

Company Announcement

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Announcement No. 8

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NKT A/S seeks to strengthen its capital base

The Board of Directors (the **Board**) of NKT A/S (**NKT** or the **Company**) has resolved to seek to strengthen the Company's capital base. This follows the initiation of a capital structure review, cf. Company Announcement no. 6 of 5 May 2020.

The Board has concluded the review and now seeks to strengthen the Company's financial position based on the following:

Need to strengthen financial foundation to execute on high-voltage order backlog and positive market outlook with growing project complexity and magnitude

The recent EUR 500m award for the SuedOstLink project in Germany, which is the largest high-voltage DC order ever for NKT, is an important testament to NKT's technological capabilities. At end-2019, NKT's high-voltage order backlog was at an all-time high of EUR 1.37bn and was improved further by this award.

The order also confirms the opportunities in the high-voltage power cable market driven by the continued green transformation of societies. In the coming years, the high-voltage power cable market is expected to see growing scale in terms of complexity and magnitude of the projects, which requires that NKT obtains a stronger financial foundation.

Coronavirus pandemic impact on NKT Photonics financial performance

As stated in NKT's Interim Report Q1 2020, NKT Photonics was negatively impacted by the coronavirus pandemic in Q1 2020 and also into Q2 2020. The 2020 financial outlook for NKT Photonics was withdrawn until better visibility in the markets can be established. On that background the Board deems that the strategic review of NKT Photonics cannot be concluded in the near future due to the market uncertainties and with respect to maximize value creation.

Sustainable capital structure

The coronavirus pandemic has had limited impact on the financial performance of the Company's power cables business. The Board, however, finds it prudent to

strengthen the capital base as this will allow NKT to be prepared for potential uncertainty due to the current pandemic situation by establishing a sustainable capital structure. It is noted that NKT has no imminent debt maturities and an overall stable liquidity situation.

Accordingly, and as a first step, the Board will immediately after this release announce the launch of an offering of new shares in a directed issue and private placement without pre-emptive rights for existing shareholders. The offering will be executed through an accelerated book-building process and will consist of a maximum number of 4,951,106 new shares, representing 18.15 per cent of NKT's currently registered share capital. Danske Bank A/S and J.P. Morgan Securities plc are acting as Joint Global Coordinators and Joint Bookrunners in connection with the offering.

Subsequently to the completion of such offering, the Board will ask the General Meeting of NKT for renewed authorizations to issue new shares and convertible instruments as set out below. If granted by the General Meeting, the Board intends, subject to prevailing market conditions and other factors, to utilize the authorization to issue shares at market price without pre-emptive rights for the current shareholders (see (b) below) and potentially also the authorization to issue convertible instruments (see (c) below) before end-2020.

Authorizations to issue further shares or convertible instruments

The Board will, when calling for the Annual General Meeting that has been postponed due to current coronavirus pandemic preventive measures in Denmark, propose that it becomes authorized to do further issuance of shares and convertible instruments with and without pre-emptive rights for the shareholders.

The contemplated authorizations of the Board to be presented to the General Meeting reflect a volatile financial market environment and are generally in line with the Board's current authorizations as previously approved by the General Meeting with certain updates:

- a) An authorization whereby the share capital may, by resolution of the Board, be increased by a maximum amount of DKK 256,000,000 (12,800,000 shares of DKK 20 each) through one or more issues of new shares. This authorisation shall be valid until the Annual General Meeting in 2025. The increase may be carried out through the issue of shares for cash consideration, conversion of debt or payment in other values than cash. The capital increase shall be carried out through the issue of shares giving existing shareholders pre-emptive rights.
- b) An authorization whereby the share capital may, by resolution of the Board, be increased by a maximum amount of DKK 128,000,000 (6,400,000 shares of DKK 20 each) at market price through one or more issues of new shares. This authorisation shall be valid until the Annual General Meeting in 2025. The increase may be carried out through the issue of shares for cash consideration, conversion of debt or payment in other values than cash. The capital increase shall be carried out through the issue of shares without giving existing shareholders pre-emptive rights.
- c) An authorization whereby the Company may, by resolution of the Board, by one or more issues raise loans against bonds or other financial instruments with a right for the lender to convert his claim to a nominal amount of DKK 128,000,000 (6,400,000 shares of nominal DKK 20 each) as a maximum (convertible loans). This authorisation shall be valid until the Annual General Meeting in 2025.

Furthermore, the Board will propose to the General Meeting that articles 3.A.8 and 3.D of the Articles of Association are amended to the effect that proposed authorizations referred to in (a), (b) and (c) above can, subject to the limitations set forth therein, be utilised to increase

the share capital by an aggregate total maximum nominal amount of DKK 256,000,000 whereas no separate aggregation of the authorizations set out in (b) and (c) above will apply.

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