

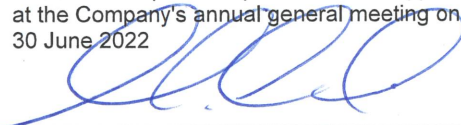
NKT Cables Group A/S

DK-Vibeholms Allé 20
2605 Brøndby

CVR no. 15 51 58 72

Annual report 2021

The annual report was presented and approved
at the Company's annual general meeting on
30 June 2022



Mark Skriver Nielsen
Chairman

NKT Cables Group A/S
Annual report 2021
CVR no. 15 51 58 72

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial highlights	6
Operating review	7
Financial statements 1 January – 31 December	9
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Notes to the financial statements	13

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of NKT Cables Group A/S for the financial year 1 January – 31 December 2021.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend the annual report to be approved at the annual general meeting.

Brøndby, 30 June 2022
Executive Board:



Line Andrea Fandrup
Director



Mark Skriver Nielsen
Director

Board of Directors:

Alexander Lothar Kara
Chairman

Anders Steffen Jensen



Line Andrea Fandrup

NKT Cables Group A/S
Annual report 2021
CVR no. 15 51 58 72

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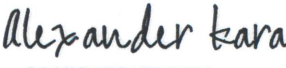
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Brøndby, 30 June 2022
Executive Board:

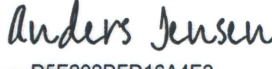
Line Andrea Fandrup
Director

Mark Skriver Nielsen
Director

Board of Directors:

DocuSigned by:


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Alexander Lothar Kara
Chairman

DocuSigned by:


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Anders Steffen Jensen

Line Andrea Fandrup

Independent auditor's report

To the shareholder of NKT Cables Group A/S

Opinion

We have audited the financial statements of NKT Cables Group A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity, and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

Independent auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Brøndby, 30 June 2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556



Kirsten Aaskov Mikkelsen
State Authorised Public Accountant
mne21358

NKT Cables Group A/S
Annual report 2021
CVR no. 15 51 58 72

Management's review

Company details

NKT Cables Group A/S
Vibeholms Allé 20
2605 Brøndby
Denmark

Telephone: +45 4348 2000
Fax: +45 4396 1820
Website: www.nktcables.com
E-mail: nktcables@nktcables.com

CVR no.: 15 51 58 72
Established: 1 October 1991
Registered office: Brøndby
Financial year: 1 January – 31 December

Board of Directors

Alexander Lothar Kara, Chairman
Anders Steffen Jensen
Line Andrea Fandrup

Executive Board

Line Andrea Fandrup, Director
Mark Skriver Nielsen, Director

Auditor

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen S
CVR no. 33 96 35 56

Management's review

Financial highlights

EUR'000	2021	2020	2019	2018	2017
Key figures					
Gross profit/loss	15,648	9,622	12,017	6,501	-15,450
Ordinary operating loss	-4,839	-10,212	-7,122	-8,181	-24,935
Loss from financial income and expenses	-17,986	-16,032	-4,000	-2,049	-4,285
Loss for the year	-17,033	-21,043	-8,695	-7,902	-38,011
Total assets	1,172,922	526,960	774,504	803,497	781,157
Equity	153,885	169,390	190,433	199,128	207,030
Investment in property, plant and equipment	0	0	7	293	718
Ratios					
Return on invested capital	-0.41%	-1.60%	-0.92%	-1.00%	-3.20%
Current ratio	25.42%	-20.40%	2.91%	7.60%	4.30%
Return on equity	-10.54%	-11.70%	-4.46%	-3.89%	-16.81%

The financial ratios have been calculated as follows:

Return on invested capital	$\frac{\text{Operating profit/loss}}{\text{Total assets}}$
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax}}{\text{Average equity}}$

Management's review

Operating review

Principal activities

NKT Cables Group A/S serves as holding company for the Group's activities and undertakes the tasks related thereto.

Uncertainty regarding recognition and measurement

There has been no uncertainty in recognition and measurement in the annual report.

Unusual circumstances

The Company's assets, liabilities and financial position at 31 December 2021 as well as the results of the Company's activities and cash flows for the year 2021 have not been affected by any unusual events. Covid-19 has not had a significant impact on the activities of the Company.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Development in activities and financial position

The Company's income statement for 2021 shows a loss of EUR 17,033 thousand against EUR 21,043 thousand in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at EUR 153,885 thousand as against EUR 169,390 thousand at 31 December 2020. The result for the year was in line with the expectation.

Capital resources

The most significant transaction was a sale of a company from one of the subsidiaries to be owned directly by NKT Cables Group A/S directly, and the payable as per end of 2021 has been settled in 2022.

Outlook

As the transition to renewable energy gains pace globally, NKT expects the need for reliable high-quality power transmission systems to continue increasing. Several countries both inside and outside Europe have launched carbon reduction initiatives, including introducing more offshore wind into the power mix. Entering 2022, progress continues on several tenders across market segments and geographies.

While the timing of future project awards is subject to uncertainty, particularly in the interconnector market, the prospective order awards are expected to continuously improve the supply and demand situation for power cable manufacturers in the years ahead.

Management's review

Operating review

Intellectual capital

It is essential for NKT Cables Group A/S' continued growth to retain and develop employees; therefore, significant resources are allocated to these efforts. To ensure competitiveness and efficiency, new technology investments are made continuously alongside continued competence development.

Environmental matters

The company is committed to supporting the environment through sustainable business processes rooted in the business code of conduct. In 2021, the corporate sustainability journey continued with initiatives minimizing the environmental impact of its operations, driving a safety culture and promoting diversity and inclusion.

Branches

NKT (UK) Ltd is controlled and consolidated by the Group, where the Directors have relied on the exemption from audit of the financial statements for the year ended 31 December 2021. This exemption is in accordance with section 479A of the Companies Act.

Financial instruments

The Company's goals and policies for management of financial risks

The goal for risk management is to identify, assess and prioritize risks followed by suitable reactions that mitigate, reduce or control the impact of unfortunate events. At NKT Cables Group A/S, risk management is a value-adding tool to raise awareness of risks and to focus on steering the business in the best way on a day-to-day basis and in line with strategy.

At NKT Cables Group A/S, the main revenue streams originate from separate markets with independent market dynamics. This provides a natural risk diversification. The Projects segment – driven by major infrastructure developments – is to a large extent decoupled from the short-term developments of the general economy, whereas sales in the Product segment is closely linked to cyclical construction activities.

Metal and currency risks are measured and hedged accordingly.

Financial statements 1 January – 31 December

Income statement

EUR'000	Note	2021	2020
Gross profit		15,648	9,622
Staff costs	2	-20,055	-19,432
Depreciation, amortisation and impairment losses		-432	-402
Operating loss		-4,839	-10,212
Other financial income	3	1,250	706
Other financial expenses	4	-19,236	-16,738
Loss before tax		-22,825	-26,244
Tax on loss for the year		5,792	5,201
Loss for the year	5	-17,033	-21,043

Financial statements 1 January – 31 December

Balance sheet

EUR'000	Note	31/12/2021	31/12/2020
ASSETS			
Fixed assets			
Intangible assets	6		
Trademarks		32	42
Software		793	1,102
		<u>825</u>	<u>1,144</u>
Property, plant and equipment	7		
Land and buildings		368	428
Fixtures and fittings, tools and equipment		199	252
		<u>567</u>	<u>680</u>
Investments	8		
Equity investments in group entities		977,121	505,842
		<u>977,121</u>	<u>505,842</u>
Total fixed assets		<u>978,513</u>	<u>507,666</u>
Current assets			
Receivables			
Trade receivables		2	2
Receivables from group entities		172,375	5,000
Other receivables		965	188
Deferred tax asset	9	10,456	10,220
Corporation tax		9,361	3,754
Prepayments	10	1,250	130
		<u>194,409</u>	<u>19,294</u>
Cash at bank and in hand		<u>0</u>	<u>0</u>
Total current assets		<u>194,409</u>	<u>19,294</u>
TOTAL ASSETS		<u><u>1,172,922</u></u>	<u><u>526,960</u></u>

Financial statements 1 January – 31 December

Balance sheet

EUR'000	Note	31/12/2021	31/12/2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital	11	26,939	26,939
Retained earnings		126,946	142,451
Total equity		<u>153,885</u>	<u>169,390</u>
Liabilities			
Non-current liabilities			
Payables to group entities	12	253,000	253,000
Other payables		1,337	1,337
		<u>254,337</u>	<u>254,337</u>
Current liabilities			
Trade payables		4,984	2,426
Payables to group entities	12	752,092	95,306
Other payables		7,624	5,501
		<u>764,700</u>	<u>103,233</u>
Total liabilities		<u>1,019,037</u>	<u>357,570</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,172,922</u></u>	<u><u>526,960</u></u>
Contractual obligations, contingencies, etc.	13		
Related party disclosure	14		
Disclosure of events after the balance sheet date	15		

Financial statements 1 January – 31 December

Statement of changes in equity

EUR'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2021	26,939	142,451	169,390
Transferred over the distribution of loss	0	-17,033	-17,033
Other equity movements	0	1,528	1,528
Equity at 31 December 2021	26,939	126,946	153,885

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies

The annual report of NKT Cables Group A/S for 2021 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The financial statements are presented in EUR'000.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of NKT Cables Group A/S and group entities are included in the consolidated financial statements of NKT A/S, Vibeholms Allé 20, 2605 Brøndby, CVR no. 62 72 52 14.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of NKT A/S.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Differences arising between the rates of exchange on the transaction date and on the date of payment are recognised in the income statement as financial items.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Gross profit

The items revenue, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for the Company's staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses comprise amortisation of intangible assets, depreciation of property, plant and equipment, and impairment charges of fixed assets for the year.

Financial income

Financial income comprises dividends, etc. received from other investments, interest income, including interest income from receivables from group entities, currency gains as well as tax relief under the Danish on-account tax scheme, etc.

Financial expenses

Financial expenses comprise interest expenses, including interest expenses from payables to group entities, currency losses as well as tax surcharges under the Danish on-account tax scheme, etc.

Income taxes

The Company is covered by the Danish regulations on compulsory joint taxation of the NKT Group's Danish companies.

The Parent Company, NKT A/S, serves as the administrative company in a joint taxation arrangement and consequently settles all payments of corporate income tax with the tax authorities.

The current Danish income tax is shared between the jointly taxed companies in proportion to their taxable incomes. Companies with tax losses receive joint contributions from companies that have been able to use these losses to reduce their own taxable incomes.

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Intangible assets includes software and are measured at cost less accumulated amortisation and impairment losses.

Intangible assets are amortised on a straight-line basis over the expected useful life which is:

Software	5 years
Trademarks	5 years

The useful life and residual value are reassessed annually with a scrap value of 0. Changes are treated as accounting estimates, and the effect on amortisation is recognised prospectively.

On completion of development of software, the software are amortised on a straight-line basis over their estimated useful life from the date the asset is available for use. The basis of amortisation is reduced by impairment losses.

Property, plant and equipment

Land and buildings and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life with a scrap value of 0. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	10–25 years
Fixtures and fittings, tools and equipment	4–8 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Depreciation is recognised in the income statement as depreciation, amortisation and impairment losses.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in group entities

Investments in group entities are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad debts.

Deferred tax

Deferred tax is measured according to the balance-sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative taxation rules can be applied to determine the tax base, deferred tax is measured according to Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carry forward, are recognized under other non-current assets at the expected value of their utilisation, either as a set-off against tax on future income or by set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is adjusted for elimination of unrealized intragroup profits and losses.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually correspond to nominal value.

Financial statements 1 January – 31 December

Notes to the financial statements

2 Staff costs

EUR'000	2021	2020
Wages and salaries	18,594	17,831
Pensions	1,350	1,519
Other social security costs	111	82
	<u>20,055</u>	<u>19,432</u>
Average number of full-time employees	<u>90</u>	<u>114</u>

Staff costs of the Group and the Parent Company include remuneration of the Parent Company's Executive Board of EUR 916 thousand (2020: EUR 1,007 thousand).

3 Financial income

EUR'000	2021	2020
Interest income from group entities	1,183	705
Exchange gains	67	1
	<u>1,250</u>	<u>706</u>

4 Financial expenses

EUR'000	2021	2020
Interest expense to group entities	19,130	16,690
Other financial costs	6	43
Exchange adjustment costs	100	5
	<u>19,236</u>	<u>16,738</u>

5 Proposed distribution of loss

EUR'000	2021	2020
Retained earnings	<u>-17,033</u>	<u>-21,043</u>

Financial statements 1 January – 31 December

Notes to the financial statements

6 Intangible assets

EUR'000	Trademarks	Software	Total
Cost at 1 January 2021	46	1,546	1,592
Cost at 31 December 2021	46	1,546	1,592
Amortisation and impairment losses at 1 January 2021	-4	-444	-448
Amortisation and impairment losses for the year	-10	-309	-319
Amortisation and impairment losses at 31 December 2021	-14	-753	-767
Carrying amount at 31 December 2021	32	793	825

7 Property, plant and equipment

EUR'000	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2021	605	413	1,018
Cost at 31 December 2021	605	413	1,018
Depreciation and Impairment losses at 1 January 2021	-177	-161	-338
Depreciation for the year	-60	-53	-113
Depreciation and Impairment losses at 31 December 2021	-237	-214	-451
Carrying amount at 31 December 2021	368	199	567

Financial statements 1 January – 31 December

Notes to the financial statements

8 Investments

EUR'000	Equity investments in group entities
Cost at 1 January 2021	512,627
Acquisitions	471,279
Cost at 31 December 2021	983,906
Impairment losses at 1 January 2021	-6,785
Disposal	0
Impairment losses at 31 December 2021	-6,785
Carrying amount at 31 December 2021	977,121

Name/legal form Subsidiaries:	Registered office	Voting rights and ownership interest	Equity EUR'000	Profit/loss for the year EUR'000
NKT (Denmark) A/S	Denmark	100%	60,048	444
NKT Group GmbH	Germany	100%	316,061	5,430
NKT S.R.O.	Czech Republic	100%	18,222	-10,160
NKT (Iberica) S.L.	Spain	100%	343	13
NKT Pty Ltd.	Australia	100%	5,259	152
Unique Vantage Ltd.	China	100%	-11	-
NKT Lithuania UAB	Lithuania	100%	551	138
NKT HV Cables AB	Sweden	100%	751,209	79,248
NKT Inc.	USA	100%	-601	-279
NKT (Sweden) AB	Sweden	100%	11,067	12,424
NKT AS	Norway	100%	4,757	999
NKT HVC AS	Norway	100%	66,420	2,300
NKT HVC B.V.	Netherlands	100%	652	127
NKT HV Cables GmbH	Switzerland	100%	1,295	88
NKT HVC Ltd.	UK	100%	673	113
NKT Operations India Private Limited	India	99.99%	-112	-139
			1,235,833	90,898

The figures above are stated in accordance with IFRS and are based on the enterprises' internal reporting. The disclosures above may therefore differ from the financial statements published by the companies concerned, which are presented in accordance with local accounting standards.

Financial statements 1 January – 31 December

Notes to the financial statements

9 Deferred tax assets

EUR'000	2021	2020
Deferred tax at 1 January 2021	10,220	8,715
Deferred tax adjustment for the year in the income statement	-131	1,418
Deferred tax adjustment concerning previous years	367	87
	<u>10,456</u>	<u>10,220</u>

At 31 December 2021, a significant part of the recognised deferred tax asset of EUR 10 million relates to tax loss carryforwards. In its valuation assessment of the deferred tax asset, the Company has assumed continued joint taxation with NKT Photonics.

10 Prepayments

For both 2021 and 2020, the figures relate to prepaid costs.

11 Equity

The contributed capital consists of 200,001 shares of a nominal value of EUR 135 each.

All shares rank equally.

12 Payables to group entities

The figures include cash pool of EUR 117,863 thousand for 2021 and EUR 82,382 thousand for 2020. Non-current part of payables to group entities relates to loan of EUR 253,000 thousand to NKT A/S.

13 Contractual obligations, contingencies, etc.

Guarantee Commitments and Contingent liabilities

In November 2021, the Parent Company of NKT Cables Group A/S, NKT A/S, entered into a revolving credit facility by which NKT Cables Group A/S became Original Guarantor. The agreement serves to provide a multi-currency revolving loan facility for the NKT Group, and is entered into with Danske Bank A/S, Nordea Danmark (filial of Nordea Bank Abp, Finland), Nykredit Bank A/S, Commerzbank AG and Skandinaviska Enskilda Banken AB.

Contingent liabilities

The Company is jointly registered for VAT with NKT (Denmark) A/S, NKT Photonics A/S and NKT A/S and is jointly liable for VAT liabilities.

The Company participates in a Danish joint taxation arrangement in which NKT A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable, from the financial year 2013, for income taxes, etc. of the jointly taxed entities and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

Financial statements 1 January – 31 December

Notes to the financial statements

Operating lease obligations

EUR'000	2021	2020
Rental obligations related to rent, IT equipment, cars and office building	919	1,235

14 Related party disclosures

NKT Cables Group A/S' related parties comprise the following:

Control

NKT A/S, Vibeholms Allé 20, 2605 Brøndby.

NKT A/S holds the majority of the contributed capital in the Company.

NKT Cables Group A/S is part of the consolidated financial statements of NKT A/S, Vibeholms Allé 20, 2605 Brøndby, CVR no. 62 72 52 14.

The internal transfers of subsidiaries have been done at book value.

15 Disclosure of events after the balance sheet date

No significant event has occurred after the end of the financial year.