seek to obtain further financing through raising new equity capital or debt financing.

The Company has no reason to believe that there has been any material change to its actual capitalization since 31 March 2023, other than changes resulting from the ordinary course of business.

12. PROSPECTIVE FINANCIAL INFORMATION

Statement by the Board of Directors and Executive Management

This consolidated prospective financial information for the financial year ending 31 December 2023 and the medium-term financial ambitions (the **Prospective Financial Information**) are presented below.

The Prospective Financial Information is based on a number of assumptions and estimates, many of which are outside of the Company's control or influence. The principal assumptions upon which the Prospective Financial Information is based are described in section 12.2 *Methodology and assumptions*, section 12.3.1 *Principal assumptions* and section 12.4.1 *Principal assumptions*.

The Prospective Financial Information represents the best estimates of the Board of Directors and Executive Management as of the date of this Prospectus. The Group's actual results of operations for periods covered by the Prospective Financial Information may differ from the Prospective Financial Information, since anticipated events may not occur as expected. The variation may be material. Existing Shareholders and prospective investors should read the Prospective Financial Information in this section in conjunction with section 1 *Risk factors* and section 4.4 *Forward-looking statements.*

The forecast of the Prospective Financial Information has been compiled and prepared on a basis which is both comparable with historical financial information and consistent with the Group's accounting policies.

Brøndby, 8 June 2023

Board of Directors

Jens Due Olsen Chair	René Svendsen-Tune Deputy Chair	Anne Vedel Board member
Andreas Nauen Board member	Karla Marianne Lindahl Board member	Nebahat Albayrak Board member
Pernille Blume Simonsen Board member (employee representative)	Christian Dyhr Board member (employee representative)	Stig Nissen Knudsen Board member (employee representative)

Executive Management

Claes Westerlind Chief Executive Officer	Line Andrea Fandrup Chief Financial Officer

12.1 Introduction

The Prospective Financial Information is necessarily based upon a number of assumptions and estimates that, while prepared with numerical specificity and considered reasonable by the Company, are inherently subject to significant business, operational, economic, political, legal and competitive uncertainties and contingencies, many of which are beyond the Company's influence, and are based upon assumptions with respect to future business decisions that are subject to change.

Therefore, the Company's expectations presented in the Prospective Financial Information as to future developments may deviate substantially from actual developments, and the Group's actual results of operations are likely to be different from the Prospective Financial Information since anticipated events may not occur as expected, or may materially differ from the forecast provided. Accordingly, shareholders and potential investors should treat this information with caution and not place undue reliance on the expectations set forth below.

The Prospective Financial Information included in this Prospectus has been prepared by the Company's management in accordance with the Prospectus Regulation and in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. The Prospective Financial Information was not prepared with a view toward compliance with published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation or presentation of prospective financial information. Such information is the sole responsibility of Company's management. PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab has not audited or reviewed nor has PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab issued any public examinations, compilations or agreed-upon procedures with respect to the accompanying Prospective Financial Information for the purpose of its inclusion herein, and, accordingly, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab does not provide any form of assurance towards Existing Shareholders or prospective investors with respect thereto for the purpose of this Prospectus. The PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab report included in this Prospectus relates solely to the Q1 2023 Interim Consolidated Financial Statements incorporated by reference in this Prospectus. It does not extend to the prospective financial information and should not be read to do so.

12.2 Methodology and assumptions

The Prospective Financial Information has been prepared on the basis of the Group's accounting policies, which are in accordance with IFRS as adopted by the EU and presented in the 2022 Consolidated Financial Statements.

The Prospective Financial Information is prepared in accordance with the Group's normal forecasting and budgeting procedures.

The Prospective Financial Information has been prepared on the basis of a large number of assumptions and estimates, which are subject to numerous and significant uncertainties. Certain of the assumptions, estimates, uncertainties and contingencies relating to the Prospective Financial Information are wholly or partially within the Company's influence, while others are outside of its influence, including those related to changes in market, legal, fiscal, political or economic conditions, changes in currency exchange rates and actions by competitors and customers and other parties. The key principal assumptions and estimates made in preparing the Prospective Financial Information are presented below; however, the list is not exhaustive and it is possible that one or more of the assumptions or estimates will fail to materialise or prove to be incorrect.

The Company's actual results of operations could also deviate materially from the Prospective Financial Information as a result of other factors, including, but not limited to, those described in section 1 *Risk factors* and section 4.4 *Forward-looking statements.*

12.3 Prospective financial information for the financial year ending 31 December 2023

12.3.1 Principal assumptions

For the purpose of preparing the prospective financial information for the financial year ending 31 December 2023, the following principal assumptions have been made:

- *Satisfactory execution of HV power cable projects*
  NKT's *Solutions* business line is expected to be the main contributor to revenue and earnings growth in 2023. NKT will have several projects in execution from the HV order backlog. Therefore, an important prerequisite for improved financial performance is satisfactory delivery of these projects on time and on budget, and to avoid problems in fulfilling these projects that could have negative financial impact in 2023. These potential problems are mainly related to executing the various production and installation phases of the individual projects according to plan and without interruptions (Within the Company's control.)

- *Limited financial impact due to the uncertain global macroeconomic environment, supply chain challenges, and high inflation*
  In 2022, the global economy was impacted by the war in Ukraine, supply disruptions, high inflation, and in Europe, an energy crisis with associated energy cost increases. These circumstances have an impact on the Group's financial performance. In the *Applications* business line, NKT recorded a slowdown in profitability in Q2 and Q3 2022 mainly due to increased input costs which NKT was not able to pass on to its customers. For 2023, the Company has assumed limited impact from such events that could challenge profitability due to lack of access to goods and an elevated input cost pressure. (Outside the Company's control.)

- *Award of additional HV power cable projects with financial impact in 2023*
  The Group entered 2023 with a record-level HV order backlog in its *Solutions* business. However, the achievement of the financial outlook for 2023 will still depend on new awards of less sizable projects which will have a financial impact in 2023. (Outside the Company's control.)

- *Profitability improvement in Applications*
  In 2022, NKT's *Applications* business line reported a flat development in Operational EBITDA (non-IFRS) as compared to 2021. The Group's ambition for 2023 is to improve the financial performance of this business line, by growing revenue through capturing the growth opportunities in its markets and maintaining its status as an attractive business partner. In addition, NKT expects to benefit from the efficiency measures that the Group has introduced in the past years, which includes update of its production footprint by among others moving certain parts of production from Denmark and Germany to Czech Republic and Poland. (Within the Company's control.)

- *Satisfactory offshore power cable repair work activity*
  Although NKT performs ongoing recurring maintenance and repair services for its customers, the market for power cable services can be volatile as the amount of offshore repair work will rely on the outages of power cable systems and this will by nature be variable. In the financial outlook for 2023, the Company has assumed a normalized level of offshore repair activity similar to 2022 to benefit the financial performance. (Outside the Company's control.)

12.3.2 Prospective financial information for the financial year ending 31 December 2023

Based principally on the assumptions pertaining to the financial year ending 31 December 2023 and methodology as set out above, the expectations for the financial year ending 31 December 2023 are revenue (std. metal prices) (non-IFRS) of approximately EUR 1.8-1.9 billion and Operational EBITDA (non-IFRS) of approximately EUR 200-230 million.

12.4 Medium-term financial ambitions

Certain statements in this section, including in particular the financial ambitions described immediately below, constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance and the Group's actual and future results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under section 4.4 Forward-looking statements and section 1 Risk factors.

Investors are strongly urged not to place undue reliance on any of the statements set forth below. No assurance can be given that the targets described below will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those described below.

12.4.1 Principal assumptions

For the purpose of preparing the medium-term financial ambitions, the following principal assumptions have been made:

- There continues to be a market demand supporting continued favourable supply/demand balance. (Outside the Company's control.)
- NKT is awarded further HV project awards thereby ensuring high utilization of its production and installation assets. (Partially within the Company's control.)
- The development of the global economy will be stable. (Outside the Company's control.)
- NKT executes satisfactory on its HV investments and projects to deliver on expected profitability margin. (Within the Company's control.)
- There will be a stable supply chain with limited disruptions and access to the required labour, materials and services. (Outside the Company's control.)
- The development in metal prices will be stable. (Outside the Company's control.)

12.4.2 Medium-term financial ambitions

Based principally on the assumptions pertaining to the medium-term financial ambitions and methodology as set out above, the Company has set the following medium-term financial ambitions:

Organic growth (non-IFRS)
Growth in revenues (std. metal prices) organically with a CAGR above 12 percent from 2021-2028.

Operational EBITDA (non-IFRS)
Operational EBITDA (non-IRS) above EUR 300 million in 2025 and above EUR 550 million in 2028, with further earnings upside in the following years which reflects a continued improvement in the profitability margins.

Return of Capital Employed (RoCE) (non-IFRS)
Return of Capital Employed of above 15 percent in 2025 and above 20 percent in 2028. The increasing level expected in the next five years reflects NKT's general operational improvements and value creation generated by the HV investment program.

13. BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND KEY EMPLOYEE

13.1 Overview

The Company has a two-tier governance structure consisting of the Board of Directors and the Executive Management. The two management bodies are separate and have no overlapping members. The Board of Directors and the Executive Management are supported by one key employee (the **Key Employee**).

The business address of the Board of Directors and the Executive Management is Vibeholms Allé 20, DK-2605 Brøndby, Denmark. The business address of the Key Employee is Blokken 84, DK-3460 Birkerød, Denmark.

13.2 Board of Directors

The Board of Directors is responsible for the Company's overall and strategic management and supervises the Group's activities, management and organisation, including appointment and dismissal of the Executive Management.

As of the date of this Prospectus, the Board of Directors consists of nine members, of which six members have been elected by the general meeting comprising the chairman (the **Chair**) and the deputy chairman (the **Deputy Chair**) and four other board members and the remaining three members have been elected by the Company's employees in accordance with article 9.1 of the Articles of Association and section 140 of the Danish Companies Act. The members of the Board of Directors elected by the general meeting are elected for a term of one year and may be re-elected, whereas the employee-elected members are elected for a four-year period.

Jens Due Olsen has been appointed Chair and René Svendsen-Tune has been appointed Deputy Chair. The other four members appointed by the general meeting are Karla Lindahl, Anne Vedel, Andreas Nauen and Nebahat Albayrak. The three employee-elected members are Pernille Blume Simonsen, Christian Dyhr and Stig Nissen Knudsen. Additionally, Jean Leif Iversen and Ákos Frank are alternate employee-elected members.

Other than the Chair, all members of the Board of Directors elected by the general meeting are assessed to be independent board members as such is defined in the Danish Recommendations for Corporate Governance. The Chair has been a member of the Board of Directors for more than 12 years and therefore is no longer considered independent in accordance with the Danish Recommendations for Corporate Governance.

13.2.1 Biographies

Other than as presented below, none of the members of the Board of Directors have been a member of the administrative, management or supervisory bodies of a company or a partnership or been a partner in a partnership outside the Group within the past five years.

Jens Due Olsen (full name Jens Peter Due Olsen) has been a member of the Board of Directors since 2006 and Chair since 2013. Jens Due Olsen is currently also chairman of the boards of directors of NIL Technology ApS, BørneBasketFonden (non-profit foundation) and European Energy A/S, deputy chairman of the board of directors of KMD A/S, executive officer of JDO Invest ApS and JDO Invest 2 ApS as well as fully liable partner of Due Advice v/Jens Due Olsen. In the past five years, Jens Due Olsen has been chairman of the boards of directors of Advantage Investment Partners A/S, Nilfisk Holding A/S (publ), HusCompagniet Holding A/S, HusCompagniet A/S (publ.), KMD A/S, KMD Holdco 4 A/S, KMD Holding ApS, Al Keyemde 2 ApS, Al Keyemde 3 ApS, Bladt Industries Holding A/S, Bladt Industries A/S, Bladt Holding A/S and Nilfisk A/S, deputy chairman of the boards of directors of the Danish Corporate Governance Committee, KMD Holdco 4 A/S, KMD Holding ApS, AI Keyemde 2 ApS, AI Keyemde 3 ApS and member of the boards of directors of Nil Technology ApS, Danske Bank A/S (publ), HusCompagniet A/S (publ.), Cryptomathic A/S. Jens Due Olsen holds a Master of Science in Economics.

René Svendsen-Tune has been a member and Deputy Chair of the Board of Directors since 2016. René Svendsen-Tune is currently also chairman of the board of directors of Stokke AS as well as a member of the board of directors of Nilfisk Holding A/S (publ) and Asetek A/S (publ). In the past five years, René Svendsen Tune has been chairman of the boards of directors of Steelseries ApS, SteelSeries Holding ApS, SteelSeries Holding I ApS, SteelSeries Holding II ApS and SteelSeries Group ApS, deputy chairman of the board of directors of Nilfisk A/S (publ), member of the board of directors of FalCom A/S and GN Hearing 2 A/S and chief executive officer of GN Store Nord A/S (publ), GN Audio A/S and FalCom A/S. René Svendsen-Tune holds a Bachelor of Science in Engineering (hon.).

Karla Lindahl (full name Karla Marianne Lindahl) has been a member of the Board of Directors since June 2020. Karla Lindahl is currently also executive vice president of KONE South Europe and Mediterranean. Karla Lindahl holds a Master of Laws and MA in EC Competition Law.

Anne Vedel (full name Anne Vedel Lauridsen) has been a member of the Board of Directors since 2023. Anne Vedel is currently also senior vice president of product solutions and integration at Vestas Wind Systems A/S. Anne Vedel holds a Master of Science in International Technology Management.

Andreas Nauen has been a member of the Board of Directors since 2017. Andreas Nauen is currently also chairman of the board of directors of Havfram AS and operating partner of Sandbrook Capital. In the past five years, Andreas Nauen has been chief executive officer of Siemens Gamesa Renewable Energy S.A. (publ) and Siemens Gamesa Renewable Energy A/S and a member of the board of directors of Semco Maritime A/S. Andreas Nauen holds a Bachelor of Science in Mechanical Engineering.

Nebahat Albayrak has been a member of the Board of Directors since 2022. Nebahat Albayrak is currently executive vice president of Fortum Oyj, and a member of the board of NS, Dutch Railways. In the past five years, Nebahat Albayrak has been a member of the board of Unilever NL (publ) and Vice President of Integrated Gas and New Energies and Corporate Relations at Royal Dutch Shell (publ) Nebahat Albayrak holds a Master of Laws in International and European Law.

Pernille Blume Simonsen has been an employee-elected member of the Board of Directors since 2022. Pernille Blume Simonsen is lean specialist in NKT (Denmark) A/S.

Christian Dyhr has been an employee-elected member of the Board of Directors since 2022. Christian Dyhr is warehouse coordinator in NKT Photonics.

Stig Nissen Knudsen has been an employee-elected member of the Board of Directors since 2018 and re-elected in 2022. Stig Nissen Knudsen is Senior Production Engineer in NKT Photonics. Stig Nissen Knudsen holds a MSc. E. Eng. and a PhD.

Jean Leif Iversen (alternate member) has been alternate employee-elected member of the Board of Directors since 2022. Jean Leif Iversen is site manager in the Company. Jean Leif Iversen holds a diploma from Køge business school.

Ákos Frank (alternate member) has been alternate employee-elected member of the Board of Directors since 2022. Ákos Frank is lead of legal operations in the Company. Ákos Frank holds a Master of Laws.

13.3 Executive Management

According to article 10 of the Articles of Association, the Board of Directors appoints an Executive Management consisting of one or several managers. The primary task of the Executive Management is to carry out the day-to-day management of the Company.

As of the date of this Prospectus, the Executive Management consists of Claes Westerlind, Chief Executive Officer, and Line Andrea Fandrup, Chief Financial Officer.

13.3.1 **Biographies**

Other than as presented below, none of the members of the Executive Management have been members of the administrative, management or supervisory bodies of a company or a partnership or a partner in a partnership outside the Company within the past five years.

Claes Westerlind (full name Claes Erik Sven Westerlind) has been Chief Executive Officer of the Company since May 2023. Claes Westerlind is currently also an alternate board member of Ocura AB and a board member of Indoorsprings AB. In the past five years, Claes Westerlind has held various positions in the Group. Claes Westerlind holds a M.Sc. Mechanical Engineering.

Line Andrea Fandrup has been Chief Financial Officer of the Company since July 2020. In the past five years, Line Andrea Fandrup has been Group Finance VP in Rockwool. Line Andrea Fandrup holds a Master in Mathematics and Business.

13.4 Key Employee

The Company's Key Employee, Basil Garabet, is president and chief executive officer of NKT Photonics.

13.4.1 **Biography**

Other than as presented below, the Key Employee has not been member of the administrative, management or supervisory bodies of a company or a partnership or a partner in a partnership outside the Group within the past five years.

Basil Garabet has been president and chief executive officer of NKT Photonics since 2015. Basil Garabet is currently member of the board of directors of EPIC - European Photonics Industry Consortium and Bifrost Communications ApS and DQC Danish Quantum Community. Basil Garabet holds an MSc in lasers and their applications and has 37 years of international management experience from leading positions in the photonics industry, with JK Lasers, EM4, Altitun, Melles Griot, Pirelli, and Lasertron.

13.5 Statement on kinship

There are no family ties among the members of the Board of Directors, the Executive Management or the Key Employee.

13.6 Statement on past records

During the past five years, none of the members of the Board of Directors or the Executive Management or the Key Employee have been: (i) convicted of fraudulent offenses; (ii) directors or officers of companies that have entered into bankruptcy, receivership, liquidation or put under administration, other than as set immediately below; or (iii) subject to any public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of an issuer's board of directors, executive management or supervisory body or being in charge of an issuer's management or other affairs.

Jens Due Olsen has in the past five years been chairman of the boards of directors of HusCompagniet Holding A/S, KMD Holdco 4 A/S, KMD Holding ApS, AI Keyemde 2 ApS, AI Keyemde 3 ApS, which were all dissolved following merger.

René Svendsen-Tune has in the past five years been chairman of the boards of directors of SteelSeries Holding ApS, SteelSeries Holding I ApS, SteelSeries Holding II ApS, SteelSeries Group ApS, which were all dissolved following merger.

13.7 Conflict of interest

13.7.1 Statement on conflict of interest

None of the members of the Board of Directors or the Executive Management or the Key Employee have actual or potential conflicts of interest between their duties as members of the Board of Directors, the Executive Management, Key Employee and their private interests or other duties.

None of the members of the Board of Directors or the Executive Management or the Key Employee have positions in other companies which could result in a conflict of interest vis-à-vis such companies, either because the Company has an equity interest in such company or because the Company and the company concerned have an ongoing business relationship. However, the Company may do business in the ordinary course with companies in which members of the Board of Directors or the Executive Management or the Key Employee may hold positions as directors or officers.

In order to safeguard the interests of the Group, the rules of procedure of the Board of Directors provide that no director may participate in the preparation, discussions or the decision-making process concerning an agreement between the Company and the member in question or concerning legal proceedings between the member in question and the Company or an agreement between the Company and any third party or legal proceedings brought against any third party if the member in question has a significant interest therein that may conflict with its interests.

13.7.2 Restrictions on securities trading

Members of the Board of Directors and the Executive Management are subject to lock-up restrictions provided in connection with the Offering preventing them from disposing of or otherwise transferring Shares of the Company for a period of 180 days from the date of official listing of and trading of the New Shares, subject to certain customary exemptions. In addition, certain restrictions on securities trading apply in respect of the Board of Directors and the Executive Management as provided by law and the Company's internal rules.

14. MAJOR SHAREHOLDERS

Pursuant to section 38 of the Danish Capital Markets Act and section 55 of the Danish Companies Act, the Company has as of the date of this Prospectus received notifications of holdings of five (5) percent or more of the share capital or voting rights from the Existing Shareholders below:

Shareholder	Ownership interest as per latest notification (percent)
Arbejdsmarkedets Tillægspension (ATP)	Above 5.0
Greenvale Capital LLP	5.25
Norges Bank	5.12

The Company may only issue company announcements regarding major shareholdings upon the receipt of a prior notice to that effect from a shareholder. Thus, the actual ownership interest of the major shareholders stated above may have changed.

All Shares in the Company rank pari passu, including with respect to voting rights. All Shares carry one vote per nominal value of DKK 20.

The Company is not majority-owned or controlled, directly or indirectly, by any third party, and the Company is not aware of any agreements that could later result in any third party taking over the control of the Company.

15. RELATED PARTY TRANSACTIONS

From time to time the Company and its related parties, in the ordinary course of business, enter into various inter-group transactions which have been eliminated on consolidation. These transactions are no less favorable than those arranged with third parties. See the notes to the Consolidated Financial Statements for additional information on related party transactions.

The Company has not entered into any related party transactions (within the meaning of IFRS) since the 2022 Consolidated Financial Statements, except for compensation and benefits received in the ordinary course by members of the Board of Directors and Executive Management as a result of their positions as members of the Board of Directors or employment with the Company and as set forth in the table below. The related party transactions included in the table below all relate to intra-group transactions for the period from 1 January 2023 to 31 May 2023.

EUR million	**Amount**
Interests received, net	27.7
Paid joint tax contribution	0.0
Receivables, non-current	1,488.2
Receivables, current	18.7
Payables	286.7
Hedging	13.8

In this period, the Company has also paid compensation and benefits to the Company's former CEO, who resigned as CEO on 9 May 2023. Pursuant to a severance agreement between the Company and the former CEO, the former CEO is entitled to compensation until 29 February 2024.

16. FINANCIAL INFORMATION CONCERNING THE ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES AND DIVIDENDS

16.1 Financial statements

The information explicitly listed in the table below has been incorporated by reference into this Prospectus pursuant to Article 19 of the Prospectus Regulation. Non-incorporated parts of the documents incorporated by reference are either not deemed relevant for Existing Shareholders and other investors or are covered elsewhere in this Prospectus. Direct and indirect references in the documents included in the table below to other documents or websites are not incorporated by reference and do not form part of this Prospectus. The documents speak only for the period in which they are in effect and have not been updated for purposes of this Prospectus. Existing Shareholders and potential investors should assume that the information in this Prospectus as well as the information incorporated by reference herein is accurate only in the period in which they are in effect.

The information incorporated by reference into this Prospectus is exclusively set out in the cross-reference table below and is available on the Company's website www.nkt.com.

Document/information	Pages
Q1 2023 Interim Consolidated Financial Statements (including comparative information for Q1 2022)	
Consolidated financial statements including notes.	15-23
Management statement........	24
Electronic access. https://investors.nkt.com/static-files/68d25334-47d5-45f2-9d99-b909a36cee85	
2022 Consolidated Financial Statements	
Consolidated financial statements including notes.	53-90
Parent company financial statements including notes.	91-97
Management statement........	99
Independent auditor's report........	100-103
Electronic access. https://investors.nkt.com/static-files/5912e7fe-2869-4c30-af36-fbba6a989365	
2021 Consolidated Financial Statements	
Consolidated financial statements including notes.	81-118
Parent company financial statements including notes.	119-124
Management statement........	126
Independent auditor's report........	127-131
Electronic access. https://investors.nkt.com/static-files/8000b8ad-243b-4203-b2a9-4e11fe264720	
2020 Consolidated Financial Statements	
Consolidated financial statement including notes.	77-133
Parent company financial statement including notes........	134-143
Management statement........	145
Independent auditor's report........	146-149
Electronic access. https://investors.nkt.com/static-files/4006919e-949e-46cd-a214-ff2f2d0da32e	

16.2 Auditing of financial statements

The audit reports for the 2022 Consolidated Financial Statements, the 2021 Consolidated Financial Statements and the 2020 Consolidated Financial Statements are incorporated in this Prospectus by reference. The Q1 2023 Interim

Consolidated Financial Statements are unaudited but have been reviewed by the Company's auditors, except for the comparative numbers for the three-months period ended 31 March 2022. See section 16.1 *Financial statements.*

16.3 Q1 2023 Interim Consolidated Financial Statements

The interim consolidated financial statements of the Company for the period from 1 January 2023 to 31 March 2023 is stated on pages 15 to 23 in the Q1 2023 Interim Consolidated Financial Statements published by the Company on 10 May 2023. The Q1 2023 Interim Consolidated Financial Statements is incorporated by reference into this Prospectus.

16.3.1 Management Statement

On 10 May 2023 the Board of Directors and the Executive Management considered and adopted the Q1 2023 Interim Consolidated Financial Statements of NKT A/S for the period from 1 January 2023 to 31 March 2023. In connection with the publication of this Prospectus the Board of Directors and the Executive Management have reapproved the Q1 2023 Interim Consolidated Financial Statements of NKT A/S for the period from 1 January 2023 to 31 March 2023.

The Q1 2023 Interim Consolidated Financial Statements for the period from 1 January 2023 to 31 March 2023 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 Q1 2023 Interim Consolidated Financial Statements gives a true and fair view of the Group's assets, liabilities and financial position at 31 March 2023 and the results of the Group's activities and cash flow for the period from 1 January 2023 to 31 March 2023. Other than set forth in the Q1 2023 Interim Consolidated Financial Statements, no changes have occurred to the significant risks and uncertainty factors compared with those disclosed in the 2022 Consolidated Financial Statements.

Brøndby, 7 June 2023

Board of Directors

Jens Due Olsen Chair	René Svendsen-Tune Deputy Chair	Anne Vedel Board member
Andreas Nauen Board member	Karla Marianne Lindahl Board member	Nebahat Albayrak Board member
Pernille Blume Simonsen Board member (employee representative)	Christian Dyhr Board member (employee representative)	Stig Nissen Knudsen Board member (employee representative)

Executive Management

Claes Westerlind Chief Executive Officer	Line Andrea Fandrup Chief Financial Officer

16.3.2 Independent Auditor's Review Report

The Independent Auditor's Review Report on the Q1 2023 Interim Consolidated Financial Statements incorporated by reference in this Prospectus

To the shareholders of NKT A/S

We have reviewed the Q1 2023 Interim Consolidated Financial Statements of NKT A/S for the period 1 January 2023 to 31 March 2023 incorporated by reference in this Prospectus. The Q1 2023 Interim Consolidated Financial Statements comprise condensed income statement, condensed statement of comprehensive income, condensed balance sheet, condensed statement of changes in equity and condensed cash flow statement as well as selected explanatory notes, including basis for reporting.

Management's Responsibility for the Q1 2023 Interim Consolidated Financial Statements
Management is responsible for the preparation of interim consolidated financial statements in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies, and for such internal control as Management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express a conclusion on the Q1 2023 Interim Consolidated Financial Statements based on our review. We conducted our review in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity and additional requirements under Danish Auditor regulation. This requires us to conclude whether anything has come to our attention that causes us to believe that the Interim Consolidated Financial Statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This also requires us to comply with relevant ethical requirements.

A review of interim consolidated financial statements in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Interim Consolidated Financial Statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the Q1 2023 Interim Consolidated Financial Statements are not prepared in all material respects in accordance with IAS 34, Interim Financial

Reporting, as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

Other matter - Comparative figures

Please note that we have not been engaged to review the comparative figures stated in the Q1 2023 Interim Consolidated Financial Statements of NKT A/S.

Hellerup, 7 June 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Kim Tromholt State Authorised Public Accountant mne33251	Søren Ørjan Jensen State Authorised Public Accountant mne33226

16.4 Legal and arbitration proceedings

During the ordinary course of its business, the Group is and will from time to time be involved in discussions, disputes and legal proceedings, including claims relating to commercial counterparties, employees and other business-related disputes.

The results of such disputes and legal proceedings may be hard to predict, and the Company's assessment of the relevant disputes and proceedings may change as they unfold. The Group expenses legal fees as incurred and records a provision for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. An unfavorable outcome to any material legal matter may result in damages being awarded, injunctions and/or termination of product lines, all of which could have financial implications exceeding any provisions made and therefore have an adverse effect on the Company's business, operating results, cash flow and financial position.

European Commission's Power Cables case (Case AT.39610)

The Company is subject to two claims in the United Kingdom and Germany, respectively, arising out of the European Commission's decision in a previous case from 2014.

On 2 April 2014, NKT received a fine of EUR 3.9 million following the investigation conducted by the European Commission into alleged price-fixing activities with regard to HV power cable projects delivered several years earlier. While the European Commission assessed that NKT's role had been substantially limited and the fine was considerably smaller than those imposed on other power cable manufacturers, NKT disagreed with the Commission's decision and therefore filed an appeal. On 14 May 2020, the European Court of Justice ruled partly in favour of NKT, resulting in a EUR 0.2 million fine reduction and a narrower scope of NKT infringement.

As a consequence of the European Commission's decision, NKT faces exposure to claims for damages in proceedings brought by customers or other third parties. A number of such third-party claims have already been resolved. There are currently two claims pending before the civil courts, one claim in the United Kingdom and one claim in Germany. Both claims are brought against several power cable manufacturers, not solely against NKT.

In May 2022, a class action claim was brought before the Competition Appeals Tribunal in the United Kingdom and the claim has now been served on all defendants. In accordance with UK procedural rules, the next step is that a timetable will have to be set for the claim.

In December 2022, a Middle Eastern electricity company brought a claim before the District Court in Köln in Germany. The claim has currently not yet been served on all defendants.

Both claims are in a very early stage and involve multiple defendants, as a result of which it is currently not yet possible to assess how the outcome of these claims may affect the Group's business, financial conditions and results of operations.

Competition law inquires with regard to metal surcharge calculation methodologies

In January 2022, unannounced inspections were carried out at NKT's two main German sites by the German Federal Cartel Office (FCO) based on a suspicion that power cable and wire manufacturers potentially have coordinated the calculation methodology for metal surcharges in Germany. The investigation is ongoing.

In June 2022, an unannounced inspection was carried out at NKT's site in Kladno in the Czech Republic by the Czech competition authorities. This investigation appears to focus on the calculation methodology for metal surcharges in the Czech Republic. Administrative proceedings were formally opened in August 2022 and are still ongoing.

In January 2023, a request for information was sent to NKT's site in Kladno in the Czech Republic by the Slovakian competition authorities. This investigation appears to focus on the calculation methodology for metal surcharges in the Slovak Republic. Administrative proceedings were formally opened in March 2023 and are still ongoing.

All three national investigations regarding metal surcharge calculation methodologies are still ongoing. The Group or its national subsidiaries in the countries concerned have so far not received any formal objections with regard to any specific conduct. As a result, it is currently not possible yet to assess how the outcome of one more of these investigations may affect the Group's business, financial conditions and results of operations.

Intellectual property claim against NKT Photonics

In February 2023, a civil lawsuit was filed against NKT Photonics' US subsidiary, NKT Photonics Inc., in the District Court of Massachusetts by a third party, who is not an active player in the industry, claiming that NKT Photonics Inc. is infringing patent rights and raised a claim against NKT Photonics Inc. for USD 14 million. In addition, the claimant has claimed triple damages for an amount of USD 42 million. NKT Photonics Inc. has disputed both the allegations of infringement and the damage claim and have filled a motion to dismiss the case to the court, and as at the date of this Prospectus, the case is ongoing.

Other than as set out above, the Group is not involved in any governmental, legal or arbitration proceedings, and the Board of Directors and Executive Management are not aware of any such proceedings being threatened; which in ease case the Company considers could have a significant effect on the Company's or the Group's financial position or profitability, nor has the Company or the Group been involved in any such governmental, legal or arbitration proceedings during the previous 12 months as of the date of this Prospectus. Reference is, however, made to section 8.11.9 *The Company's ownership of NKT Photonics* for a description of potential governmental and legal proceedings following the Danish FDI decision.

16.5 Significant changes in financial position

No significant change to the financial position of the Group has occurred since the end of the period covered by the Q1 2023 Interim Consolidated Financial Statements.

16.6 Pro forma financial information

No pro forma financial information has been included in this Prospectus.

16.7 Dividend policy

The dividend policy of the Company targets distribution of approximately one third of the net result for the year as dividend, provided that the capital structure allows this. Excess cash may be distributed as share buybacks or extraordinary dividends. No dividend payment has been or is expected to be proposed in 2023 due to the need to continue to strengthen the Company's capital structure based on the positive market outlook and the planned continued execution of investments, and the Company does not expect to pay out dividends in the coming two years.

Any future decision to propose dividends and the amounts and timing thereof will be made at the discretion of the Board of Directors and will depend on a number of factors, including future revenue, profits, financial conditions, general economic and business conditions and future prospects and such other factors as the Board of Directors may deem relevant, as well as other legal and regulatory requirements. Moreover, pursuant to the terms of the Company's issued callable subordinated capital securities, the distribution of dividends implies an obligation for the Company to repay all outstanding payments on the callable subordinated capital securities and also the terms of the Company's RCF contain restrictions on payment of dividends if the Group's leverage is above 4:1. There can be no assurances that the Company will be able to pay dividends, and the Company's ability to pay dividends may be impaired if any of the risks described in this Prospectus were to materialize. See section 1 *Risk factors* and section 19.1.1 *RCF.*

The information on the Company's policies relating to dividend constitutes forward-looking statements. Forward-looking statements are not guarantees of future financial performance, and the Company's actual dividends could differ materially from those expressed or implied by such forward-looking statements as a result of many factors, including those described in the section 1 *Risk factors* and section 4.4 *Forward-looking statements.*

The Board of Directors is not authorized to distribute extraordinary dividends.

17. ADDITIONAL INFORMATION

17.1 Share capital before and after the Offering

As of the date of this Prospectus, the Company's registered share capital is DKK 859,520,720 divided into 42,976,036 Existing Shares with a nominal value of DKK 20 each. All Existing Shares are issued and fully paid up.

On 8 June 2023, the Board of Directors exercised the authorization given to the Board of Directors in article 3.A.1 of the Articles of Association to increase the share capital by a nominal amount of up to DKK 214,880,180 by issuance of up to 10,744,009 New Shares. Upon completion of the Offering, the share capital increase will be registered with the Danish Business Authority and the Company's registered share capital will consequently be DKK 1,074,400,900 divided into 53,720,045 Shares each with a nominal value of DKK 20, assuming subscription of all New Shares.

As of the date of this Prospectus, the Company has not issued any securities that may be converted into or exchanged for Shares or have warrants attached, except for performance share units, see section 17.2 *Incentive programs.*

17.2 Incentive programs

The Company has a short-term incentive program as well as a long-term incentive program.

The short-term incentive program comprises an annual cash bonus, however, the Board of Directors may decide to grant participants Shares. The purpose of the program is to incentivize delivery of the Group's short-term objectives and ensure a clear link with value creation. The maximum award in a financial year is 100 percent of the base salary. Up to 25 percent of the bonus is normally payable for threshold performance and 50 percent payable for target performance. At least 50 percent of the performance measures is based on financial metrics.

Executive Management, the Group leadership team and selected employees participates in the long-term incentive program. In any given year, the participants in the program may be awarded performance shares, representing a conditional right to receive Shares after a three-year performance period at nil payment. The Board of Directors may at their discretion cash settle awards and may further decide to make a cash award instead of a performance share award. The value at vesting is dependent on share price performance. The maximum value at vesting cannot exceed three times the individual's base salary at the time of award. The Board of Directors expects to satisfy its obligations under the long-term incentive program through buy-back of treasury Shares.

The Board of Directors determines pay-outs based on performance against the targets and to ensure that the outcome is fair in the context of overall performance of the Group. The level of pay-out for pre-defined levels of performance between these points are set each year by the Remuneration Committee and will be disclosed with the respective awards as appropriate.

The Board of Directors is not eligible to participate in the Company' incentive programs, except for employee-elected members.

Pursuant to the Company's remuneration policy, the Board of Directors is authorized to adjust the incentive programs in terms of accelerated vesting, exercise, targets, weightings, and measures, as well as to adjust the incentive programs in case of corporate events or other material events or to allow for any changes to the Company's capital structure. The Company's remuneration policy is available on the Company's website. Except for the information incorporated herein by reference, the contents of the website do not from part of the Prospectus.

18. REGULATORY DISCLOSURES

Below is a summary of company announcements published by the Company during the 12 months preceding the date of this Prospectus:

- NKT invests in high-voltage power cable business to prepare for future growth and upgrades medium-term financial ambitions (company announcement no. 18 dated 24 May 2023)
- NKT CEO Alexander Kara leaves the company, and Claes Westerlind is appointed new CEO (company announcement no. 16 dated 9 May 2023)
- NKT awarded turnkey HVDC power cable project to connect France and Spain (company announcement no. 15 dated 5 May 2023)
- NKT secures pioneering power cable frame agreement for TenneT's 2GW Program (company announcement no. 14 dated 5 May 2023)
- NKT updates on sale of NKT Photonics (company announcement no. 13 dated 2 May 2023)
- NKT announces preliminary Q1 2023 financial figures and updates financial outlook for 2023 (see company announcement no. 12 dated 26 April 2023)
- NKT awarded supply contract for the Hornsea 3 Offshore Wind Farm in the UK (see company announcement no. 11 dated 31 March 2023)
- NKT has been awarded a power cable project for the Biscay Gulf Interconnector (see company announcement no. 9 dated 10 March 2023)
- NKT awarded record orders for world's first 525 kV XLPE HVDC submarine cable projects for offshore wind (see company announcement no. 7 dated 3 March 2023)
- NKT seeks to increase share issuance authorization at Annual General Meeting (see company announcement no. 1 dated 22 February 2023)
- NKT awarded high-voltage power cable project to connect offshore platforms in Norway (see company announcement no. 25 dated 16 December 2022)
- NKT awarded turnkey HVAC electrification projects for Draugen and Njord platforms (see company announcement no. 24 dated 15 December 2022)
- NKT secures contract for the Canadian transmission line Hertel-New York (see company announcement no. 22 dated 28 October 2022)
- NKT is turnkey supplier for the prospective East Anglia THREE offshore wind farms (see company announcement no. 13 dated 7 July 2022)
- NKT signs turnkey contract for the Champlain Hudson Power Express project in the United States (see company announcement no. 12 dated 1 July 2022)
- NKT signs agreement to divest NKT Photonics (see company announcement no. 11 dated 24 June 2022)

In addition, the Company disclosed certain transactions with persons discharging managerial responsibilities in the Company in accordance with Article 19 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 (the **Market Abuse Regulation**) and other announcements to be made pursuant to the rules of Nasdaq Copenhagen and applicable Danish rules.

None of the announcements mentioned above are incorporated into this Prospectus.

19. MATERIAL CONTRACTS

Other than as disclosed below, there are no contracts (other than those entered into in the ordinary course of business) to which the Company or a Group company is a party which (i) are, or may be, material to the Group and which have been entered into in the two years immediately preceding the date of this Prospectus; or (ii) which contain any obligations or entitlements which are, or may be, material to the Group as of the date of this Prospectus.

19.1 Financing agreements

19.1.1 RCF

The Company has, together with other Group companies, entered into a revolving credit facility agreement (the **RCF**) providing a revolving facility of up to EUR 200 million between the Company and a club of Scandinavian and North European banks, including Nordea, Nykredit and Danske Bank, as arrangers and lenders. The facility can be utilized by means of revolving loans or ancillary facilities. The facility is committed until 16 November 2025 and can be extended until 16 November 2026.

Leverage ratio and other financial covenants
The RCF contains financial covenants on leverage and equity ratio. The RCF also contains other restrictions *inter alia* on financial indebtedness, pledging and disposals. The financial covenants will limit the Group's ability to incur indebtedness above a certain level.

The Group's level of leverage could affect its ability to obtain additional financing for working capital, capital expenditures, acquisitions, development or other general corporate purposes. Being largely a project-driven business, the Group's leverage ratio is very much dependent on the timing of payments and pricing of orders in the backlog. Delays in prepayments, or in respect of milestone payments from customers for NKT's power cable projects or reduced margins on projects compared to budget, will negatively affect the Group's level of debt. The Group may now or in the future have a greater degree of leverage than its regional or international peers, or both, which may adversely affect NKT's ability to compete for power cable tenders. The Group's level of leverage could also make it more vulnerable to a downturn in business or the economy generally. The Group could default on its debt service obligations, or, if it becomes more leveraged in the future, the resulting increase in debt service requirements could cause it to default on its obligations. Moreover, any changes that increase the Group's leverage could be viewed negatively by investors and cause a decline in the price of the Shares. If the Group fails to comply with the financial or other covenants, it would constitute an event of default and would entitle the lenders to terminate the RCF, demand additional payments from the Group and/or impose further restrictions and obligations on the Group in order to waive their rights towards the Group.

Restrictions and Events of defaults
The RCF contain restrictive covenants, undertakings, change of control provisions and event of default clauses, including cross default provisions, which could affect the Group's operational and financial flexibility. In addition, the RCF contains restrictions on payment of dividends to the shareholders of the Company if the Group's leverage is above 2.00:1 at such time (and would be above 2.50:1 following the payment of dividends). Such restrictions could affect, and in many respects limit or prohibit, among other things, the Group's ability to pay dividends, incur additional indebtedness, create liens, sell assets or engage in mergers or acquisitions. These restrictions could further limit the Group's ability to plan for or react to market conditions or meet extraordinary capital needs or otherwise restrict corporate activities.

If the Group fails to comply with the financial or other covenants, or defaults on payments under the RCF it would constitute an event of default and would entitle the lenders to terminate the RCF, demand additional payments from the Group and/or impose further restrictions and obligations on the Group in order to waive their rights towards the Group.

19.1.2 **Guarantee facility agreements**

At the end of 2022 the Company had guarantee facilities with various providers with capacity of EUR 2,100 million, including a EUR 450 million guarantee facility agreement provided by Danske Bank, Nordea and Nykredit earmarked for the German Corridor Projects. Recently the Company has secured additional guarantee capacity in excess of EUR 1,500 million from other providers, including EKN and SEK (Swedish government export credit agencies).

All guarantee facilities are uncommitted and can be terminated by the providers at any time. Further, the providers can at any time refuse to issue a guarantee under such uncommitted facilities. As a result, there is no certainty the finance providers will issue such guarantees when called upon to do so.

If a guarantee facility agreement is terminated the providers may, in most cases and always in a default situation, demand pledge of 100 percent cash collateral for all outstanding guarantees.

19.1.3 **Other facilities and financing agreements etc.**

Bonds

In September 2022, the Company issued Bonds of EUR 150 million, which are subordinated to other creditors (hybrid capital). The Bonds bears a coupon of 7.24 percent until the first call date on 1 July 2026 after which the coupon resets to the four-year EUR swap rate prevailing at that time plus 10.322 percent. Coupon payments may, at the discretion of the Company, be deferred and ultimately any deferred coupons outstanding in 3022 will be cancelled. Deferred coupon payments become payable if the Company decides to pay dividends to shareholders.

If the Company fails to pay interest on the Bonds or breach any of its other obligations under the Bonds, any Bondholder has the right to take such steps or actions or institute proceedings to enforce any such obligations on the Company.

Mortgage facilities

The Group has mortgage facilities of approximately DKK 1.3 billion with Nykredit, which are secured with mortgages on real estate.

19.2 Agreement concerning divestment of NKT Photonics

On 24 June 2022, the Company entered into a share sale and purchase agreement providing for the Company's divestment of 100 percent of the shares of NKT Photonics A/S and its subsidiaries to Hamamatsu. The enterprise value was approximately EUR 205 million. Reference is made to section 8.11.9 *The Company's ownership of NKT Photonics* for a description of the agreement and the current status of the agreed sale of NKT Photonics.

19.3 Rights Issue Agreement

Reference is made to section 25.4.3 *Rights Issue Agreement.*

20. DOCUMENTS AVAILABLE

Copies of the following documents may be inspected during the period in which this Prospectus is in effect:

- the Articles of Association (link: https://investors.nkt.com/static-files/75d4d55f-a194-4299-873a-1ff1fde42a15);
- the Consolidated Financial Statements (link: https://investors.nkt.com/static-files/68d25334-47d5-45f2-9d99-b909a36cee85 (Q1 2023 Interim Consolidated Financial Statements), https://investors.nkt.com/static-files/5912e7fe-2869-4c30-af36-fbba6a989365 (2022 Consolidated Financial Statements), https://investors.nkt.com/static-files/8000b8ad-243b-4203-b2a9-4e11fe264720 (2021 Consolidated Financial Statements) and https://investors.nkt.com/static-files/4006919e-949e-46cd-a214-ff2f2d0da32e (2020 Consolidated Financial Statements)); and
- the Prospectus.

Any request for copies of the Prospectus may be submitted by persons who satisfy the requirements of the applicable selling restrictions from the Managers and made to:

NKT A/S
Vibeholms Allé 20, DK-2605 Brøndby, Denmark
Telephone: (+45) 43482000
E-mail: ir@nkt.com

Danske Bank by e-mail: prospekter@danskebank.dk.

Nordea Danmark by e-mail: corpact.dk@nordea.com

Subject to certain exceptions, the Articles of Association, the Consolidated Financial Statements and the Prospectus can also be downloaded from the Company's website: https://investors.nkt.com/investor-relations

Except for the information incorporated herein by reference, the contents of the website do not from part of the Prospectus. See section 16 *Financial information concerning the assets and liabilities, financial position and profits and losses and dividends.*

PART II. TERMS OF THE OFFERING

21. PERSONS RESPONSIBLE, THIRD-PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL

21.1 Persons responsible and approval from competent authority

Reference is made to section 3 *Responsibility statement.*

21.2 Experts' reports and third-party information

This Prospectus does not contain any expert statements or expert reports.

For details on information sourced from third parties, see section 4.2 *Third-party information.*

22. RISK FACTORS

Reference is made to section 1 *Risk factors.*

23. ESSENTIAL INFORMATION

23.1 Interest of natural and legal persons involved in the Offering

Certain members of the Board of Directors and the Executive Management are shareholders in the Company and have indicated that they intend to exercise their Pre-emptive Rights in whole or in part and therefore have an interest in the Offering.

The Managers and their respective affiliates have from time to time been engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with the Company. With respect to certain of these transactions and services, the sharing of information is generally restricted for reasons of confidentiality, internal procedures or applicable rules and regulations. The Managers have received and will receive customary fees and commissions for these transactions and services and may come to have interests that may not be aligned or could potentially conflict with the interests of prospective investors and the Company.

In addition, in the ordinary course of business the Managers and their respective affiliates may make or hold a broad array of investments including serving as counterparties to certain derivative and hedging arrangements and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Company. The Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In addition, Danske Bank, Nordea, Nykredit and SEB are lenders under the RCF and guarantee providers under the Group's guarantee facility agreements and accordingly have an interest in the Group's financial position and the Group's ability to honor its terms under these agreements.

The Company is not aware of any other potential interests, including conflicting ones, of natural or legal persons involved in the Offering that may have a material interest in the Offering.

23.2 Reason for the Offering and use of proceeds

Reference is made to section 5 *Background to the Offering and use of proceeds.*

23.3 Working capital statement

In the opinion of the Company, the working capital available as of the date of this Prospectus is sufficient for its present working capital needs for the 12 months following the date of this Prospectus.

Reference is also made to section 10.7.10 *Working capital (non-IFRS).*

23.4 Capitalization and indebtedness

Reference is made to section 11 *Capitalization and indebtedness.*

24. INFORMATION CONCERNING THE NEW SHARES

24.1 Type of security, amount of New Shares and ISIN codes

The Offering comprises up to 10,744,009 New Shares each with Pre-emptive Rights for the Existing Shareholders. Further, the Prospectus comprises the admission of the New Shares to trading and official listing on Nasdaq Copenhagen in connection with the completion of the Offering.

24.1.1 Pre-emptive Rights

The Offering is being made at the ratio of 1:4, which means that each Existing Shareholder will be entitled to and will be allocated one (1) Pre-emptive Right for each one (1) Existing Share held at the Allocation Time (as defined below), and that four (4) Pre-emptive Rights will be required to subscribe for one (1) New Share.

Pre-emptive Rights will be allocated free of charge to the Company's Existing Shareholders on 13 June 2023 at 5:59 p.m. CEST (the Allocation Time) through Euronext Securities. Shares traded after 9 June 2023 at 5:00 p.m. CEST will be traded without (ex) Pre-emptive Rights, assuming that such Shares are traded with a customary two-day settlement period.

With the currently expected timetable, any trading in the Shares prior to the last trading day in Existing Shares including Pre-emptive Rights on 9 June 2023 at 5:00 p.m. CEST, will include rights to receive Pre-emptive Rights in connection with the Offering. However, this will not apply if the registration in Euronext Securities of that particular trade in Shares does not take place until after the Allocation Time, which may be the case if one or both parties to the trade is or will become a shareholder in the Company registered through a nominee or omnibus account and the trade in question, therefore, has to be registered through one or more custody banks prior to the registration of the party in question in Euronext Securities. Investors are recommended to consult with their account-holding bank in relation to such trades.

Any trading in the Shares after 9 June 2023 at 5:00 p.m. CEST will be exclusive of rights to receive Pre-emptive Rights for the buyer unless the parties to the trade in question have taken specific measures to settle the trade in Euronext Securities prior to the Allocation Time on 13 June 2023 at 5:59 p.m. CEST and, thus, chosen not to settle according to the customary settlement cycle with settlement two trading days after the transaction date. The party to the trade in question, who is the holder registered in Euronext Securities on the Allocation Time at 5:59 p.m. CEST, will be considered the Existing Shareholder. The buyer and seller should in such trade be aware that the value of the right to receive Pre-emptive Rights for the buyer will likely not be reflected in the trading price of the Shares on Nasdaq Copenhagen after the last trading day in Existing Shares including Pre-emptive Rights, since such trading price is based on the customary two-day settlement cycle. Investors are recommended to consult with their account-holding bank in relation to trading in the Company's Shares between the last trading day in Existing Shares including Pre-emptive Rights and the Allocation Time if such trade is not settled according to the customary two-day settlement cycle.

The Pre-emptive Rights have been approved for trading on Nasdaq Copenhagen to the effect that they can be traded on Nasdaq Copenhagen during the period from 12 June 2023 at 9:00 a.m. CEST to 23 June 2023 at 5:00 p.m. CEST under the temporary ISIN code DK0062495826.

24.1.2 The New Shares

The Subscription Period for the New Shares will commence on 14 June 2023 at 9:00 a.m. CEST and will close on 27 June 2023 at 5:00 p.m. CEST. The New Shares to be issued by the Company upon exercise of the Pre-emptive Rights will be of the same class as the Existing Shares. The New Shares are offered at a price of DKK 255 per New Share.

Failure to exercise Pre-emptive Rights by the end of the Subscription Period (27 June 2023 at 5:00 p.m. CEST) will result in the lapse of the holder's Pre-emptive Rights

In the event that an Existing Shareholder does not exercise its Pre-emptive Rights by the end of the Subscription Period (27 June 2023 at 5:00 p.m. CEST), such holder's Pre-emptive Rights to subscribe for New Shares will lapse with no value, and the holder will not be entitled to compensation. Accordingly, Existing Shareholders and other holders of Pre-emptive Rights must ensure that all required exercise instructions are received by such Existing Shareholder's or other holder's bank before the end of the Subscription Period. If an Existing Shareholder or other holder fails to provide all required exercise instructions or otherwise fails to follow the procedure applicable to exercising the Pre-emptive Rights prior to 27 June 2023 at 5:00 p.m. CEST, the Pre-emptive Rights will lapse with no value.

After payment of the Subscription Price, the New Shares will be issued under the temporary ISIN code DK0062495909. The New Shares under the temporary ISIN code will not be admitted to trading and official listing on Nasdaq Copenhagen. The New Shares under the temporary ISIN code will solely be registered with Euronext Securities.

As soon as possible after registration of the New Shares with the Danish Business Authority, the New Shares are expected to be admitted to trading and official listing on Nasdaq Copenhagen under the permanent ISIN code for the Existing Shares DK0010287663 on 5 July 2023, and the temporary ISIN code of the New Shares is expected to be merged with the ISIN code of the Existing Shares on 6 July 2023 after 5:59 p.m. CEST.

24.1.3 Shareholders resident outside Denmark

Shareholders resident in jurisdictions outside Denmark, including the United States, may be unable to acquire and/or exercise the Pre-emptive Rights and/or subscribe for New Shares, unless the Pre-emptive Rights or any rights or other securities being offered have been registered with the relevant authorities in such jurisdictions, or unless any such acquisition, exercise or subscription is made in accordance with an exemption from applicable registration requirements. The Company is under no obligation and does not intend to file a registration statement in any jurisdiction outside Denmark in respect of the Pre-emptive Rights and makes no representation as to the availability of any exemption from the registration requirement under the laws of any other jurisdiction outside Denmark in respect of any such rights in the future.

Further, it difficult for shareholders of the Company resident outside Denmark, including in the United States, to exercise or enforce certain rights. The rights of holders of Shares and Pre-emptive Rights are governed by Danish law and by the Company's Articles of Association. These shareholder rights may differ from the typical rights of shareholders in the United States and other jurisdictions. As a result, it may not be possible for investors to effect service of process upon the Company outside Denmark or to enforce against the Company judgments obtained in courts outside Denmark based upon applicable laws in jurisdictions outside Denmark (see also section 4.1 *Enforceability of judgements*). In addition, shareholders outside Denmark may not be able to exercise their shareholder rights, such as voting rights.

24.2 Currency

The Offering will be carried out and trading in the Pre-emptive Rights will be in DKK. The New Shares are denominated in DKK.

24.3 Resolutions, authorizations and approvals

The New Shares will be issued pursuant to an authorization granted to the Board of Directors on the annual general meeting of the Company held on 23 March 2023.

On 8 June 2023, the Board of Directors exercised the authorization granted in article 3.A.1 of the Articles of Association and resolved to increase the Company's share capital in a nominal amount of up to DKK 214,880,180 by issue of up to 10,744,009 New Shares with a nominal value of DKK 20 each. The New Shares are issued with Pre-emptive Rights for the Company's Existing Shareholders and rank pari passu with the Existing Shares.

The share capital increase related to the Offering will be registered upon completion of the Offering, following which the Company's registered share capital will amount to DKK 1,074,400,900 divided into 53,720,045 Shares with a nominal value of DKK 20 each, assuming subscription of all New Shares.

24.4 Negotiability and transferability of Shares

The Shares, including the New Shares, are negotiable instruments and the Articles of Association contain no restrictions on the transferability of the Shares.

24.5 Rights attached to the Pre-emptive Rights and the New Shares

24.5.1 **Pre-emptive Rights**

Four (4) Pre-emptive Rights carry the right to subscribe for one (1) New Share.

If any of the Pre-emptive Rights are not exercised during the Subscription Period, those Pre-emptive Rights will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to any kind of compensation. See section 1 *Risk factors*. If the holder does not wish to exercise the Pre-emptive Rights to subscribe for New Shares, the holder can sell the Pre-emptive Rights during the Rights Trading Period.

24.5.2 **The New Shares**

24.5.2.1 Dividend rights

The New Shares have the same rights as the Existing Shares, including with respect to eligibility for any dividends. Upon the issuance and registration of the New Shares to be issued by the Company pursuant to the Offering with the Danish Business Authority (which is expected to take place on completion of the Offering no later than 4 July 2023), the New Shares will be entitled to receive dividends to the extent any dividends are declared and payable with respect to the New Shares.

Any dividends will be paid in DKK to the shareholder's account with Euronext Securities. No restrictions on dividends or special procedures apply to holders of New Shares who are not residing in Denmark. See section 24.7 *Taxation* for a summary of certain tax consequences in relation to dividends or distributions to holders of Shares. Dividends which have not been claimed by shareholders within three years from the time they are payable will be forfeited and will accrue to the Company.

24.5.2.2 Voting rights and pre-emptive rights

All Shares in the Company will rank pari passu, including with respect to voting rights and pre-emptive rights. All Shares will accordingly carry one vote per Share of a nominal value of DKK 20.

24.5.2.3 Liquidation rights

In case of the dissolution or winding-up of the Company, the New Shares (following registration with the Danish Business Authority, expected to occur upon completion of the Offering) will be entitled to a proportionate part of the Company's assets after payment of the Company's creditors. The Articles of Association do not contain any provisions on redemption or exchange of Shares.

24.6 Danish legislation concerning takeover offers, redemption and conversion of shares and disclosure of shareholdings

24.6.1 Mandatory takeover bids

Applicable rules on mandatory takeover bids are set out in part 8 of the Danish Capital Markets Act and the executive order issued pursuant thereto.

If a shareholding is transferred, directly or indirectly, to an acquirer or to persons acting in concert with such acquirer, the acquirer must enable all shareholders of the company to dispose of their shares on identical terms if such transfer involves the acquirer obtaining control of the company.

An acquirer has control of the company when the acquirer or persons acting in concert with such acquirer directly or indirectly holds at least one-third of the voting rights in a company, unless it can be proven – under special circumstances – that such ownership does not constitute control. An acquirer who does not hold more than one-third of the voting rights in a company will, nevertheless, have control if the acquirer or person(s) acting in concert with such acquirer has the right to control at least one-third of the voting rights of a company by virtue of an agreement or has the right to appoint or dismiss the majority of the members of a company's central governing body.

Voting rights attached to treasury shares must be included in the calculation of voting rights. Exemptions from the mandatory tender offer rules may be granted under special circumstances by the Danish Financial Supervisory Authority.

The Danish Executive Order no. 636 of 15 May 2020 on Takeover Bids will also be applicable in relation to any takeover bids concerning the Company.

24.6.2 Redemption and conversion of shares

Pursuant to section 70 of the Danish Companies Act, shares in a company may be redeemed in whole or in part by a shareholder holding more than nine-tenths of the shares and the corresponding voting rights in the company.

Further, pursuant to section 73 of the Danish Companies Act, a minority shareholder may require that a majority shareholder holding more than nine-tenths of the shares and the corresponding voting rights redeem the minority shareholder's shares.

Except for these provisions, no shareholder is under an obligation to have his or her Shares redeemed in whole or in part by the Company or by any third party, and none of the Shares carry any redemption or conversion rights or any other special rights.

24.6.3 Major shareholdings

Pursuant to section 38 of the Danish Capital Markets Act, a shareholder of a company whose shares or financial instruments are admitted to trading on a regulated market within the EU is required to notify the listed company and the Danish Financial Supervisory Authority as soon as possible if the shareholder's shareholding directly or indirectly represents 5 percent or more of the voting rights or the share capital, and if the shareholders' shareholding directly or indirectly entails that the 5, 10, 15, 20, 25, 50 or 90 percent thresholds and the thresholds of one-third or two-thirds of the voting rights or the share capital are reached or no longer reached.

The notification must comply with the requirements for the contents thereof set out in sections 15 and 16 of the Danish Executive Order no. 1172 of 31 October 2017 on major shareholders, including the identity of the shareholder and the date when the threshold is reached or no longer reached. Failure to comply with the disclosure requirements is punishable by a fine or suspension of voting rights in instances of gross or repeated non-compliance. When the Company has received such notification, it must publish the contents of such notification within three business days.

Further, the general duty of notification under the Danish Companies Act applies as well as special duties of notification in respect of the Company's insider group pursuant to the Market Abuse Regulation.

24.6.4 Short Selling

The Short Selling Regulation (236/2012/EU) includes certain notification requirements in connection with short selling and imposes restrictions on uncovered short selling of shares admitted to trading on a trading venue (including Nasdaq Copenhagen). When a natural or legal person reaches, exceeds or falls below a net short position of 0.1 percent of the issued share capital of a company that has shares admitted to trading on a trading venue, such person shall make a notification to the relevant competent authority, which in Denmark is the Danish Financial Supervisory Authority. The obligation to notify the Danish Financial Supervisory Authority, moreover, applies in each case where the net short position reaches, exceeds or falls below each 0.1 percent threshold above the 0.1 percent threshold. In addition, when a natural or legal person reaches, exceeds or falls below a net short position of 0.5 percent of the issued share capital of a company that has shares admitted to trading on a trading venue in the European Union and each 0.1 percent above that, such person shall make a public notification of its net short position via the Danish Financial Supervisory Authority. The notification requirements apply to both physical and synthetic short positions. In addition, uncovered short selling (naked short selling) of shares admitted to trading on a trading venue is prohibited.

A natural or legal person is prohibited from entering into a short sale of shares admitted to trading on a trading venue unless one of the following conditions is satisfied: (i) the natural or legal person has borrowed the share or has made alternative provisions resulting in a similar legal effect; (ii) the natural or legal person has entered into an agreement to borrow the share or has another absolutely enforceable claim under contract or property law to be transferred ownership of a corresponding number of securities of the same class so that settlement can be effected when it is due; or (iii) the natural or legal person has an arrangement with a third party under which that third party has confirmed that the share has been located and has taken measures vis-à-vis third parties necessary for the natural or legal person to have a reasonable expectation that settlement can be effected when it is due. Certain exemptions apply to the prohibition, such as in the case of market-makers or in connection with stabilization in accordance with the Commission Delegated Regulation (EU) 2016/1052.

24.6.5 Public takeover bids for the Company

No public takeover bids have been made by any third party in respect of the Shares during the past or the current financial years.

24.7 Taxation

24.7.1 Introduction

The following is a summary of certain Danish and U.S. income tax considerations relating to an investment in the Shares. The Danish and U.S. tax legislation as well as the tax legislation of investors' member state may have an impact on the income received from the Shares.

The summary is for general information only and does not purport to constitute exhaustive tax or legal advice. It is specifically noted that the summary does not address all possible tax consequences relating to the Offering and the Shares. The summary is based solely upon the tax laws of Denmark and the laws of the United States, respectively, in effect on the date of this Prospectus. Danish and U.S. tax laws may be subject to change, possibly with retroactive effect.

The summary does not cover investors to whom special tax rules apply, and, therefore, may not be relevant, for example, to investors subject to the Danish Tax on Pension Yields Act (i.e. pension savings), professional investors, certain institutional investors, insurance companies, pension companies, banks, certain investment vehicles, stockbrokers and investors with tax liability on return on pension investments. The summary does not cover taxation of individuals and companies who carry on a business of purchasing and selling shares. The summary only sets out the tax position of the direct owners of the Shares and further assumes that the direct investors are the beneficial owners of the Shares and any dividends thereon. Sales are assumed to be sales to a third party. For shareholders residing outside Denmark, this summary further assumes that the shareholder does not have a permanent establishment in Denmark.

Several Danish anti-avoidance regulations, including but not limited to the general anti-abuse rule pursuant to section 3 of the Danish Tax Assessments Act (Consolidated Act no. 42 of 13 January 2023, as amended) exist, and if these were to be applicable this could result in the application of taxes to payments made to such Shareholder or in the denial of benefits as otherwise applicable. The mere purchase and holding of Shares should not in itself result in any adverse tax consequences to the Shareholder. The Danish anti-avoidance regulations are not described in further detail.

Shareholders are advised to consult their tax advisors regarding the applicable tax consequences of the Offering, acquiring, holding and disposing of the Shares based on their particular circumstances. Shareholders who may be affected by the tax laws of jurisdictions other than Denmark or the United States should consult their tax advisors with respect to the tax consequences applicable to their particular circumstances as such consequences may differ significantly from those described herein.

24.7.2 Taxation of Danish tax resident shareholders

Sale of Shares (Individuals)

In 2023, gains from the sale of shares are taxed as share income at a rate of 27 percent on the first DKK 58,900 (for cohabiting spouses, a total of DKK 117,800) and at a rate of 42 percent on share income exceeding DKK 58,900 (for cohabiting spouses over DKK 117,800). Such amounts are subject to annual adjustments and include all share income (i.e., all capital gains and dividends derived by the individual or cohabiting spouses, respectively), it being noted that gains on shares owned through the investment savings account (see the below) is not included in this calculation.

Gains and losses on the sale of shares admitted to trading on a regulated market are calculated as the difference between the purchase price and the sales price. The purchase price is generally determined using the average method, which means that each share is considered acquired for a price equivalent to the average acquisition price of all the shareholder's shares in the issuing company.

Losses on the sale of shares admitted to trading on a regulated market can only be offset against other share income deriving from shares admitted to trading on a regulated market, (i.e., received dividends and capital gains on the sale of shares admitted to trading on a regulated market, but cannot be used to offset losses on shares owned through the investment savings account (see the below)). Unused losses will automatically be offset against a cohabiting spouse's share income deriving from shares admitted to trading on a regulated market and additional losses can be carried forward indefinitely and offset against future share income deriving from shares admitted to trading on a regulated market.

Losses on shares admitted to trading on a regulated market may only be set off against gains and dividends on other shares admitted to trading on a regulated market as outlined above if the Danish Tax Agency has received certain information relating to the acquisition of the shares specifying, inter alia, the identity of the shares, the number of shares, the acquisition date and the acquisition price before expiry of the tax return filing deadline for the income year in which the shares were acquired. This information is normally provided to the Danish Tax Agency by the securities dealer.

Shareholders investing through an investment savings account (Aktiesparekonto)
Gains and losses on shares owned through an investment savings account are taxable according to the mark-to-market principle. According to the mark-to-market principle, each year's taxable gain or loss is calculated as the difference between the market value of the assets in the account at the beginning of the tax year (1 January) and end of the tax year (31 December) plus any dividend received on shares through the investment savings account, adjusted for further deposits on the account and adjusted for withdrawals from the account. Taxation will take place on a mark-to-market principle. Thus, taxation will take place on an accrual basis even if no shares have been disposed of and no gains or losses have been realized. If the shares owned through an investment savings account are sold or otherwise disposed of before the end of the income year, the taxable income of that income year equals the difference between the value of the shares at the beginning of the income year and the realization sum. If the shares owned through an investment savings account are acquired and realized in the same income year, the taxable income equals the difference between the acquisition sum and the realisation sum. If the shares are acquired in the tax year and not realised in the same income year, the taxable income equals the difference between the acquisition sum and the value of the shares at the end of the income year.

Any annual gain will be subject to 17 percent taxation, and any loss may be carried forward but is restricted to offset future income on the investment savings account. Any taxation arising from the mark-to-market principle is thus not taxed as share income. In 2023, the account is limited to a deposit of DKK 106,600 (the threshold is subject to annual adjustments). Tax is settled by the account institution.

Receipt, exercise, sale and disposal of Pre-emptive Rights
The receipt of Pre-emptive Rights does not result in a tax liability for the individual receiving the Pre-emptive Rights. Further, the exercise of Pre-emptive Rights for shares is not subject to taxation. For tax purposes, Pre-emptive Rights received against no consideration are deemed to have been acquired at DKK 0. A sale or disposal of Pre-emptive Rights is, however, taxable.

Gains on the sale of Pre-emptive Rights concerning shares admitted to trading on a regulated market are calculated as the difference between the purchase price and the sales price (the share-by-share method). The gains are taxed as share income. Share income is taxed at a rate of 27 percent on the first DKK 58,900 in 2023 (for cohabiting spouses, a total of DKK 117,800) and at a rate of 42 percent on share income over DKK 58,900 (for cohabiting spouses over DKK 117,800). Such amounts are subject to annual adjustments and include all share income derived by the individual or cohabiting spouses, respectively, it being noted that gains on shares owned through the investment savings account (see the above) is not included in this calculation.

Ownership and sale of Shares (Companies)
For the purpose of taxation of sales of shares made by shareholders, a distinction is made between Subsidiary Shares, Group Shares, Tax-Exempt Portfolio Shares and Taxable Portfolio Shares:

Subsidiary Shares are generally defined as shares owned by a corporate shareholder holding at least 10 percent of the nominal share capital of the issuing company.

Group Shares are generally defined as shares in a company in which the shareholder of the company and the issuing company are subject to Danish joint taxation or fulfil the requirements for international joint taxation under Danish law.

Tax-Exempt Portfolio Shares are generally defined as shares not admitted to trading on a regulated market owned by a corporate shareholder holding less than 10 percent of the nominal share capital of the issuing company. As the New Shares will be listed in connection with the Offering and the Existing Shares are listed, the rules on tax-exempt portfolio shares are not applicable to Shares.

Taxable Portfolio Shares are defined as shares that do not qualify as Subsidiary Shares, Group Shares or Tax-Exempt Portfolio Shares. The New Shares will be listed in connection with the Offering and will thus qualify as taxable portfolio shares if the shareholder holds less than 10 percent of the share capital.

Gains or losses on disposals of Subsidiary Shares, Group Shares and Tax-Exempt Portfolio Shares are not included in the taxable income of the shareholder.

Special rules apply with respect to Subsidiary Shares and Group Shares in order to prevent exemption through certain holding company structures just as other anti-avoidance rules may apply. These rules will not be described in further detail.

Capital gains from the Taxable Portfolio Shares admitted to trading on a regulated market are taxable at a rate of 22 percent irrespective of ownership period. Losses on such shares are generally deductible.

Gains and losses on Taxable Portfolio Shares admitted to trading on a regulated market are taxable according to the mark-to-market principle which functions as described above. It is not possible for the Company to elect taxation on a realisation basis for listed shares.

Special transitional rules apply with respect to the right to offset certain carried forward losses realized before the income year 2010.

A change of status from Subsidiary Shares/Group Shares/Tax-Exempt Portfolio Shares to Taxable Portfolio Shares (or vice versa) is for tax purposes deemed to be a disposal of the shares and a reacquisition of the shares at market value at the time of change of status.

Receipt, exercise, sale and disposal of Pre-emptive Rights
The receipt of Pre-emptive Rights does not result in a tax liability for a limited liability company receiving the Pre-emptive Rights. The exercise of Pre-emptive Rights for shares is not subject to taxation. For tax purposes, Pre-emptive Rights received against no consideration are deemed to have been acquired at DKK 0.

Gains on Pre-emptive Rights are taxable at a rate of 22 percent provided that the investor owns Taxable Portfolio Shares in the Company. In such cases taxation is levied according to the mark-to-market principle. If the investor owns Subsidiary Shares or Group Shares in the Company, gains from the sale of Pre-emptive Rights are tax exempt.

Dividends (Individuals)
Dividends paid to individuals who are tax residents of Denmark are taxed as share income, as described above. All share income must be included when calculating whether the amounts mentioned above are exceeded.

Dividends paid to individuals are generally subject to 27 percent withholding tax.

Dividends for shareholders investing through an investment savings account (Aktiesparekonto)
Dividends paid on shares held through an investment savings account will be taxed according to the same rules as for sale of shares held by shareholders investing through an investment savings account as described above. No taxes should be withheld on dividends from Shares held through an investment saving account.

Dividends (Companies)
Dividends paid on Taxable Portfolio Shares are subject to the standard corporation tax rate of 22 percent irrespective of ownership period.

The general withholding tax rate is 27 percent; however, a 22 percent tax rate applies to dividends distributed to Danish resident companies. Should the distributing company withhold at the higher rate, the shareholder can claim a refund of the excess tax paid. A claim for repayment must be filed within two months from the date of the decision to distribute the dividend; otherwise, the excess tax will be treated as a tax paid on account and credited in the corporate income tax for the year.

Dividends received on Subsidiary Shares and Group Shares are tax-exempt (and exempt from withholding tax) irrespective of ownership period subject to certain anti-avoidance rules that will not be described in further detail.

24.7.3 Taxation of shareholders residing outside Denmark

Receipt and exercise of Pre-emptive Rights (Individuals and Companies)
The receipt of Pre-emptive Rights by shareholders who are not tax resident in Denmark does not result in a Danish tax liability for the non-resident shareholders. Further, the exercise of Pre-emptive Rights for shares is not subject to taxation in Denmark for shareholders who are not tax resident in Denmark.

Sale of Shares and Pre-emptive Rights (Individuals and Companies)
Shareholders not resident in Denmark are not subject to Danish taxation on any gains realized on the sale of shares and/or Pre-emptive Rights, irrespective of the ownership period, assuming no anti-avoidance rules apply. If an investor holds the shares in connection with a trade or business conducted from a permanent establishment in Denmark, gains on shares may be included in the taxable income of such activities pursuant to the rules applying to Danish tax residents as described above.

Sale of Shares (Individuals and Companies)
Shareholders who are not Danish tax residents are normally not subject to Danish taxation on any gains realized on the sale of shares, irrespective of the ownership period, subject to certain anti-avoidance rules that will not be described in further detail.

Dividends (Individuals)
Under Danish law, dividends paid in respect of shares are generally subject to Danish withholding tax at a rate of 27 percent. If the withholding tax rate applied is higher than the applicable final tax rate for the shareholder, a request for a refund of Danish tax in excess hereof can be made by the shareholder in the following situations:

1. Double taxation treaty

In the event that the shareholder is a tax resident of a state with which Denmark has entered into a double taxation treaty and the shareholder is entitled to the benefits regarding dividend withholding taxation under such treaty, the shareholder may generally, through certain certification procedures, seek a refund from the Danish Tax Agency of the tax withheld in excess of the applicable treaty rate, which is typically 15 percent. Denmark has a large network of tax treaties. A shareholder's entitlement to a reduced tax rate under an applicable tax treaty may be subject to certain Danish anti-avoidance rules that will not be described in further detail.

When claiming such refund the shareholder must be able to document, inter alia, (i) that the shareholder is subject to limited or no tax liability to Denmark, (ii) that a withholding tax on the Danish dividend tax has actually been withheld, (iii) that the shareholder was the beneficial owner of the shares when the dividend distribution was approved and (iv) that the tax withheld exceeds the final tax payable according to an applicable double taxation treaty or the final tax payable according to current Danish law.

The documentation requirements can be found on the website of the Danish Tax Agency. According to these requirements it will be amongst others necessary to provide a tax residence certificate certified by the tax authorities in the jurisdiction of the claimant.

2. Credit under Danish tax law

If the shareholder holds less than 10 percent of the nominal share capital of the company, and the competent authority in the state where the shareholder is a resident for tax purposes is required to exchange information with the Danish Tax Agency according to a double tax treaty or an international agreement, convention, or other administrative agreement on assistance in tax matters with Denmark, dividends are subject to a tax at a rate of 15 percent. If the shareholder is tax resident outside the EU, it is an additional requirement for eligibility for the 15 percent tax rate that the shareholder together with related shareholders holds less than 10 percent of the nominal share capital of the company. Note that the reduced tax rate does not affect the withholding rate, which is why the shareholder must also in this situation claim a refund as described above in order to benefit from the reduced rate.

A request for refund must be attached certain documentation. Information about the required documentation is available on the online platform when filing a claim. When claiming such refund, the shareholder must be able to document, inter alia, (i) that Danish dividend has been received by the shareholder and the amount of this dividend, (ii) that Danish dividend tax has been withheld and the actual amount withheld, (iii) that the shareholder was the beneficial owner of the shares when the dividend distribution was approved, (iv) that the shareholder is liable to pay tax in a country that is not Denmark and (v) that the withheld dividend tax exceeds that of the final tax payable according to the double taxation treaty or that the withheld dividend tax exceeds the final tax payable according to current Danish law.

Generally, a refund of tax withheld in excess of the applicable treaty rate shall be paid within six months following the Danish Tax Agency's receipt of the refund claim, including the necessary documentation. If the refund is paid later than six months after the receipt of the claim, interest will be calculated on the amount of refund. The six-month deadline can be suspended, if the Danish Tax Agency is unable to determine whether the taxpayer is entitled to a refund based on the taxpayer's affairs. If the deadline is suspended accordingly, computation of interest is also suspended.

Dividends for shareholders investing through an investment savings account (Aktiesparekonto)

Individuals with tax residency outside Denmark will be subject to 15 percent taxation on any dividend on shares owned through an investment savings account. In 2023, the account is limited to a deposit of DKK 106,600. An investment savings account can only be established by individuals tax resident in Denmark, implying that this section is only of relevance to individuals that used to be tax resident in Denmark and established an investment savings account before ceasing to be tax resident in Denmark.

For shareholders residing outside Denmark, only dividends paid in respect of shares in Danish companies are included in the taxable amount.

Dividends (Companies)

Dividends received on Subsidiary Shares are exempt from Danish tax (including withholding tax) provided the taxation of the dividends is to be waived or reduced in accordance with the Parent-Subsidiary Directive (2011/96/EU) or in accordance with a tax treaty with the jurisdiction in which the company investor is resident. Further, dividends received on Group Shares – not being Subsidiary Shares – are exempt from Danish tax (including withholding tax) provided the company investor is a resident of the EU or the EEA and provided the taxation of dividends should have been waived or reduced in accordance with the Parent-Subsidiary Directive (2011/96/EU) or in accordance with a tax treaty with the country in which the company investor is resident had the shares been Subsidiary Shares. The aforesaid tax exemption for dividends on Subsidiary Shares and Group Shares is subject to a Danish anti-avoidance rule that will not be described in further detail.

Dividend payments on Taxable Portfolio Shares (and Subsidiary Shares and Group Shares, if not tax-exempt) will be subject to tax at the rate of 22 percent. However, the applicable withholding rate on such dividends is 27 percent, meaning that any foreign corporate shareholder can request a refund of at least 5 percent. Furthermore, the foreign corporate shareholder can make a request for a refund of Danish tax in the following situations:

1. All foreign corporate shareholders

All foreign corporate shareholders (not being resident in a "blacklisted country", cf. below) can claim a refund from the Danish Tax Agency of the tax amount exceeding 22 percent, subject to applicable anti-avoidance rules.

2. Double taxation treaty

In the event the shareholder is a resident of a state with which Denmark has entered into a double taxation treaty and the shareholder is entitled to the benefits under such treaty, the shareholder may generally, through certain certification procedures, seek a refund from the Danish Tax Agency of the tax withheld in excess of the applicable treaty rate, which is typically 15 percent. Denmark has a large network of tax treaties. A shareholder's entitlement to a reduced tax rate under an applicable tax treaty is subject to a Danish anti-avoidance rule that will not be described in further detail.

3. Credit under Danish tax law

If the shareholder holds less than 10 percent of the nominal share capital in the company and the shareholder is a tax resident in a jurisdiction which has a double taxation treaty or an international agreement, convention or other administrative agreement on assistance in tax according to which the competent authority in the state of the shareholder is obligated to exchange information with Denmark, dividends are generally subject to a tax rate of 15 percent. If the shareholder is a tax resident outside the EU, it is an additional requirement for eligibility for the 15 percent tax rate that the shareholder together with related shareholders holds less than 10 percent of the nominal share capital of the company. Note that the reduced tax rate does not affect the withholding rate, which is why the shareholder must also in this situation claim a refund as described above in order to benefit from the reduced rate.

With respect to payment of refunds and documentation, reference is made to the above description *Dividends (Individuals)*, which applies equally to corporate shareholders residing outside Denmark.

24.7.4 Danish source taxation of dividend paid to affiliated shareholders resident in certain jurisdictions

For affiliated shareholders (both individuals and companies) resident in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes, a 44 percent Danish withholding taxation/source taxation on dividends apply. Under current Danish tax law, the EU list of non-cooperative jurisdictions for tax purposes includes the following jurisdictions: American Samoa, U.S. Virgin Islands, the Republic of Fiji, Guam, Republic of Palau, Panama, the Independent State of Samoa, Republic of Trinidad and Tobago and the Republic of Vanuatu. As of 14 February 2023, the EU list of non-cooperative jurisdictions for tax purposes has been extended with jurisdictions such as Anguilla, the Commonwealth of The Bahamas, British Virgin Islands, Costa Rica, the Marshall Islands, Russian Federation, and the Turks and Caicos Islands. It is expected that these jurisdictions will be covered by the rules on 44 percent Danish withholding taxation/source taxation on dividends once the Danish tax law has been revised (proposal to amend the law in relation to Anguilla, the Commonwealth of The Bahamas, British Virgin Islands, Costa Rica, the Marshall Islands, and the Turks and Caicos Islands has been presented to the Danish parliament).

If the affiliated shareholder, who is not resident in a jurisdiction on the EU list of non-cooperative jurisdictions for tax purposes, redistributes the dividends to the beneficial owner of the dividend resident in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes, the rules on 44 percent Danish withholding taxation/source taxation on dividends still applies. The term "beneficial owner" will not be described in further detail.

24.7.5 Share transfer tax and stamp duties

No Danish share transfer tax or stamp duties are payable on transfer of the Shares.

24.7.6 Withholding tax obligations

An issuer of shares is, when distributing dividends, subject to Danish withholding tax obligations in accordance with applicable Danish laws.

24.8 Certain U.S. federal income taxation considerations

This section describes certain U.S. federal considerations that may be relevant to the acquisition, ownership, disposition, or exercise of Pre-emptive Rights or to the acquisition, ownership or disposition of New Shares pursuant to the Offering. This section applies to U.S. Holders (as defined below) who receive Pre-emptive Rights from the Company in this Offering and to U.S. Holders who either receive or acquire New Shares pursuant to an exercise of Pre-emptive Rights or acquire New Shares in the Offering for cash, and who hold their Pre-emptive Rights and New Shares as capital assets for U.S. federal income tax purposes (generally, property held for investment). This section does not purport to discuss all aspects of U.S. federal income taxation which may be relevant U.S. Holders based on their particular circumstances, or that may be relevant to their decision to acquire, exercise or dispose of Pre-emptive Rights or acquire, own, or dispose of New Shares. This section does not apply to any U.S. Holder who is a member of a special class of holders subject to special rules, including, without limitation:

- a dealer in securities;
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings;
- a bank or financial institution;
- a tax-exempt organization;
- an insurance company;
- a regulated investment company;
- a real estate investment trust;
- a person liable for alternative minimum tax;
- a person that actually or constructively owns 10 percent or more (by vote or value) of stock in the Company;
- a person that holds Pre-emptive Rights or New Shares as part of a straddle or a hedging or conversion transaction;
- a person that purchases or sells Pre-emptive Rights or New Shares as part of a wash sale for tax purposes;
- individual retirement accounts, qualified retirement plans and other tax-deferred accounts;
- a person that has ceased to be a U.S. citizen or lawful permanent resident of the United States;
- a person that is resident, is ordinarily resident in or has a permanent establishment in a jurisdiction outside of the United States;
- a partnership or other entity or arrangement classified as a partnership for U.S. federal income tax purposes; or
- a U.S. Holder (as defined below) whose functional currency is not the U.S. dollar.

In addition, this section does not discuss any non-U.S., state or local tax considerations, alternative minimum tax, Medicare net investment tax, U.S. federal estate or gift tax, or any aspect of U.S. federal tax law other than income taxation. This section is based on the U.S. Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed U.S. Treasury Regulations, published rulings and court decisions, all as currently in effect, as well as on the Convention Between the United States of America and Kingdom of Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, as amended (**Treaty**). These laws are subject to change, possibly on a retroactive basis.

For purposes of this discussion, a U.S. Holder is a beneficial owner of Pre-emptive Rights or New Shares that is for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States, (ii) a corporation or other entity taxable as a corporation that is created or organized in the United States, any state thereof or the District of Columbia, (iii) an estate whose income is subject to U.S. federal income tax regardless of its source, or (iv) a trust if a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust.

If an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes holds Pre-emptive Rights or New Shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Such entities and arrangements should consult their own tax advisors regarding the tax consequences of their particular situations.

The Company expects, and this summary assumes, that the Company was not and will not be a passive foreign investment company for U.S. federal income tax purposes for its most recent taxable year, for the current taxable year or in the foreseeable future (for more details see below). The remainder of this discussion assumes that the Company was not a PFIC for any. The U.S. federal income tax consequences will be different from those described below if the Company were a PFIC for any taxable year during which a U.S. Holder owned Existing Shares.

24.8.1 Taxation of Pre-emptive Rights

Receipt of Pre-emptive Rights issued in the Offering
Generally, a U.S. Holder should not be required to include any amount in income for U.S. federal income tax purposes as a result of receiving Pre-emptive Rights in the Offering. If, on the date Pre-emptive Rights are issued, the fair market value of the Pre-emptive Rights allocable to a U.S. Holder is less than 15 percent of the fair market value of the existing shares held by a U.S. Holder with respect to which such Pre-emptive Rights are issued, the Pre-emptive Rights will generally have a zero basis for U.S. federal income tax purposes. However, such U.S. Holder may affirmatively elect to allocate basis in proportion to the relative fair market value of such U.S. Holder's existing shares and the New Shares, determined on the date of issuance. This election must be made on the tax return of the U.S. Holder for the taxable year in which the Pre-emptive Rights are issued, and is irrevocable once made.

If, on the date Pre-emptive Rights are issued, the fair market value of the Pre-emptive Rights attributable to a U.S. Holder is at least 15 percent of the fair market value of the existing shares with respect to which the Pre-emptive Rights are issued, then the basis in such U.S. Holder's existing shares must be allocated between such existing shares and the Pre-emptive Rights issued in proportion to their fair market values determined on the date the Pre-emptive Rights are issued. The fair market value of the Pre-emptive Rights on the date the Pre-emptive Rights will be distributed is currently uncertain, and the Company has not obtained, and does not intend to obtain, an independent appraisal of the fair market value of the Pre-emptive Rights on that date.

Sale, Exchange or Other Taxable Disposition of Pre-emptive Rights
A U.S. Holder will recognize capital gain or loss on the sale, exchange or other disposition of Pre-emptive Rights (other than an exercise of Pre-emptive Rights) in an amount equal to the difference between such U.S. Holder's tax basis in the Pre-emptive Rights and the U.S. dollar value of the amount realized (as determined for U.S. federal income tax purposes) from the sale, exchange or other disposition. For U.S. Holders who acquire their Pre-emptive Rights with respect to existing shares in the Offer, the U.S. Holder's holding period in the Pre-emptive Rights should include its holding period in the existing shares with respect to which the Pre-emptive Rights were distributed. Capital gains of individuals and certain other noncorporate U.S. Holders derived from capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to significant limitations. Any gain or loss generally will be treated as arising from U.S. sources. U.S. Holders should consult their own tax advisors regarding how to account for sale or other disposition proceeds that are paid in a currency other than the U.S. dollar.

Exercise of Pre-emptive Rights and Receipt of New Shares
A U.S. Holder will not recognize taxable income upon the receipt of New Shares pursuant to the exercise of Pre-emptive Rights. Such a U.S. Holder will have a tax basis in the New Shares equal to the sum of the Subscription Price for the New Shares (as determined in U.S. dollars) and the U.S. Holder's tax basis, if any, in the Pre-emptive Rights. A U.S. Holder's holding period in the New Shares received upon exercise of the Pre-emptive Rights generally will begin on the date the Pre-emptive Rights are exercised.

Expiration of Pre-emptive Rights
If a U.S. Holder who receives Pre-emptive Rights with respect to existing shares in the Offering allows the Pre-emptive Rights to expire without selling or exercising the Pre-emptive Rights (and such U.S. Holder does not receive any proceeds), such U.S. Holder should not recognize any loss upon the expiration of the Pre-emptive Rights. In addition, such U.S. Holder's basis in its existing shares will not be affected by the Offer or such U.S. Holder's decision to allow its Pre-emptive Rights to expire.

24.8.2 **Taxation of New Shares**

Distributions on New Shares
Distributions will be includible in a U.S. Holder's income as dividends to the extent paid out of the Company's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. The Company does not expect to calculate its earnings and profits in accordance with U.S. federal income tax principles, and, accordingly, U.S. Holders should expect that a distribution will generally be reported as a dividend even if that distribution (or a portion thereof) would otherwise be treated as a tax-free return of capital or as capital gain. Such dividends will not be eligible for the dividends received deduction allowed to U.S. corporations for dividends received from certain other corporations.

With respect to certain non-corporate U.S. Holders, including individual U.S. Holders, dividends may be taxed at the lower capital gain rates applicable to “qualified dividend income”, provided the Company is eligible for the benefits of the Treaty and the U.S. Holders satisfy certain holding period and other requirements. The Company expects to be eligible for benefits under the Treaty as long as there is regular trading of the New Shares on Nasdaq Copenhagen. U.S. Holders should consult their tax advisors regarding the availability of the lower capital gain rates applicable to qualified dividend income for dividends paid with respect to the New Shares.

Subject to certain limitations, a U.S. Holder will generally be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Danish income taxes withheld (if any). However, no foreign tax credit will be available with respect to any Danish withholding taxes to the extent that they are refundable under the Treaty or domestic Danish law. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. Dividend income will generally constitute foreign source “passive category” income for foreign tax credit purposes. The rules relating to foreign tax credits are complex and a U.S. Holder should consult its own tax adviser regarding the availability and the application of the foreign tax credit to their particular situation, as well as any general limitations on the creditability of Danish taxes that may apply under recent Treasury regulations.

U.S. Holders should consult their own tax advisors regarding how to account for dividends that are paid in a currency other than the U.S. dollar and the potential for recognizing U.S. source foreign currency gain or loss in connection with the conversion of any such non-U.S. currency into U.S. dollars.

Sale, Exchange or Other Taxable Disposition of New Shares
A U.S. Holder will recognize U.S. source capital gain or loss upon the sale or other taxable disposition of New Shares in an amount equal to the difference between the U.S. dollar value of the amount realized upon the disposition and the U.S. Holder's adjusted tax basis in such New Shares. Any capital gain or loss will be long-term if the

New Shares have been held for more than one year at the time of the sale or other taxable disposition. Certain non-corporate U.S. Holders, including individuals, are eligible for reduced rates of taxation on long-term capital gains. The deductibility of capital losses is subject to limitations.

U.S. Holders should consult their own tax advisors regarding how to account for sale or other disposition proceeds that are paid in a currency other than the U.S. dollar.

Passive Foreign Investment Company

In general, a non-U.S. corporation will be classified as a passive foreign investment company (**PFIC**) for any taxable year if at least (i) 75 percent of its gross income is classified as “passive income” or (ii) 50 percent of the average quarterly value of its assets produce or are held for the production of passive income. For this purpose, passive income generally includes, among other items, dividends, interest, gains from certain commodities transactions, certain rents, royalties and gains from the disposition of passive assets. For purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25 percent by value of the stock of another corporation is treated as if it held its proportionate share of the assets of such other corporation and directly received its proportionate share of the income of such other corporation.

Based on the nature of its business, the Company does not believe it was a PFIC for its most recent taxable year and does not expect to be a PFIC for the current taxable year or in the foreseeable future, although there can be no assurance in this regard because the Company‘s status as a PFIC depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. A non-U.S. corporation is classified as a PFIC in any year in which it meets either the income or asset test discussed above, which depends on the actual financial results for each year in question. Accordingly, it is possible that the Company may be a PFIC in the current or any future taxable year due to changes in its asset or income composition.

If the Company is a PFIC for any taxable year during which a U.S. Holder holds the New Shares, such U.S. Holder will be subject to special tax rules with respect to any “excess distribution” received on the New Shares and any gain realized from a sale or other disposition, including in certain cases a pledge, of the New Shares. Distributions received in a taxable year, to the extent greater than 125 percent of the average annual distributions received during the shorter of the three preceding taxable years or a U.S. Holder‘s holding period for the New Shares will be treated as excess distributions. Under these special
tax rules:

- the excess distribution or gain will be allocated ratably over a U.S. Holder's holding period for the New Shares;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which the Company was a PFIC, will be treated as ordinary income; and
- the amount allocated to each other taxable year will be subject to tax at the highest tax rate in effect for that year and the interest charge applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to taxable years prior to the year of disposition or excess distribution in which the Company was a PFIC cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale or other disposition of the New Shares cannot be treated as capital, even if a U.S. Holder holds the New Shares as capital assets. In addition, non-corporate U.S. Holders will not be eligible for reduced rates of taxation on any dividends received from the Company if the Company is (or with respect to a particular U.S. Holder is treated as) a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year. A U.S. Holder will be required to report additional information with its U.S. federal income tax return if such U.S. Holder holds (or is treated as holding) the New Shares in any year in which the Company is a PFIC. If a U.S. Holder held existing shares during any taxable year in which the Company may have been a PFIC, such U.S. Holder is urged to consult its own tax advisor concerning the U.S. federal income tax consequences of holding New Shares in a PFIC. Under proposed Treasury regulations that have a retroactive effective date, the PFIC rules described above would also apply to dispositions of rights to acquire stock, such as the Pre-emptive Rights.

If the Company is a PFIC and if any of its subsidiaries or other entities in which it, directly or indirectly, owns equity are PFICs (collectively, **Lower-tier PFICs**), a U.S. Holder will be deemed to own its proportionate share of any Lower-tier PFICs and will be subject to U.S. federal income tax according to the PFIC rules described in the paragraph above on (i) certain distributions by a Lower-tier PFIC and (ii) a disposition of shares of a Lower-tier PFIC, in each case as if the U.S. Holder owned such shares directly, even though it has not received the proceeds of those distributions or dispositions directly. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of the Company's subsidiaries. In certain circumstances, in lieu of being subject to the excess distribution rules discussed above, a U.S. Holder may make an election to include gain on the stock of a PFIC as ordinary income under a mark-to-market method, provided that such stock is "regularly traded" on a "qualified exchange". In general, the shares will be treated as "regularly traded" for a given calendar year if more than a de minimis quantity of the shares is traded on a qualified exchange on at least 15 days during each calendar quarter of such calendar year. A non-U.S. securities exchange on which the shares are will be a "qualified exchange" if it is (i) regulated or supervised by a governmental authority of the country in which the market is located; (ii) has trading volume, listing, financial disclosure, surveillance, and other requirements designed to prevent fraudulent and manipulative acts and practices, to remove impediments to and perfect the mechanism of a free and open, fair and orderly, market, and to protect investors; and the laws of the country in which the exchange is located and the rules of the exchange ensure that such requirements are actually enforced; and (iii) the rules of the exchange effectively promote active trading of listed stocks. No assurance can be given that the New Shares will be regularly traded on a qualified exchange for purposes of the mark-to-market election.

If a U.S. Holder makes an effective mark-to-market election, such U.S. Holder will include in each year as ordinary income the excess of the fair market value of the New Shares at the end of the year over the adjusted tax basis in the New Shares. Such U.S. Holder will be entitled to deduct as an ordinary loss each year the excess of the adjusted tax basis in the New Shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's adjusted tax basis in the New Shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. Any distributions that the Company makes would generally be subject to the rules discussed above, except that the lower rate applicable to qualified dividend income would not apply. If a U.S. Holder makes a mark-to-market election it will be effective for the taxable year for which the election is made and all subsequent taxable years (provided that, for any subsequent taxable year in which the Company is not a PFIC, a U.S. Holder will not include in income mark-to-market gain or loss) unless the New Shares are no longer regularly traded on a qualified exchange or the U.S. Internal Revenue Service consents to the revocation of the election. Because a mark-to-market election generally cannot be made for equity interests in Lower-tier PFICs, U.S. Holders may continue to be subject to the PFIC rules with respect to their indirect interest in any Lower-tier PFICs. As a result, distributions from, and dispositions of, Lower-tier PFICs, as well as certain other transactions, may be treated as distributions or dispositions subject to the rules above regarding excess distributions, even if a mark-to-market election is made. U.S. Holders are urged to consult their tax advisors about the availability and advisability of the mark-to-market election in their particular circumstances, as well as the impact of such election on interests in any Lower-tier PFICs.

Each U.S. Holder is urged to consult its own tax advisor concerning the U.S. federal income tax consequences of holding New Shares if the Company is a PFIC in any taxable year during its holding period.

Transfer Reporting Requirements

A U.S. Holder that subscribes for New Shares may be required to file IRS Form 926 if the Subscription Price paid by the U.S. Holder, when aggregated with all transfers of cash made by the U.S. Holder (or any related person) to the Company within the preceding twelve-month period, exceeds USD 100,000 (or its foreign currency equivalent). U.S. Holders that are required to file IRS Form 926, but fail to do so, could be subject to substantial penalties. U.S. Holders should consult their tax advisers to determine whether they are subject to IRS Form 926 filing requirements.

Specified Foreign Financial Asset Reporting

Certain U.S. Holders that own certain foreign financial assets with an aggregate value in excess of USD 50,000 at the end of the taxable year or USD 75,000 at any time during the taxable year (or, for certain individuals living outside the United States and married individuals filing joint returns, certain higher thresholds) may be required to file an information report with respect to such assets with their tax returns. The Pre-emptive Rights and New Shares are expected to constitute foreign financial assets subject to these requirements unless the Pre-emptive Rights and New Shares are held in an account at a financial institution (in which case the amount may be reportable if maintained by a non-U.S. financial institution). U.S. Holders should consult with tax advisers regarding the application of the rules relating to foreign financial asset reporting.

U.S. Information Reporting; Backup Withholding Tax

A U.S. Holder may be subject to information reporting unless it establishes that payments to it are exempt from these rules. For examples, payments to corporations generally are exempt from information reporting and backup withholding. Payments that are subject to information reporting may be subject to backup withholding if a U.S. Holder does not provide its taxpayer identification number and otherwise comply with the backup withholding rules. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules are available to be credited against a U.S. Holder's U.S. federal income tax liability and may be refunded to the extent they exceed such liability, provided the required information is timely provided to the IRS.

25. TERMS AND CONDITIONS OF THE OFFERING

25.1 Conditions, offer statistics, expected timetable and action required to apply for the Offering

25.1.1 Allocation of Pre-emptive Rights and subscription ratio

Each holder of Shares registered with Euronext Securities on 13 June 2023 at 5:59 p.m. CEST (the Allocation Time) will be allocated one (1) Pre-emptive Right for each one (1) Share. For every four (4) Pre-emptive Rights, the Existing Shareholder will be entitled to subscribe for one (1) New Share against payment of the Subscription Price.

Shares traded after 9 June 2023 at 5:00 p.m. CEST will be traded as excluding Pre-emptive Rights provided that the Shares are traded with a customary two-day settlement cycle.

25.1.2 Expected timetable of principal events

The following timetable presents the expected timetable of principal events:

Publication of Prospectus	8 June 2023
Last trading day in Existing Shares including Pre-emptive Rights[1)]	9 June 2023 at 5:00 p.m. CEST
First day of trading in Existing Shares excluding Pre-emptive Rights	12 June 2023
Rights Trading Period commences	12 June 2023
Allocation Time of Pre-emptive Rights[30]	13 June 2023 at 5:59 p.m. CEST
Subscription Period for New Shares commences	14 June 2023
Rights Trading Period closes	23 June 2023 at 5:00 p.m. CEST
Subscription Period for the New Shares closes	27 June 2023 at 5:00 p.m. CEST
Expected publication of result of the Offering	29 June 2023
Allocation of New Shares not subscribed for by Existing Shareholders (the Remaining Shares)	29 June 2023
Completion of the Offering, including settlement of the New Shares	4 July 2023
Registration of the share capital increase regarding the New Shares with the Danish Business Authority	4 July 2023
First day of trading and official listing of the New Shares on Nasdaq Copenhagen under the ISIN code of the Existing Shares	5 July 2023
Expected merger of temporary and permanent ISIN codes	6 July 2023 after 5:59 p.m. CEST

The above timetable is subject to change. Any changes will be announced via Nasdaq Copenhagen.

25.1.3 Rights Trading period, Subscription Period and process

The Pre-emptive Rights have been approved for admission to trading on Nasdaq Copenhagen to the effect that they can be traded on Nasdaq Copenhagen during the Rights Trading Period from 12 June 2023 at 9:00 a.m. CEST to 23 June 2023 at 5:00 p.m. CEST, under the temporary ISIN code DK0062495826.

[30] Trading in Shares after the last trading day in Existing Shares including Pre-emptive Rights on 9 June 2023 at 5:00 p.m. CEST will be exclusive of rights to receive Pre-emptive Rights for the buyer unless the parties to the trade in question have taken measures to settle the trade in Euronext Securities prior to the Allocation Time of Pre-emptive Rights on 13 June 2023 at 5:59 p.m. CEST and, thus, chosen not to settle according to the customary settlement cycle with settlement two trading days after the transaction date.

If a holder of Pre-emptive Rights does not wish to exercise such Pre-emptive Rights to subscribe for New Shares, such Pre-emptive Rights may be sold during the Rights Trading Period.

Any Pre-emptive Rights not exercised during the Subscription Period will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to compensation.

The Subscription Period for the New Shares will commence on 14 June 2023 at 9:00 a.m. CEST and will close on 27 June 2023 at 5:00 p.m. CEST.

Upon registration of the capital increase relating to the New Shares with the Danish Business Authority, the New Shares are expected to be issued under the temporary ISIN code DK0062495909. The New Shares issued under the temporary ISIN code will solely be registered with Euronext Securities and will not be admitted to trading and official listing on Nasdaq Copenhagen. See section 26 *Admission to trading and official listing* for further details.

25.1.4 **Reduction of subscription**

Reduction of subscription is not applicable in connection with the Offering.

In the event that binding undertakings for Remaining Shares made by Existing Shareholders (who were registered as shareholders of the Company with Euronext Securities on 13 June 2023 at 5:59 p.m. CEST) or Qualified Investors exceed the number of Remaining Shares (if any), the Remaining Shares will be allocated according to allocation keys determined by the Board of Directors.

25.1.5 **Minimum or maximum subscription amounts**

In connection with the Offering, the minimum number of New Shares that a holder of Pre-emptive Rights may subscribe for will be one (1) New Share, requiring the exercise of four (4) Pre-emptive Rights and the payment of the Subscription Price. The number of New Shares that a holder of Pre-emptive Rights may subscribe for is not capped. However, the number is limited to the number of New Shares that may be subscribed for through the exercise of the Pre-emptive Rights held or acquired.

25.1.6 **Subscription for Remaining Shares**

Remaining Shares may, without compensation to the holders of unexercised Pre-emptive Rights, be subscribed for by Existing Shareholders and Qualified Investors, who have made binding undertakings to subscribe for Remaining Shares before the expiry of the Subscription Period. The number of Remaining Shares that an Existing Shareholder or a Qualified Investor may subscribe for is not capped.

In case of oversubscription of Remaining Shares in connection with binding undertakings, such Remaining Shares will be allocated according to apportionment keys determined by the Board of Directors.

If the subscription orders for Remaining Shares do not exceed the number of Remaining Shares, the Company will issue the number of Remaining Shares subscribed for.

Existing Shareholders and Qualified Investors wishing to subscribe for Remaining Shares must submit the application form in Annex A to their own custodian institution or financial intermediary. The application form must be submitted within an appropriate amount of time for the custodian institution or the financial intermediary to process and forward the application form to Danske Bank such that the application form is received by Danske Bank no later than on 27 June 2023 at 5:00 p.m. CEST.

Payment for any Remaining Shares shall take place in accordance with the provisions set out in Annex A.

Neither the Company nor the Managers can guarantee that Existing Shareholders or Qualified Investors who wish to subscribe for Remaining Shares will be allocated any Remaining Shares. Only Existing Shareholders that hold and exercise Pre-emptive Rights or investors who acquire and exercise Pre-emptive Rights are guaranteed allocation of New Shares and only in the event, that the Offering is completed. Accordingly, Remaining Shares will only be available for allocation if the New Shares have not been subscribed for by the Existing Shareholders through the exercise of allocated Pre-emptive Rights or by investors through the exercise of Pre-emptive Rights acquired.

Any Remaining Shares allocated, will be delivered through Euronext Securities on or about 4 July 2023 against payment of the Subscription Price.

25.1.7 Payments and delivery

Upon exercise of the Pre-emptive Rights related to the New Shares, the holder must pay DKK 255 per New Share subscribed for. Payment for the New Shares will be made in DKK on the date of subscription, but no later than on 27 June 2023 at 5:00 p.m. CEST, against delivery of the New Shares in the investor's account with Euronext Securities under the temporary ISIN code DK0062495909. Holders of Pre-emptive Rights are required to adhere to the account agreement with their own custodian institution or other financial intermediary through which they hold Existing Shares in accordance with the rules of such institution or intermediary. Financial intermediaries through which a holder may hold Pre-emptive Rights may require payment by an earlier date.

The Pre-emptive Rights and the New Shares will be delivered in book-entry form through allocation to accounts with Euronext Securities.

The New Shares have been accepted for clearance through Euroclear and Clearstream.

25.1.8 Announcement of the results of the Offering

The results of the Offering will be communicated in a company announcement expected to be published through Nasdaq Copenhagen no later than two (2) business days after the expiry of the Subscription Period (expected to be on 29 June 2023).

The Offering will only be completed if and when the New Shares subscribed for are issued by the Company upon registration with the Danish Business Authority, which is expected to take place no later than on 4 July 2023 before listing of the New Shares.

25.1.9 Procedure for the exercise of and trading in Pre-emptive Rights

Holders of Pre-emptive Rights who wish to subscribe for New Shares will be required to do so through their own custodian institution or other financial intermediary in accordance with the procedures of such institution or intermediary. The deadline for notification of exercise depends on the holder's agreements with and the rules and procedures of the relevant custodian institution or other financial intermediary, and the deadline may be earlier than the last day of the Subscription Period. Once a holder has exercised its Pre-emptive Rights, such exercise may not be revoked or modified, except as set forth in this Prospectus with respect to any withdrawal rights in connection with the filing of a supplement as a result of a material change that may affect the evaluation of the Pre-emptive Rights, the New Shares or the Existing Shares.

Subject to certain exceptions, exercise instructions without the necessary documentation which originates from a person resident or located in the United States, or which are postmarked in the United States, or such other jurisdiction in which it would not be permissible to subscribe for the New Shares, will be deemed to be invalid, and no New Shares will be credited to institutions with addresses in the United States, unless such institutions are QIBs and have executed and delivered the QIB Letter in the form set forth in Appendix 1 of this Prospectus, or any other jurisdictions in which it would not be permissible to subscribe for the New Shares without the required documentation. The Company and the Joint Global Coordinators and Joint Bookrunners, on behalf of the Managers, reserve the right to reject any exercise of the Pre-emptive Rights on behalf of persons who fail to present the required documentation, including, if applicable, an executed QIB Letter in the form set forth in Appendix 1 of this Prospectus, and (i) for acceptance or delivery of New Shares indicate an address in jurisdictions in which it would not be permissible to subscribe for the New Shares; (ii) cannot show or prove that they are not in jurisdictions in which it would not be permissible to subscribe for the New Shares; (iii) who act on behalf of persons in jurisdictions in which it would not be permissible to subscribe for the New Shares, unless it is effected on a discretionary basis; (iv) in the opinion of the Company or its agents, have given their exercise instructions or certifications in or sent such instructions or certifications from jurisdictions in which it would not be permissible to offer the New Shares; or (v) purport to exclude any applicable representation or warranty in this Prospectus. See section 25.5 *Selling and transfer restrictions.*

Any holders who exercise their Pre-emptive Rights will be deemed to have represented that they have complied with all applicable legislation. Custodian institutions exercising Pre-emptive Rights on behalf of beneficial owners will be deemed to have represented that they have complied with procedures set out in this Prospectus. Neither the Pre-emptive Rights nor the New Shares have been registered, or will be registered, under the U.S. Securities Act or any state securities legislation in the United States. The Subscription Period will close on 27 June 2023 at 5:00 p.m. CEST.

During the Rights Trading Period, holders of Pre-emptive Rights who do not wish to exercise their Pre-emptive Rights to subscribe for New Shares may sell their Pre-emptive Rights on Nasdaq Copenhagen or elsewhere, and a purchaser may use the acquired Pre-emptive Rights to subscribe for New Shares. Holders wishing to sell their Pre-emptive Rights should instruct their custodian institution or other financial intermediary accordingly.

The Managers, from time to time, acquire and sell Pre-emptive Rights, exercise Pre-emptive Rights and acquire and sell New Shares.

Any Pre-emptive Rights which have not been exercised during the Subscription Period will lapse without value, and the holders will not be entitled to any compensation.

25.1.10 Offering and proceeds

The Offering comprises up to 10,744,009 New Shares. Upon full subscription of the Offering, the gross proceeds will be approximately DKK 2,740 million and the net proceeds (gross proceeds less the Company's estimated costs related to the Offering) are expected to amount a total of DKK 2,653 million.

25.1.11 Withdrawal or suspension of the Offering and termination of the Rights Issue Agreement

The Offering may be withdrawn by the Company subject to certain conditions before registration of the capital increase relating to the New Shares with the Danish Business Authority.

If the Offering is withdrawn, any exercise of Pre-emptive Rights that has already taken place will be cancelled automatically. The subscription amount for the New Shares will be refunded (less any transaction costs) to the last registered owner of the New Shares as of the date of such withdrawal. All Pre-emptive Rights will lapse, and no New Shares will be issued.

Trades of Pre-emptive Rights executed during the Rights Trading Period will, however, not be affected. Consequently, investors who have acquired Pre-emptive Rights will incur a loss corresponding to the purchase price of the Pre-emptive Rights and any transaction costs.

Investors who have acquired New Shares will receive a refund of the subscription amount for the New Shares (less any transaction costs). Consequently, investors who have acquired New Shares may incur a loss corresponding to the difference between the purchase price and the Subscription Price of the New Shares and any related transaction costs.

The Joint Global Coordinators and Joint Bookrunners, on behalf of the Managers, are entitled to terminate the Rights Issue Agreement upon the occurrence of certain exceptional events and/or unpredictable circumstances, such as force majeure. The Rights Issue Agreement also contains conditions for completion, which the Company believes to be customary for offerings such as the Offering, and the completion of the Offering pursuant to the Rights Issue Agreement is subject to compliance with all such conditions in the Rights Issue Agreement. If one or more conditions for completion are not met, the Joint Global Coordinators and Joint Bookrunners may, acting jointly and at their discretion, terminate the Rights Issue Agreement which may accordingly require that the Company withdraws the Offering.

The Company is not liable for any losses that investors may suffer as a result of withdrawal of the Offering including but not limited to, any transaction costs or lost interest.

A withdrawal of the Offering will be announced as a company announcement through Nasdaq Copenhagen. With respect to risks related to withdrawal of the Offering, see section 1 *Risk factors.*

25.1.12 **Withdrawal of applications for subscription**

Instructions to exercise Pre-emptive Rights related to the New Shares are irrevocable, except in the event that a supplement to this Prospectus is published pursuant to applicable rules and legislation in Denmark due to any material changes in connection with the information in this Prospectus which may affect the evaluation of the Pre-emptive Rights, the New Shares or the Existing Shares, which occurs or is ascertained between the time of approval of this Prospectus and the final completion of the Offering or the commencement of trading on Nasdaq Copenhagen. Investors who have accepted to exercise Pre-emptive Rights prior to publication of the supplement will be entitled to withdraw their acceptance for two (2) business days after the publication of such supplement.

25.2 Plan of distribution and allotment

25.2.1 **Notification of applicants in respect of amounts**

There is no pre-allotment of New Shares. The New Shares may be subscribed for by the Existing Shareholders of the Company according to the Pre-emptive Rights allocated.

New Shares which have not been subscribed for by the Existing Shareholders before the expiry of the Subscription Period (Remaining Shares) may, without compensation to the holders of unexercised Pre-emptive Rights, be subscribed for by Existing Shareholders or Qualified Investors, who have made binding undertakings to subscribe for such Remaining Shares. In case of oversubscription of the Remaining Shares, such Remaining Shares will be allocated according to allocation keys determined by the Board of Directors.

25.2.2 **Intentions of major shareholders and members of management with regard to subscription of New Shares**

Certain members of the Board of Directors and the Executive Management are shareholders in the Company and have indicated that they intend to exercise their Pre-emptive Rights in whole or in part. The Company does not expect any of these members of the Board of Directors and the Executive Management to subscribe for more than five percent of the Offering.

The Company has not received intentions from any major shareholders in the Company that they intend to subscribe for more than five percent of the Offering.

25.3 Subscription price

The New Shares are offered at the Subscription Price of DKK 255 per New Shares (excluding fees, if any, from the investor's own custodian bank or brokers).

Neither the Company nor the Managers will charge expenses to investors.

25.4 Placing and underwriting

25.4.1 Managers

The Offering is coordinated by Danske Bank, J.P. Morgan and Nordea, which act as the Joint Global Coordinators and Joint Bookrunners of the Offering and SEB and Nykredit will act as Joint Lead Managers of the Offering.

The addresses of the Managers are:

Danske Bank A/S
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark

J.P. Morgan SE
Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main
Germany

Nordea Danmark, filial af Nordea Bank Abp, Finland
Grønjordsvej 10
DK-2300 Copenhagen S
Denmark

Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ.), Sverige
Bernstorffsgade 50
DK-1577 Copenhagen V
Denmark

Nykredit Bank A/S
Kalvebod Brygge 1-3
DK-1560 Copenhagen V
Denmark

25.4.2 Subscription and paying agents

Shareholders' instructions to exercise Pre-emptive Rights and subscribe for New Shares must be given to each shareholder's custodian institution or financial intermediary. Euroclear and Clearstream act as international payment intermediaries:

Euroclear Bank S.A./N.V.
1 Boulevard du Roi Albert II
1210 Brussels
Belgium

Clearstream Banking S A
42 Avenue JF Kennedy
1855 Luxembourg
Luxembourg

25.4.3 Rights Issue Agreement

As of the date of this Prospectus, the Company and the Managers have entered into the Rights Issue Agreement. The Offering is not underwritten by the Managers.

Pursuant to the Rights Issue Agreement, the Company has given customary representations and warranties to the Managers and has also undertaken to indemnify the Managers for certain potential liability obligations related to the Offering.

The Rights Issue Agreement contains closing conditions which the Company believes are customary for offerings such as the Offering and the closing of the Offering is dependent on compliance with all of the conditions set forth in the Rights Issue Agreement. The Joint Global Coordinators and Joint Bookrunners (including on behalf of the Managers) may terminate the Rights Issue Agreement upon the occurrence of certain exceptional events and/or unpredictable circumstances, at any time prior to registration of the capital increase relating to the New Shares with the Danish Business Authority, and require that the Company withdraws the Offering upon termination of the Rights Issue Agreement. The Joint Global Coordinators and Joint Bookrunners, on behalf of the Managers, may, at their own discretion, terminate the Rights Issue Agreement, which may accordingly require the Company to withdraw the Offering, if any of the closing conditions are not met or if certain unexpected circumstances such as a material adverse change occur.

The Company has undertaken that for a period of 180 days counted from the date of completion of the Offering that it will not without the prior written consent of the Joint Global Coordinators and Joint Bookrunners, on behalf of the Managers, (i) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) submit to its shareholders a proposal to effect any of the foregoing.

The abovementioned obligation shall not apply to (a) the issuance of the New Shares in connection with the Offering, (b) the sale of Pre-emptive Rights received in connection with the Offering in respect of treasury shares, (c) transfers or issues of any kind of Company securities to the Company's employees and its subsidiaries' employees, executive management or members of the Board of Directors in accordance with the existing or future employee incentive programs, (d) hedging by the Company of its exposure under existing or new employee options and incentive programs, (e) submission to its shareholders of a proposal to adopt, increase and/or extend authorizations to the Board of Directors to issue securities and any resulting increase in the share capital of the Company, (f) submission to its shareholders of a proposal to authorize the Board of Directors to purchase treasury shares, and (g) actions in connection with any takeover offer of the shares in the Company made in accordance with Danish take-over regulation and/or any corporate law merger involving the Company.

Further, the members of the Board of Directors and of the Executive Management have each, with respect to any Shares held by the members of the Board of Director and the Executive Management as of the date of this Prospectus and any New Shares and Pre-emptive Rights subscribed for in the Offering, agreed that for a period of 180 days counted from the date of completion of the Offering they will not without the prior written consent of the Joint Global Coordinators and Joint Bookrunners, on behalf of the Managers, (i) offer, pledge, sell, contract to sell, sell any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly any Shares or any securities convertible into or exercisable or exchangeable for Shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise.

The abovementioned obligations shall not apply to (i) any disposal of Shares to which the written consent of the Joint Global Coordinators and Joint Bookrunners, on behalf of the Managers, (not to be unreasonably withheld or delayed) has been obtained, (ii) any disposal of Shares to related parties, (iii) (a) an acceptance of a public takeover offer for all shares in the Company made in accordance with takeover regulations on terms which treat all such shareholders alike, or (b) the provision of an irrevocable undertaking to accept such an offer, or (c) a disposal of Shares to an offeror or potential offeror during an offer period, or otherwise in response to or pursuant to a public takeover offer, (iv) any disposal of Shares or other securities acquired following completion of the Offering other than all or any Shares issued pursuant to the conversion of any convertible debt securities or the exercise of any warrants, options or similar rights, (v) any disposal of Shares in accordance with any order made by a court of competent jurisdiction or required by law or regulation, (vi) any disposal of Shares occurring after death, permanent disability or interruption in employment for a continuous period of not less than 16 weeks due to disability or illness, (vii) any disposal of Shares to cover payment of taxes arising out the exercise of the Company's long-term incentive program, and (viii) any disposal of Shares occurring after termination of employment by the Company. The right of the Joint Global Coordinators and Joint Bookrunners, on behalf of the Managers, to deny disposal of Shares under (i) above is a discretionary right of the Joint Global Coordinators and Joint Bookrunners and not limited to specific circumstances, however, any consent of the Joint Global Coordinators and Joint Bookrunners may not be unreasonably withheld or delayed.

25.5 Selling and transfer restrictions

The Offering consists of a public offering in Denmark with Pre-emptive Rights for the Company's Existing Shareholders and potentially private placements in certain other jurisdictions.

25.5.1 General restrictions

The Offering is made pursuant to Danish law, and neither the Company nor the Managers have taken any action or will take any action in any jurisdiction, with the exception of Denmark, which may result in a public offering of the Pre-emptive Rights and/or the New Shares.

The distribution of this Prospectus and the Offering is restricted by law in certain jurisdictions, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. Neither the Company nor the Managers accept any legal liability for any violation of these restrictions by any person, irrespective of whether such person is an Existing Shareholder or a potential purchaser of Pre-emptive Rights and/or subscriber to the New Shares.

Further, the Pre-emptive Rights and the New Shares are subject to transfer and selling restrictions in certain jurisdictions. Potential purchases of Pre-emptive Rights and/or subscribers of the New Shares must comply with all applicable legislation and regulations in countries or territories in which they acquire, subscribe for, offer or sell Pre-emptive Rights and/or New Shares or possess or distribute the Prospectus and must obtain consent, approval or permission, as required, for the acquisition of New Shares. Persons in whose possession this Prospectus may come are required by the Company and the Managers to inform themselves about such restrictions and to observe such restrictions.

All investors should examine the tax consequences of an investment in the Pre-emptive Rights and New Shares through their own advisers. This Prospectus does not constitute an offer or an invitation to purchase any Pre-emptive Rights or purchase or subscribe for any New Shares in any jurisdiction in which such offer or invitation would be unlawful.

The Prospectus may not be distributed or otherwise made available, the New Shares may not be offered, sold or subscribed for, directly or indirectly, and the Pre-emptive Rights may not be offered, sold, acquired or exercised, directly or indirectly, in any jurisdiction other than Denmark, unless such distribution, offering, sale, acquisition exercise or subscription is permitted under applicable legislation in the relevant jurisdiction. The Company and Managers may request receipt of satisfactory documentation to that effect.

25.5.2 The United States

Because of the following restrictions, investors are advised to consult legal and tax counsel prior to making any offer, resale, pledge or transfer of the New Shares or the Pre-emptive Rights offered hereby.

The New Shares have not been, and will not be, registered under the U.S. Securities Act or under any securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, into or within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and, in each case, in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Pre-emptive Rights or the New Shares in the United States.

Subject to certain limited exceptions, the New Shares are being offered (i) outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the U.S. Securities Act. and (ii) within the United States only to QIBs who have executed and delivered the QIB Letter in the form set forth in Appendix 1 to this Prospectus pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act.

Restrictions on offering in reliance on Regulation S
Investors exercising Pre-emptive Rights to purchase the New Shares outside the United States pursuant to Regulation S, by their acceptance of delivery of this Prospectus and the Pre-emptive Rights or New Shares, will be deemed to have represented, agreed and acknowledged as follows:

(i) The purchaser is the beneficial owner of such Pre-emptive Rights and: (a) is, and the person, if any, for whose account it is acquiring the New Shares is, outside the United States; and (b) is not an affiliate of the Company or a person acting on behalf of such an affiliate.

(ii) The purchaser is aware that such New Shares: (a) have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction within the United States; and (b) are being sold in accordance with Rule 903 or 904 of Regulation S and is purchasing such New Shares in an "offshore transaction" in reliance on Regulation S.

(iii) The purchaser acknowledges that the Company, the Managers and their respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs.

Terms used in this section "the United States" but not otherwise defined above have the meanings given to them by Regulation S.

In addition, until the expiration of the 40-day period beginning on the date of this Prospectus, an offer to sell or a sale of the Pre-emptive Rights or New Shares within the United States by a broker/dealer (whether or not it is participating in the Offering) may violate the registration requirements of the U.S. Securities Act unless such offer to sell or sale is made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws.

25.5.3 European Economic Area

In relation to each Relevant State, no offering of Pre-emptive Rights or New Shares has been or will be made to the public in that Relevant State prior to the publication of a prospectus concerning the Pre-emptive Rights and the New Shares which has been approved by the competent authority in such Relevant State or, where relevant, approved in another Relevant State and notified to the competent authority in such Relevant State, all pursuant to the Prospectus Regulation, except that an offering of Pre-emptive Rights and New Shares may be made to the public at any time in such Relevant State pursuant to the following exemptions under the Prospectus Regulation:

a) to any legal entity which is a Qualified Investor;
b) to fewer than 150 natural or legal persons other than Qualified Investors, subject to obtaining the prior written consent of the Company and the Joint Global Coordinators and Joint Bookrunners; or
c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

provided that no such offer of Pre-emptive Rights or New Shares shall require the Company nor any Joint Global Coordinator or Joint Bookrunner to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of the above, the expression an “offer to the public in relation to Pre-emptive Rights and New Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offering, the Pre-emptive Rights and the New Shares so as to enable an investor to decide whether to acquire the Pre-emptive Rights and acquire or subscribe for the New Shares.

25.5.4 The United Kingdom

In the United Kingdom, an offer to the public of any Offer Shares which are the subject of the Offering contemplated by this Prospectus may not be made, except that an offer to the public in the United Kingdom of any Offer Shares may be made at any time under the following exemptions under the UK Prospectus Regulation:

a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Company for any such offer; or
c) in any other circumstances falling under the scope of Section 86 of the Financial Services and Markets Act 2000 (the **FSMA**),

provided that no such offer of Offer Shares shall require the Company or the Managers to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression **offer to the** public in relation to any Offer Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Offer Shares, and the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended.

In addition, in the United Kingdom, this Prospectus is being distributed only to, and is directed only at, and any offer subsequently made in relation to any Pre-emptive Rights and New Shares may only be directed at Relevant Persons. In the United Kingdom, any investment or investment activity to which this Prospectus relates is only available to, and will be engaged in with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person must not act on or rely upon this Prospectus or any of its contents.

25.5.5 **Canada, Australia, Japan and South Africa**

The Pre-emptive Rights and the New Shares have not been approved, disapproved or recommended by any foreign regulatory authorities, nor have any of such authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus.

This Prospectus may not be distributed or otherwise made available, the New Shares may not be offered, sold or subscribed for, directly or indirectly, and the Pre-emptive Rights may not be offered, sold, acquired or exercised, directly or indirectly, in Canada, Australia, Japan or South Africa, unless such distribution, offering, sale, acquisition, exercise or subscription is permitted under applicable legislation in the relevant jurisdiction, and the Company and the Joint Global Coordinators and Joint Bookrunners receive satisfactory documentation to that effect.

26. ADMISSION TO TRADING AND OFFICIAL LISTING

26.1 Admission to trading and official listing

The Company's Existing Shares have been admitted to trading and official listing on Nasdaq Copenhagen, a regulated market, under the permanent ISIN code DK0010287663 and an application has been made for the New Shares to be admitted to trading and official listing on Nasdaq Copenhagen under the permanent ISIN code.

In connection with the Offering, the Pre-emptive Rights have been approved for admission to trading on Nasdaq Copenhagen to the effect that they can be traded on Nasdaq Copenhagen during the period from 12 June 2023 at 9:00 a.m. CEST to 23 June 2023 at 5:00 p.m. CEST, under the temporary ISIN code DK0062495826.

The New Shares will be issued under a temporary ISIN code, which will not be admitted to trading and official listing on Nasdaq Copenhagen but is used solely for registration with Euronext Securities.

In connection with the Offering, the New Shares have been approved for admission to trading and official listing on Nasdaq Copenhagen and accordingly, after registration of the New Shares with the Danish Business Authority, the New Shares are expected to be admitted to trading and official listing on Nasdaq Copenhagen under the permanent ISIN code for the Existing Shares DK0010287663, expectedly on 5 July 2023, and the temporary ISIN code for the New Shares is expected to be merged with the ISIN code of the Existing Shares on 6 July 2023 after 5:59 p.m. CEST.

26.2 Market making and stabilization

The Company has not entered into any market maker agreement or agreement regarding stabilization in connection with the Offering.

27. SELLING SHAREHOLDERS AND LOCK-UP

27.1 Shareholders who have indicated that they expect to sell their Shares or Pre-emptive Rights

There is no selling shareholder as the Offering comprises an issue of New Shares. The Company has not received any indications from any major shareholders that intend to sell their Pre-emptive Rights.

27.2 Lock-up agreements

Reference is made to section 25.4 *Placing and underwriting.*

28. EXPENSE OF THE OFFERING

The estimated costs and expenses related to the Offering payable by the Company to the Managers, other advisor fees and expenses (including subscription commission to Danish account holding institutions), assuming subscription to all New Shares, are approximately DKK 86.9 million. The fee to the Managers is variable and, therefore, the total expenses are subject to the results of the Offering.

The Company has agreed to pay a subscription commission to Danish account holding institutions equivalent to 0.125 percent of the Subscription Price of the New Shares subscribed for through the relevant account holding institution in connection with the Offering.

Neither the Company nor the Managers will charge expenses to investors. Investors will have to bear customary transaction and handling fees charged by their account keeping financial institution.

29. DILUTION

As a result of the Offering, the Company's share capital will be increased. If an Existing Shareholder exercises its Pre-emptive Rights in full in connection with the Offering, such shareholder's proportionate ownership interest will not be diluted. If an Existing Shareholder decides not to exercise its Pre-emptive Rights at all, such shareholder's proportionate ownership interest will be diluted by up to 20 percent.

The equity value per Share as of 31 March 2023 was EUR 24 million (based on the number of Shares that the Company has issued as of such date). The New Shares can be subscribed for at a Subscription Price of DKK 255 per New Share in the Offering.

30. ADDITIONAL INFORMATION

30.1 Advisors

Managers:

Danske Bank A/S
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark

J.P. Morgan SE
Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main
Germany

Nordea Danmark, filial af Nordea Bank Abp, Finland
Grønjordsvej 10
DK-2300 Copenhagen S
Denmark

all three as Joint Global Coordinators and Joint Bookrunners

Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ.), Sverige
Bernstorffsgade 50
DK-1577 Copenhagen V
Denmark

Nykredit Bank A/S
Kalvebod Brygge 1-3
DK-1560 Copenhagen V
Denmark

both as Joint Lead Managers

Legal advisor to the Company in connection with the Offering:

As to Danish law:
Kromann Reumert
Sundkrogsgade 5
DK-2100 Copenhagen Ø
Denmark

As to UK and United States law:
Allen & Overy LLP
One Bishop Square
London E1 6AD
United Kingdom

Legal advisor to the Managers in connection with the Offering:

As to Danish law:
Gorrissen Federspiel Advokatpartnerselskab
Axel Towers
Axeltorv 2
DK-1609 Copenhagen V
Denmark

As to United States law:
Davis Polk & Wardwell London LLP
5 Aldermanbury Square
London EC2V 7HR
United Kingdom

Auditors to the Company:

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Denmark

31. GLOSSARY

In the Prospectus, the following words and expression have the meanings stated below, unless the context requires otherwise.

2020 Consolidated Financial Statements	the audited consolidated financial statements of the Group for the period from 1 January 2020 to 31 December 2020 (including the related notes)
2021 Consolidated Financial Statements	the audited consolidated financial statements of the Group for the period from 1 January 2021 to 31 December 2021 (including the related notes)
2022 Consolidated Financial Statements	the audited consolidated financial statements of the Group for the period from 1 January 2022 to 31 December 2022 (including the related notes)
AC	alternating current
Allocation Time	the time at which the Pre-emptive Rights will be allocated to the Existing Shareholders which is on 13 June 2023 at 5:59 p.m. CEST
Applications	NKT's business line offering LV and MV power cables
Articles of Association	the articles of association of the Company
Board of Directors	the board of directors of the Company
Bonds	the EUR 150 million bonds issued by the Company in September 2022, which are subordinated to other creditors (hybrid capital)
BW	building wire
CBAM	EU Carbon Border Adjustment Mechanism
Chair	the chairman of the Board of Directors
Champlain Project	Champlain Hudson Power Express transmission line in the United States facilitating transmission of sustainable hydropower from Canada to New York City
Clearstream	Clearstream Banking S.A.
Commission Delegated Regulation	Commission Delegated Regulation (EU) no. 2019/980 of 14 March 2019, as amended
Company	NKT A/S, company registration (CVR) no. 62725214, Vibeholms Allé 20, DK-2605 Brøndby, Denmark
Consolidated Financial Statements	the 2020 Consolidated Financial Statements, the 2021 Consolidated Financial Statements, the 2022 Consolidated Financial Statements and the Q1 2023 Interim Consolidated Financial Statements
Danish Capital Markets Act	Consolidated Act no. 41 of 13 January 2023 on capital markets, as amended
Danish Companies Act	Consolidated Act no. 1451 of 09 November 2022 on limited liability companies, as amended
Danish FDI Decision	decision adopted by the Danish Minister for Industry, Business and Financial Affairs stating that Hamamatsu's acquisition of NKT Photonics would pose a threat to national security in Denmark
Danske Bank	Danske Bank A/S
DC	direct current
Deputy Chair	the deputy chairman of the Board of Directors

DKK	the Danish krone, the lawful currency of the Kingdom of Denmark
DIS Act	Danish Investment Screening Act (in Danish: i*nvesteringsscreeningsloven*)
DSO	distribution system operators
EEA	the European Economic Area
EU	the European Union
EUR	the euro, the lawful currency of the participating member states in the Third Stage of the European and Monetary Union of the Treaty Establishing the European Community
Euroclear	Euroclear Bank S.A./N.A.
Euronext Securities	VP Securities A/S (Euronext Securities Copenhagen), company registration (CVR) no. 21599336
Executive Management	the executive management of the Company
Existing Shareholders	any person who is registered with Euronext Securities as a shareholder of the Company Euronext Securities on 13 June 2023 at 5:59 p.m. CEST
Existing Shares	42,976,036 Shares with a nominal value of DKK 20 each issued by the Company prior to the Offering, comprising the Company's entire share capital
RCF	the Company's (and other Group companies) revolving credit facility agreement
FSMA	the United Kingdom Financial Services and Markets Act
German Corridor Projects	a series of underground electricity transmission lines which will carry power from renewable sources, such as offshore wind farms, over hundreds of kilometers as part of Germany's transition towards renewable energy
Group	the Company together with its consolidated subsidiaries
Hamamatsu	Hamamatsu Photonics K.K. and Photonics Management Europe S.R.L (a 100 percent owned subsidiary of Hamamatsu Photonics K.K.)
HV	high voltage
HVAC	high voltage alternate direct
HVDC	high voltage direct current
IFRS	International Financial Reporting Standards as adopted by the EU
ISIN	International Security Identification Number
IT	information technology
Joint Global Coordinators and Joint Bookrunners	Danske Bank, J.P. Morgan and Nordea
J.P. Morgan	J.P. Morgan SE
LMV	low and medium voltage
Long Stop Date	30 June 2023 or such later day as the Company and Hamamatsu may agree
LV	low voltage
Managers	Danske Bank, J.P. Morgan, Nordea, Nykredit and SEB
Market Abuse Regulation	Regulation (EU) no. 596/2014 the European Parliament and of the Council of 16 April 2014
MI	mass impregnated

MiFID II	EU Directive 2014/65/EU on markets in financial instruments, as amended
MiFID II Product Governance Requirements	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing procedures
MV	medium voltage
Nasdaq Copenhagen	Nasdaq Copenhagen A/S
New Shares	the new shares to be issued by the Company in the Offering
NKT	the Company together with its consolidated subsidiaries, other than NKT Photonics
NKT Photonics	NKT Photonics A/S together with its consolidated subsidiaries
NKT Photonics SPA	share sale and purchase agreement dated 24 June 2022 related to the divestment of NKT Photonics
NKT Photonics Transaction	divestment of NKT Photonics to Hamamatsu
Nordea	Nordea Danmark, filial af Nordea Bank Abp, Finland
Nykredit	Nykredit Bank A/S
Offering	the public offering of the New Shares by the Company
OEMs	original equipment manufacturers
Order 2005	UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
Pre-emptive Rights	the pre-emptive rights attached to the New Shares
Prospective Financial Information	the consolidated prospective financial information for the financial year ending 31 December 2023 as well as the medium-term financial ambitions
Prospectus	this document which has been approved by the Danish Financial Supervisory Authority
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017
Qualified Investor	a legal entity which is a qualified investor as defined in the Prospectus Regulation
QIB Letter	the United States Investor Letter enclosed hereto as Appendix 1
Q1 2023 Interim Consolidated Financial Statements	the unaudited, but reviewed, consolidated financial statements of the Group for the period from 1 January 2023 to 31 March 2023, which includes unaudited and unreviewed comparison numbers for the period from 1 January 2022 to 31 March 2022 (including the related notes)
Regulation S	Regulation S under the U.S. Securities Act
Relevant Member State	any member state of the EEA other than Denmark
Relevant Persons	persons who are investment professionals falling within Article 19(5) or (i) falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.), of the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended, (ii) are high net worth bodies corporate, unincorporated associations and partnerships and the trustee of high value trust or other persons to whom such investment or investment activity may lawfully be made available
Remaining Shares	New Shares which have not been subscribed for by holders of Pre-emptive Rights before expiry of the Subscription Period

Rights Trading Period	the period for trading of the Pre-emptive Rights commencing on 12 June 2023 at 9:00 a.m. CEST and ending on 23 June 2023 at 5:00 p.m. CEST
Rights Issue Agreement	the rights issue agreement entered into between the Company and the Joint Global Coordinators and Joint Bookrunners
R&D	research and development
SEB	Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ.), Sverige
Service & Accessories	NKT's business line offering offshore and onshore power cables and accessories across the MV and HV categories
Shares	the outstanding shares of the Company at any given time
Solutions	NKT's business line offering HV power cables
Subscription Period	the period for subscription of the New Shares commencing on 14 June 2023 at 9:00 a.m. CEST and ending on 27 June 2023 at 5:00 p.m. CEST
Subscription Price	DKK 255 per New Share
Target Market Assessment	shall have the meaning as stated in section 2.5 *Information to distributors*
TSO	transmission system operators
UK Product Governance	the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook
UK Prospectus Regulation	Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended
UK Target Market Assessment	shall have the meaning as stated in section 2.5 *Information to distributors*
U.S. Securities Act	the United States Securities Act of 1933, as amended
XLPE	cross-linked polyethylene
3CAC	3-core AC

ANNEX A - APPLICATION FORM

Only one subscription form per custody account.

Definitions used in the Prospectus also applies in this application form. Also, the restrictions related to the Offering set out in the Prospectus applies to this application form.

Subscription of Remaining Shares in the Company

Instructions on the use of Pre-emptive Rights may not be given by using this form, but by contacting the Existing Shareholder's/Qualified Investor's custodian institution or financial intermediary in the usual manner.

This application form is for the sole use of:

1. Existing Shareholders wishing to subscribe for more New Shares.
2. Qualified Investors wishing to subscribe for Remaining Shares.

To be submitted to the Existing Shareholder's or the Qualified Investors' own custodian bank for endorsement and processing.

Securities code:	New Shares	DK0062495909	Subscription price:	DKK 255
Joint Global Coordinators:	Danske Bank J.P. Morgan Nordea			
Joint Lead Managers	SEB Nykredit			
Subscription Period:	14 June 2023 – 27 June 2023 at 5:00 p.m. CEST		Expected date of official listing of New Shares:	5 July 2023
Date of payment:	3 July 2023			

Existing Shareholders and Qualified Investors wishing to subscribe for Remaining Shares must submit this application form to their own custodian institution or financial intermediary. The application form must be submitted within in appropriate time for the custodian institution or the financial intermediary to process and forward the application form, such that the application form is received by Danske Bank no later than on 27 June 2023 at 5:00 p.m. CEST.

In case of oversubscription of Remaining Shares in connection with binding undertakings, such Remaining Shares will be allocated according to apportionment keys determined by the Board of Directors.

If the subscription orders from Existing Shareholders and Qualified Investors do not exceed the number of Remaining Shares, the Company will issue the number of Remaining Shares subscribed for.

For Existing Shareholders
I/we hereby confirm that I/we am/are holder(s) of Existing Shares.
I/we hereby submit a binding order to subscribe for ___________ (whole number) Remaining Shares in the Company.

For Qualified Investors
I/we hereby confirm that I/we am/are a Qualified Investor.
I/we submit a binding order for subscription of ___________ (whole number) Remaining Shares in the Company.

Statement by Existing Shareholders and Qualified Investors
This application form is submitted on the terms and conditions set out in this Prospectus dated 8 June 2023.

I/we undertake to pay the countervalue of the shares allocated at the Subscription Price. Payment will be effected on 3 July 2023 pursuant to the contract note submitted to me/us against shares under the temporary ISIN code DK0062495909, if agreed with your custodian bank. If the number of subscription orders exceeds/does not exceed the number of shares offered, the Remaining Shares will be allocated on the terms set out in this Prospectus.

Information and signature

Name:	VP account:
Address:	Account used for settlement:
Post code and city:	Custodian bank:
Date:	I/we wish not to be listed in the Company's register of shareholders, please tick:
Telephone:	My custodian bank or financial intermediary is entitled to forward this application form to Danske Bank, please tick:

Signature:	

The Remaining Shares will be registered in the relevant Existing Shareholder's/Qualified Investor's VP account with VP Securities A/S.

Registration no.:	CD identification:
Stamp and signature:	

GDPR notice

Those who participate in the Offering will provide personal data to Danske Bank. Personal data provided to Danske Bank will be processed in data systems to the extent required to provide services and administer matters in Danske Bank. Personal data obtained from a party other than the customer to whom the processing relates may also be processed. Personal data may also be processed in data systems at companies and organizations with which Danske Bank cooperated. Information regarding the processing of personal data is provided by Danske Bank, which also accept requests for correction of personal data. Personal data may be obtained by Danske Bank in connection with settlement of the Offering in the systems of VP Securities A/S. For detailed information about Danske Bank’s handling of personal information, see www.danskebank.dk.

APPENDIX 1 - QIB LETTER

Form of QIB Letter

NKT A/S
Vibeholms Allé 20
DK-2605
Brøndby
Denmark

Ladies and Gentlemen:

In connection with the proposed offering by the Danish company NKT A/S (the **Company**) of new ordinary shares (the **New Shares**) pursuant to pre-emptive rights to subscribe for such New Shares (the **Pre-emptive Rights** and, together with the New Shares, the **Securities**), we represent, warrant, agree and acknowledge that:

1. We are, and at the time of any exercise by us of Pre-emptive Rights will be, a "qualified institutional buyer" (a **QIB**) within the meaning of Rule 144A (**Rule 144A**) under the U.S. Securities Act of 1933, as amended (the **Securities Act**).

2. We understand and acknowledge that neither the New Shares nor the Pre-emptive Rights have been or will be registered under the Securities Act or with any state or other jurisdiction of the United States, and that they may not be offered, sold or exercised, directly or indirectly, in the United States, other than in accordance with paragraph 4 below and that the New Shares will be "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

3. As a subscriber in a private placement of New Shares, we are subscribing for New Shares upon the exercise of Pre-emptive Rights for our own account, or for the account of one or more other QIBs for which we are acting as duly authorized fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations, warranties, undertakings and agreements herein on behalf of each such account, in each case for investment purposes and not with a view to any resale or distribution (within the meaning of the U.S. securities laws) of any such New Shares.

4. We understand and agree that, although offers and sales of New Shares are being made only to QIBs, and that the Pre-emptive Rights may be exercised only by QIBs, neither such offers and sales nor such exercises are being made under Rule 144A, and that if in the future we or any other such QIB for which we are acting, as described in paragraph 3 above, or any other fiduciary or agent representing such investor decide to offer, sell, transfer, assign, pledge or otherwise dispose of any New Shares, we and it will do so only (i) pursuant to an effective registration statement under the Securities Act, (ii) to a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**) in an "offshore transaction" (and not in a pre-arranged transaction resulting in the resale of such New Shares into the United States) or (iv) otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. We also undertake to notify such subsequent transferee of the transfer restrictions set out in this letter.

5. We understand that the New Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and that no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for the resale of the New Shares. We agree that for so long as the New Shares are "restricted securities" (as so defined), they may not be deposited into any American depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that such New Shares will not settle or trade through the facilities of the Depository Trust Company (DTC), the New York Stock Exchange (NYSE), or any other U.S. exchange or clearing system.

6. We have received a copy of the Prospectus, dated 8 June 2023 (the **Prospectus**) and have had access to such financial and other information concerning the Company as we have deemed necessary in connection with making our own investment decision to exercise Pre-emptive Rights. We acknowledge that neither the Company nor any person acting as an agent for or representing the Company has made any representation to us with respect to the Company or the offering or issuance of New Shares or exercise of any Pre-emptive Rights other than as set forth herein or in the Prospectus which has been delivered to us, and upon which we are relying solely in making our investment decision with respect to such New Shares. We have held and will hold any offering materials, including the Prospectus, we receive directly or indirectly from the Company in confidence, and we understand that any such information received by us is solely for us and not to be redistributed or duplicated by us. We understand that the Prospectus has been prepared in accordance with Danish law and practice and does not comply with the requirements of the Securities Act and the U.S. Securities Exchange Act of 1934, as amended (the **U.S. Exchange Act**), or rules promulgated thereunder, and that the level of disclosure is different from that used in U.S. domestic securities offerings. We acknowledge that the Company is not a reporting company under the U.S. Exchange Act.

7. We acknowledge that any information regarding the Company which we may access, including the Prospectus (the **Company Information**) speaks only as of the date of its public release, that it may not be complete or correct as of any time after that date, and that none of Danske Bank A/S, J.P. Morgan SE, Nordea Danmark, filial af Nordea Bank Abp, Finland, Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ), Sverige and Nykredit Bank A/S (together, the **Banks**) has made any representations, express or implied, to us with respect to the Company, the Securities or the accuracy, completeness or adequacy of any financial or other information concerning the Company and the Securities. We acknowledge that we have not relied on any information contained in any research reports prepared by the Banks or any of their respective affiliates.

8. We will not hold the Banks or any of their respective affiliates responsible for any misstatements in, or omissions from, any publicly available information, including the Company Information and, except in the case of their own fraudulent misrepresentation, the Banks shall have no liability for any other representations (express or implied) in, or for any omissions from, any other written or oral communication transmitted to us in the course of our evaluation of the New Shares. The Banks have no obligation to update the Company Information or any publicly available information concerning the Company, or to correct any inaccuracies therein or omissions therefrom, even where a Bank is aware of such inaccuracies or omissions.

9. The New Shares are listed on Nasdaq Copenhagen A/S (the **Stock Exchange**), and the Company is therefore required to publish or make publicly available certain business and financial information in accordance with the rules and practices of the Stock Exchange, and we are able to obtain or access such information without undue difficulty. We understand (i) that the Company's corporate disclosure may differ from the disclosure made available by similar companies in the United States; (ii) that publicly available information about issuers of securities admitted to trading on the Stock Exchange differs from and, in certain respects, is less detailed than the information that is regularly published by or about listed companies in the United States; and (iii) regulations governing the Stock Exchange may not be as extensive as those governing the U.S. securities markets.

10. We have made our own independent investigation and appraisal of the business, results, financial condition, prospects, creditworthiness, status and affairs of the Company and have made our own investment decision with respect to the New Shares solely on the basis of such independent investigation and appraisal. We understand that there may be certain consequences under U.S. and other tax laws resulting from an investment in the New Shares, and we will make such investigation and consult such tax and other advisors with respect thereto as we deem appropriate.

11. We, and each other QIB, if any, for whose account we are acquiring New Shares, in the normal course of business, invest in or purchase securities similar to the New Shares, and we have (i) such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of transacting in and purchasing any of the New Shares, (ii) received and reviewed all information that we believe is necessary or appropriate in connection with our purchase of the New Shares, (iii) made our own assessment

and have satisfied ourselves concerning the relevant tax, legal, currency and other economic considerations relevant to our investment in the New Shares, (iv) are aware that we must bear the economic risk of an investment in any of the New Shares for an indefinite period of time and (v) are able to bear such risk, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in the New Shares, are able to sustain a complete loss of our investment in the New Shares and are aware that there is a substantial risk incident to the purchase thereof, and we will not look to the Banks for all or part of any such loss or losses we may suffer.

12. We understand and acknowledge that the Company shall have no obligation to recognize any offer, sale, pledge or other transfer made other than in compliance with the restrictions on transfer set forth and described herein and that the Company may make notation on its records or give instructions to any transfer agent of the New Shares in order to implement such restrictions.

13. We are not purchasing the New Shares as a result of any "general solicitation or general advertising" (within the meaning of Rule 502(c) under the Securities Act) or any "directed selling efforts" (as defined in Regulation S).

14. The Banks are not providing any service to us, making any recommendations to us, advising us regarding the suitability of any transactions we may enter into to buy any New Shares, nor providing advice to us in relation to the Securities or the Company.

15. We understand that the foregoing representations, warranties, agreements, undertakings and acknowledgements are required in connection with United States and other securities laws and that the Company, its affiliates, the Banks and their respective affiliates, and others are entitled to rely upon the truth and accuracy of and its compliance with the representations, warranties, agreements, undertakings and acknowledgements contained herein. We agree that if any of the representations, warranties, agreements, undertakings and acknowledgements made herein are no longer accurate or have not been complied with, we will promptly notify the Company. All representations, warranties, agreements and acknowledgements we have made in this letter shall survive the execution and delivery hereof.

16. We confirm that, to the extent we are purchasing any New Shares for the account of one or more other persons, (a) we have been duly authorized to sign this letter and make the representations, warranties, agreements, undertakings and acknowledgements set forth herein on their behalf and (b) the provisions of this letter constitute legal, valid and binding obligations of us and any other person for whose account we are acting).

17. We irrevocably authorize the Company and any person acting on its behalf to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings, dispute or official inquiry with respect to the matters covered hereby.

18. We understand that if we subscribe for New Shares and fail to return an executed copy of this letter, we will be deemed to have made for the benefit of the Company, the Banks and their respective affiliates all such representations, warranties and covenants contained herein.

Terms used herein but not otherwise defined have the meanings given to them by Regulation S.

THIS LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Yours truly,

[Name of Qualified Institutional Buyer in the United States]

_________________________ _________________________

By: Date

_________________________ _________________________

Title Telephone Number

Organization address: _________________________

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[Please use **BLACK INK** and print in **BLOCK CAPITALS**]