



Remuneration Report 2022

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1. Introduction

Dear Reader,

We are happy to share the 2022 NKT Remuneration Report. With this report, we are providing insight into the remuneration outcomes for 2022 to comply with governance requirements and provide a better understanding of and transparency into our Executive Remuneration practices. The report will be presented for an advisory vote at the Annual General Meeting in March 2023. The 2021 remuneration report received 95.8% approval and we consider this to represent strong backing of our remuneration practices and efforts to align shareholder interests and incentive outcomes.

2022 has been another eventful year for NKT with improved financial results driven by increased activity across the business, cost structure improvements and efficiency gains. Furthermore, NKT continues to contribute to the transition to renewable energy sources having signed a turnkey contract for Champlain Hudson Power Express project in the United States and for receiving an order for a second system of SuedOstLink.

The focus of the Committee for 2022 has been on offering fair and attractive remuneration to executives who will continue to drive sustainable financial performance of NKT and to position us for market opportunities driven by the green transformation. Furthermore, in 2022 there has been focus on ensuring that our variable remuneration provide pay for performance and reflect the business performance duly.

For this report, Executive Management refers to the executives registered as managers of the Company with the Danish Business Authority as executive officers of NKT (CEO Alexander Kara and CFO Line Andrea Fandrup).

Finally, there were no terminations in 2022 within Executive Management and therefore no need to use any claw back or malus clauses as outlined in our remuneration policy.

The Work of the Remuneration Committee

The work of the Remuneration Committee and our governance is set out in the Terms of Reference for the Committee and follows an annual plan. In 2022, the committee held five meetings, focusing on overall supervision of remuneration practices for Executive Management as well as ensuring good alignment between the principles of the Remuneration Policy with the company wide practices related to compensation of employees.

The work of the Remuneration Committee is based on a set of core principles as set out by the Remuneration Committee and approved by the Board of Directors. These include focusing on:

- Retaining executives who are key to value creation
- Creating close ties between remuneration and our strategy by applying long-term financial and non-financial performance measures to incentive programs

- Remaining aware of the sensitivity surrounding executive pay issues in the Danish as well as international environment.

The NKT Remuneration Committee is also responsible for drafting the remuneration policy for the Board of Directors and the Executive Management of NKT; for making proposals on changes to the remuneration policy, and for obtaining the approval of the draft from Board of Directors prior to seeking shareholders' approval at the Annual General Assembly.

The NKT Remuneration Policy was approved by shareholders at the 2021 Annual General Meeting and will remain in effect until 2025 unless material changes are proposed by the Board of Directors for shareholders to approve. The approved policy ensures alignment with evolving market norms for remuneration in an international company and ensured compliance with the EU Shareholder Rights Directive and Danish Companies Act.

Yours sincerely,

Andreas Nauen

Chair of the Remuneration Committee



2. Remuneration of the Board of Directors

The fees paid to the Board of Directors were evaluated in 2021 and a proposal to increase the fees was adopted at the Annual General Meeting in March 2022. The fees paid in 2022 therefore reflected this approval granted by our shareholders.

Members of the Board of Directors are not eligible to participate in short- or long-term incentive plans. Expenses such as travel and accommodation for board meetings as well as other relevant expenses are reimbursed.

Remuneration to Board members – 2022

Amounts in EURt	Base remuneration	Audit Committee	Nomination Committee	Remuneration Committee	ESG Committee	NKT Photonics	Total remuneration
Jens Due Olsen, Chairman	144						144
René Svendsen-Tune, Deputy Chairman	96		13			12	121
Jens Maaløe	48		8	11		14	81
Jutta af Rosenborg*	10	7		3			20
Karla Lindahl	48	16					64
Andreas Nauen	48	25	3	19			95
Nebahat Albayrak**	38				13		51
Stig Nissen Knudsen***	48						48
Christian Dyhr****	38						38
Pernille Blume Simonsen***	38						38
René Dogan****	10						10
Pia Kaaber Bossen****	10						10
Total remuneration 2022	576	48	24	33	13	26	720

* Resigned from the Board of Directors in March 2022

** Nominated to the Board of Directors in March 2022

*** Elected by employees to the Board of Directors in March 2022

**** Elected by employees to the Board of Directors in 2021 and resigned in March 2022

Remuneration to Board members – last four years

Amounts in EURt	2019	2020	2021	2022
Jens Due Olsen, Chairman	120	120	120	144
René Svendsen-Tune, Deputy Chairman	80	80	88	121
Jens Maaløe	80	84	77	81
Andreas Nauen	45	47	53	95
Jutta af Rosenborg*	80	80	80	20
Lars Sandahl Sørensen	53	25	-	-
Peter Wennevold	40	-	-	-
Karla Lindahl	-	29	53	64
Nebahat Albayrak**	-	-	-	51
Thomas Torp Hansen	-	40	20	-
Stig Nissen Knudsen***	40	40	40	48
Jack Ejlersen	40	40	-	-
René Dogan****	-	-	40	10
Pia Kaaber Bossen****	-	-	20	10
Pernille Blume Simonsen***	-	-	-	38
Christian Dyhr****	-	-	-	38
Total remuneration	578	585	591	720

* Resigned from the Board of Directors in March 2022

** Nominated to the Board of Directors in March 2022

*** Elected by employees to the Board of Directors in March 2022

**** Elected by employees to the Board of Directors in 2021 and resigned in March 2022

Board of Directors – Shares

At year-end 2022 the number of shares held by the Board of Directors was 54,889 amounting to a total market value of EURt 2,891 based on a year-end share price of DKK 391.4.

Number of shares held by Board of Directors

Name	Number of shares ultimo 2021	Net change	Number of shares ultimo 2022
Jens Due Olsen	48,941	-	48,941
René Svendsen-Tune	5,333	-	5,333
Jens Maaløe	515	-	515
Andreas Nauen	-	-	-
Nebahat Albayrak	-	-	-
Karla Lindahl	-	-	-
Jutta af Rosenborg	-	-	-
Stig Nissen Knudsen*	100	-	100
Christian Dyhr*	-	-	-
Pernille Blume Simonsen*	-	-	-
René Dogan*	-	-	-
Pia Kaaber Bossen*	-	-	-
Total	54,889	-	54,889

* Employee elected board members

3. Remuneration of Executive Management

The remuneration of Executive Management is reviewed yearly and the components which form part of the remuneration packages, and all material adjustments thereof, are approved by the Board of Directors based on discussions and recommendations by the Remuneration Committee. Based on the parameters set in the remuneration policy, the Board of Directors also approves the basis for calculating and granting any share-based incentive plans.

Composition of remuneration

Executive Management's remuneration for 2022 consists of a fixed base salary and other customary benefits such as phone, health insurance, pension and a company car. The remuneration further includes variable remuneration elements such as short-term incentives in the form of a bonus program and long-term incentives in the form of a Performance Share Program (PSP).

Below the distribution of variable and fixed remuneration elements (i.e., the pay-mix) is

illustrated as a result of actual 2022 pay-outs as well as the pay-mix at the theoretical target level of compensation.

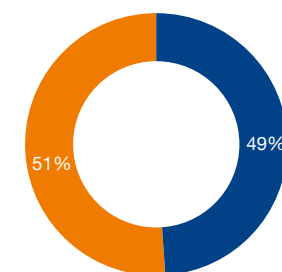
NKT aims to have a market conform practice with a noticeable amount of variable compensation for its executives. As below figures illustrate, the actual 2022 pay-mix has more weight on the variable components than the theoretical target since bonus pay-outs overall have been in the upper end of the range.

Overview of 2022 Executive Remuneration

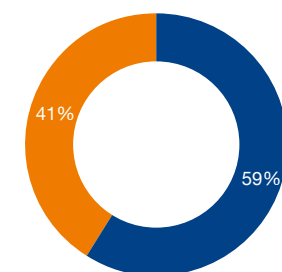
EURt	Base Salary	Bonus	Pension	Value of benefits	Value of PSPs at award*	Total
Alexander Kara, CEO	968.0	856.6	-	95.0	387.2	2,306.8
Line Andrea Fandrup, CFO	500.6	296.4	75.0	19.4	166.9	1,058.3
Total Executive Remuneration	1,468.6	1,153.0	75.0	114.4	554.1	3,365.1

* Value of PSPs at award is defined as the expected value of PSUs at target performance level and is calculated as granted fair value at the point of award based on an award percentage of the base salary for 2022.

Share of fixed and variable remuneration elements – 2022 Actual Pay-Out



Share of fixed and variable remuneration elements – Theoretical target level



■ Fixed remuneration elements
■ Variable remuneration elements

* Distribution of total remuneration sum of Executive Management. Fixed remuneration components: base salary, pension and benefits. Variable remuneration components: bonus and value of LTI awards.

Base salary adjustment of NKT executives

To ensure retention and long-term stability, NKT seeks to compensate its executives in a competitive manner compared to relevant external benchmarks. The companies in the benchmark group represent both competitors, the energy industry overall as well as other similar sized European manufacturing companies. The individual base salaries consider market remuneration levels as well as the executives' skills and experience. In addition, base salary is always considered in the context of the executive's total remuneration.

The Board of Directors is aware of the importance and impact of Executive Management in driving sustainable financial performance and therefore strives to ensure fixed remuneration for Executive Management remains competitive to benchmark groups accordingly (subject to continued high performance). On this basis CEO Alexander Kara and CFO Line Fandrup were

granted base salary adjustments of 8% and 15% respectively in 2022 to ensure market alignment.

Benefits and pensions according to local standards

NKT benefits follow a country-specific norm where individuals are covered by pension schemes and car policies which conform with local country practices. NKT regularly reviews its benefit levels to ensure that these are market conforming and competitive in the local setting.

There have been no changes to pension schemes during 2022 impacting the remuneration level of NKT executives. Specific values for pension and benefits are listed in table showing the 3-year overview of remuneration on page 9.

Short-term incentives: 2022 NKT Global Bonus Program structure and results

Pay for performance is a key element of the overall remuneration strategy for NKT and there-

fore our executives are also rewarded based on short-term performance. This bonus scheme, called the NKT Global Bonus Program, is aligned in structure with the bonus schemes for our mid-level manager and specialists through-out NKT.

The Global Bonus Program represents a balanced approach to incentives and rewards. It typically includes KPIs related to NKT's overall financial results, results of individual business lines as well as individual goals. For NKT executives the primary KPIs are related to overall financial indicators as well as business performance KPIs with only limited inclusion of individual KPIs requiring discretionary judgement. Typical individual KPIs are related to specific sales targets, productivity KPIs or concrete business achievements. However, a few individual KPIs relate to more long-term business development, specific organizational topics or key focus areas such as people, talents and competencies.

Each year the structure, weighting and KPIs of the bonus scheme are adjusted towards the intended focus areas for NKT executives for the specific year. Given the current focus of the NKT business, for the 2022 bonus scheme it was decided to focus on Group Revenue & Group EBITDA to support the continued improvement in NKT financials and build the foundation for executing on our order backlog. The individual KPIs included stretch targets on ESG metrics to support our sustainability agenda and commitment to reach our Science Based Targets. More specifically the individual KPIs included targets related to Safety, Diversity & Inclusion and CO₂ reduction to support our commitment to reach net zero.

The table below summarizes maximum bonus opportunity and the weighing of the different bonus elements.

Max Bonus and Weight of Bonus Elements

	Max. Bonus*	Group EBITDA	Group Revenue	Individual KPIs	Total
Alexander Kara, CEO	90%	48%	32%	20%	100%
Line Andrea Fandrup, CFO	60%	48%	32%	20%	100%

* Maximum bonus opportunity in percent of base salary

Based on the 2022 financial results, the bonus scheme achieved a pay-out in the upper range. Group Revenue reached 100% whereas Group EBITDA reached 97% and individual KPIs varied between 0-100% achievement.

In the table below, the achievement on bonus KPIs is summarized.

Long-term incentives: 2022 NKT Performance Share Program awarded to ensure long-term retention

During 2022, NKT continued the Performance Share Program, which was first introduced during 2018.

The Performance Share Plan is structured as a conditional right for participants to receive shares after a three-year performance period at nil payment.

For 2022, the performance share awards were made to select individuals in line with the award level permitted under the policy. The performance shares will vest subject to continuous service and the achievement of performance KPIs over three years as described below.

The tables below summarize the number and grant value awards as well as the expensed accounting value of the 2022 Performance Share Plan.

Achievement, 0-100% scale	Group EBITDA	Group Revenue	Individual KPIs	Total Achievements
Alexander Kara, CEO	98%	100%	96%	98%
Line Andrea Fandrup, CFO	98%	100%	98%	99%

2022 Performance Share Plan – Performance KPIs

Measure	Weight	Target
Operational EBITDA	50%	EBITDA reported at the end of the three-year performance period, 31 December 2024
Absolute Total Shareholder Return (TSR)	50%	TSR performance in the three years to 31 December 2024, but based on 10 days after the publication of the annual report in the year of award to the same 10th day in the year of vesting

2022 Performance Share Plan Awards – Number and grant value of award

EURt	Number of PSUs	Expected value of PSUs at target performance level*	Maximum value if all PSUs vest (share price equal to award date)**
Alexander Kara, CEO	21.3	387.2	774.4
Line Andrea Fandrup, CFO	9.2	166.9	333.8

* Expected value of PSUs at target performance level is calculated as granted fair value at the point of award based on an award percentage of the base salary for 2022.

** Maximum value if all PSUs vest is calculated as the maximum possible value if all performance criteria are achieved in full using the share price equal to the share price at the award date (DKK 269.88).

2022 was the fifth year that performance shares were awarded, and the performance period for the 2020 program ended at the end of the financial year 2022 with vesting on both EBITDA and TSR performance targets. EBITDA achievement was 100% and TSR reached 100% achievement.

Finally, no cases of malus or claw back has occurred during 2022.

Executive Management – Shares

At year-end 2022 the number of shares held by Executive Management was 30,603 amounting to a total market value of EURt 1,612 based on a year-end share price of DKK 391.4.

Total Remuneration of Executive Management

Total remuneration for the Executive Management is shown below and three years' data is provided.

The notice periods of Executive Management are set to ensure that NKT will be able to follow the recommendation on good corporate governance. Currently notice periods vary between 12 to 18 months for the company and a 9 months' notice for Executive Management. Furthermore should the CEO die during the term of employment, his family entitled to remuneration of a year of fixed salary.

All Performance Share Plans – Expensed accounting value

EURt	2020	2021	2022
Alexander Kara, CEO	56.9	415.6	846.3
Line Andrea Fandrup, CFO	6.4	62.9	192.8

Number of shares held by Executive Management

Name	Number of shares ultimo 2021	Net change	Number of shares ultimo 2022
Alexander Kara	20,017	10,586	30,603
Line Andrea Fandrup	-	-	-
Total	20,017	10,586	30,603

Remuneration to Executive Management – last four years

EURt	Alexander Kara*				Line Andrea Fandrup**				Roland M. Andersen***			
	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
Salary	332.8	805.2	896.0	968.0	-	164.4	404.0	500.6	796.3	239.7	-	-
Bonus	99.8	563.6	801.3	856.6	-	97.2	242.4	296.4	142.9	420.1	-	-
Sign-on / Extraordinary		80.5	64.5	-	-	10.0	10.0	-	-	-	-	-
Pension		-	-	-	-	22.6	60.6	75.0	71.4	36.0	-	-
Value of benefits	71.0	99.5	95.0	95.0	-	7.7	18.6	19.4	26.4	12.9	-	-
Total excluding LTI	503.6	1,548.8	1,856.8	1,919.6	-	301.9	735.6	891.4	1,037.0	-	-	-
Long Term Incentives	116.5	281.8	358.4	387.2	-	37.7	101.0	166.9	119.1	-	-	-
Total remuneration	620.1	1,830.6	2,215.2	2,306.8	-	339.6	836.6	1,058.3	1,156.1	708.7	-	-

* Appointed CEO during 2019. 2019 Remuneration represents prorated amount for Aug-Dec 2019. Extra-ordinary bonuses for 2020 & 2021 included an obligation for the CEO to purchase NKT shares for the equivalent amount less applicable taxes

** Appointed CFO during 2020, hence no historical data included. 2020 Remuneration represents prorated amount for Aug-Dec 2020. 2021 bonus Remuneration includes extra-ordinary bonus to compensate CFO for the loss of incentive remuneration from former employer of EURt 20

*** 2019 included special allowance for interim CEO responsibility from January to August, exit from NKT in June 2020

Annual changes in remuneration

The development in the remuneration of the Board and Executive Management over the past financial year is summarized in the table below.

	Change in total remuneration incl bonus & value of shares		
	2022 vs 2021	2021 vs 2020	2020 vs 2019
Alexander Kara, CEO	4.1%	21.6%	35.6%
Line Andrea Fandrup, CFO	26.5%	13.8%	-
Fixed fee to Board of Directors	25%	0%	0%

* Comparative calculation made on an annualized basis

	Revenue (Std. metal prices)		
	2022 vs 2021	2021 vs 2020	2020 vs 2019
NKT Group*	18.4%	16.2%	13.3%

* NKT Group consists of two standalone companies NKT & NKT Photonics and provides most relevant basis for comparison

	Operational EBITDA		
	2022 vs 2021	2021 vs 2020	2020 vs 2019
NKT Group*	39.1%	133.7%	99.7%

* NKT Group consists of two standalone companies NKT & NKT Photonics and provides most relevant basis for comparison

	Change in total remuneration incl bonus & value of shares		
	2022 vs 2021	2021 vs 2020	2020 vs 2019
Average FTE remuneration in NKT Cables Group A/S (excl GLT)*	5.1%	5.1%	10%

* The listed company NKT A/S (the parent) has no employees, instead the subsidiary NKT Cables Group A/S with 80 FTE used for comparison

The pay mix for the NKT CEO & CFO is the primary driver for the difference between the CEO/CFO increase vs NKT Group whereby the CEO & CFO have a higher amount of variable pay. 2022 yielded upper end pay outs on variable components which is reflected accordingly.

4. Statement by the Board of Directors

The Board of Directors has today considered and adopted the remuneration report of NKT A/S for the financial year 1 January - 31 December 2022.

The remuneration report has been prepared in accordance with section 139b of the Danish Companies Act.

In our opinion, the remuneration report is in accordance with the remuneration policy adopted at the Annual General Meeting, and is free from material misstatement and omissions, whether due to fraud or error.

The remuneration report will be presented for an advisory vote at the Annual General Meeting.

Brøndby, 22 February 2023

Board of Directors

Jens Due Olsen
(Chairman)

René Svendsen-Tune
(Vice-chairman)

Karla Lindahl

Pia Kaaber Bossen

Stig Nissen Knudsen

René Dogan

Jens Maaløe

Andreas Nauen

Nebahat Albayrak

5. Independent Auditor's Report

To the shareholders of NKT A/S

We have examined whether the remuneration report for NKT A/S for the financial year 1 January - 31 December 2022 contains the information required by section 139b(3) of the Danish Companies Act.

We express a conclusion providing reasonable assurance.

The Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the remuneration report in accordance with section 139b(3) of the Danish Companies Act and the remuneration policy adopted at the Annual General Meeting.

Further, the Board of Directors is responsible for the internal control that the Board of Directors considers necessary to prepare the remuneration report without material misstatement and omissions, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the remuneration report based on our examinations.

We conducted our examinations in accordance with ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial

Information, and additional requirements under Danish audit regulation to obtain reasonable assurance about our conclusion.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and statutory requirements.

We have complied with the requirements for independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

As part of our examinations, we have checked whether the remuneration report, to the extent relevant, includes the information required by section 139b(3), items 1-6, of the Danish Companies Act for the remuneration of each member of the Executive Management and the Board of Directors.

We believe that the procedures performed provide a sufficient basis for our conclusion.

Our examinations have not included an examination to verify the accuracy and completeness of the information provided in the remuneration report, and therefore we do not express any conclusion in this regard.

Conclusion

In our opinion the remuneration report contains, in all material respects, the information required by section 139b(3) of the Danish Companies Act.

Copenhagen, 22 February 2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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State Authorised Public Accountant
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NKT is signatory to:



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



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



Europacable Industry Charter.
A commitment towards
superior quality.