

NKT (Denmark) A/S

DK-Toftegårdsvej 25
4550 Asnæs

CVR no. 25 71 15 48

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 (Denmark) A/S
Annual report 2021
CVR no. 25 71 15 48

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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 (Denmark) 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.

Asnæs, 30 June 2022
Executive Board:

Carlos Fernandez de
Senespleda
Director

Board of Directors:

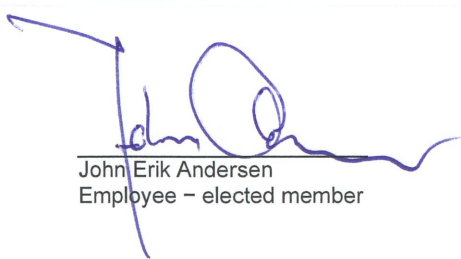


Line Andrea Fandrup
Chairman

Wilhelmus Garardus
Eleonora Hendrikx



Mark Skriver Nielsen



John Erik Andersen
Employee – elected member

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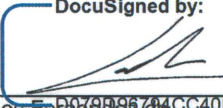
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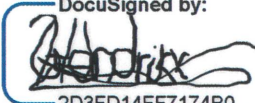
Asnæs, 30 June 2022
Executive Board:

DocuSigned by:


Carlos Fernandez de Senespleda
Director

Board of Directors:

Line Andrea Fandrup
Chairman

DocuSigned by:


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Wilhelmus Garardus
Eleonora Hendriks

Mark Skriver Nielsen

John Erik Andersen
Employee – elected member

Independent auditor's report

To the shareholder of NKT (Denmark) A/S

Opinion

We have audited the financial statements of NKT (Denmark) 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.

Asnæs, 30 June 2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556



Kirsten Aaskov Mikkelsen
State Authorised Public Accountant
mne21358

NKT (Denmark) A/S
Annual report 2021
CVR no. 25 71 15 48

Management's review

Company details

NKT (Denmark) A/S
Toftegårdsvej 25
4550 Asnæs
Denmark

Telephone: +45 5966 1234
Fax: +45 5966 1235
Website: www.nkt-dk.com

CVR no.: 25 71 15 48
Established: 9 November 2000
Registered office: Asnæs
Financial year: 1 January – 31 December

Board of Directors

Line Andrea Fandrup , Chairman
Wilhelmus Garardus Eleonora Hendrixx
Mark Skriver Nielsen
John Erik Andersen, Employee-elected member

Executive Board

Carlos Fernandez de Senespleda, 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					
Revenue	141,221	118,484	119,444	140,992	136,172
Gross profit	23,259	14,680	11,509	17,210	23,584
Ordinary operating profit/loss	3,286	-7,819	-9,049	-4,010	-91
Financial items	-145	-640	-586	1,112	378
Profit/loss for the year	2,239	-6,440	-7,410	-1,813	617
Total assets	143,932	138,076	145,854	145,461	171,307
Equity	60,327	57,195	64,288	71,864	73,610
Investment in property, plant and equipment	1,135	1,623	988	1,536	1,154
Ratios					
Equity ratio	41.9%	41.4%	44.1%	49.4%	43.0%
Ordinary operating profit/loss / Total assets	2.3%	-5.7%	-6.2%	-2.8%	-0.5%

The financial ratios have been calculated as follows:

Equity ratio	$\frac{\text{Total equity}}{\text{Total assets}}$
Ordinary operating profit/loss / Total assets	$\frac{\text{EBIT}}{\text{Total invested capital}}$

Management's review

Operating review

Primary activities

NKT (Denmark) A/S develops, manufactures and promotes low-voltage, medium-voltage and high-voltage cables, buildingwire cables and services related to these products. The entity serves various customers in the Nordic, UK and Netherlands markets within energy cables across most sectors in addition to some specialty cables like Flexibles. The market is driven by demand from the utility and building/construction sectors.

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.

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

For the domestic market and the subsidiaries in Norway, the development in 2021 was aligned with expectations. The financial performance in Poland in 2021 is considered satisfactory.

Profit/loss for the year (including comparison with forecasts previously announced)

The Company's income statement for 2021 shows a profit of EUR 2,239 thousand as against a loss of EUR 6,440 thousand in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at EUR 60,327 thousand as against EUR 57,195 thousand at 31 December 2020.

The result for the year is considered satisfactory, the turnaround activities will continue in 2022, with a focus on addressing volume throughput, product mix and cost in general.

New products

Innovation is a key territory for NKT (Denmark) A/S in a competitive environment and will ultimately provide customers with more efficient solutions. The continuation of R&D activity is an important enabler to maintain technological leadership in the power cable industry with focus on high-quality, customer-centric and cost-efficient solutions.

Capital resources

Capital resources are available via the Parent company to NKT (Denmark) A/S for investment in fixed assets and product development and play an important role in helping to achieve the key priorities.

The Parent Company, NKT A/S, has issued a support letter to NKT (Denmark) A/S.

Management's review

Operating review

Outlook

Revenue is expected to grow moderately in 2022 driven by healthy demand and new market opportunities in the medium-voltage segment.

Intellectual capital

It is essential for NKT (Denmark) 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 ISO14001 and ISO 45001 certified. In general, pollution from the manufacturing activities is low, and CO2 emission is being reduced and footprint evaluated against future capital expenditures. In 2021, the Company has made a reduction in CO2 emission and the CO2 footprint from renewable energy. Further, the Company has initiated a change of illumination in the manufacturing area to LED lights to reduce energy consumption.

The Company is in close contact with the authorities in order to fulfill local environmental requirements. There are no outstanding injunctions from authorities.

Research and development activities

Business critical certificates are maintained in order to secure future supplies to specific geographical markets. The main focus for 2021 has been on the development of fire retardant cables according to CPR regulations.

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. NKT (Denmark) A/S has provided a guarantee for the subsidiary for the current year.

Financial instruments

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

The goal for risk management is to identify, assess and prioritise risks followed by suitable reactions that mitigate, reduce or control the impact of unfortunate events. At NKT (Denmark) 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 (Denmark) A/S the main revenue streams originate from separate markets with independent marked 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.

Management's review

Operating review

Corporate social responsibility

The Company is part of the NKT A/S Group and subject to the policies on corporate social responsibility adopted by the parent company. Consequently, the Company does not publish a separate corporate social responsibility statement. The parent company's statement can be found on the following link: <https://www.nkt.com/about-us/sustainability>.

Goals and policies for the underrepresented gender

NKT (Denmark) A/S is firmly committed to equal treatment for all employees regardless of gender, age or nationality, and specific actions have been initiated to increase the share of leaders of the underrepresented gender in senior management. This is outlined in the Diversity and Inclusion Policy of the Parent Company, NKT A/S, also applicable for NKT (Denmark) A/S. At board level, a target representation of 30% for 2021 has been set for the underrepresented gender among member elected at the Annual General Meeting.

The parent company's statement can be found on the following link:

<https://www.nkt.com/about-us/sustainability>.

Reporting on data ethics

The Company is part of the NKT A/S Group and subject to the data ethics adopted by the parent company. Consequently, the Company does not publish a separate statement on data ethics. The parent company's statement can be found on the following link: <https://www.nkt.com/about-us/sustainability>.

Financial statements 1 January – 31 December

Income statement

EUR'000	Note	2021	2020
Revenue	2	141,221	118,484
Changes in inventories of finished goods and work in progress		-109,504	-83,832
Other operating income		8,258	1,296
Other external costs		-16,716	-21,268
Gross profit		23,259	14,680
Staff costs	3	-17,124	-19,825
Depreciation, amortisation and impairment losses		-1,905	-2,155
Other operating costs		-944	-519
Operating profit/loss		3,286	-7,819
Income from equity investments in group entities		0	235
Financial income	4	473	599
Financial expenses	5	-618	-1,474
Profit/loss before tax		3,141	-8,459
Tax on profit/loss for the year		-902	2,019
Profit/loss for the year	6	2,239	-6,440

Financial statements 1 January – 31 December

Balance sheet

EUR'000	Note	31/12/2021	31/12/2020
ASSETS			
Fixed assets			
Intangible assets	7		
Completed development projects		32	97
Software		166	284
		<u>198</u>	<u>381</u>
Property, plant and equipment	8		
Land and buildings		3,514	4,186
Property, plant and equipment under construction		1,454	355
Plant and machinery		3,594	4,975
Fixtures and fittings, tools and equipment		20	25
		<u>8,582</u>	<u>9,541</u>
Investments			
Equity investments in group entities	9	14,228	20,213
Total fixed assets		<u>23,008</u>	<u>30,135</u>
Current assets			
Inventories			
Raw materials and consumables		12,091	9,884
Work in progress		8,254	3,226
Finished goods and goods for resale		16,227	19,494
		<u>36,572</u>	<u>32,604</u>
Receivables			
Trade receivables		13,186	9,366
Receivables from group entities		64,947	52,063
Other receivables		1,376	8,249
Deferred tax asset	10	3,952	4,641
Corporation tax		0	973
Prepayments	11	891	45
		<u>84,352</u>	<u>75,337</u>
Total current assets		<u>120,924</u>	<u>107,941</u>
TOTAL ASSETS		<u>143,932</u>	<u>138,076</u>

Financial statements 1 January – 31 December

Balance sheet

EUR'000	Note	31/12/2021	31/12/2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital	12	31,201	31,201
Other reserves		108	-785
Reserve for development costs		127	127
Retained earnings		28,891	26,652
Total equity		60,327	57,195
Liabilities			
Non-current liabilities			
Mortgage loans	13	31,889	33,695
Other payables		1,464	1,464
		33,353	35,159
Current liabilities			
Current portion of non-current liabilities	13	1,876	1,876
Trade payables		19,448	16,559
Payables to group entities		17,732	10,041
Corporation tax		268	0
Other payables		10,928	17,246
		50,252	45,722
Total liabilities		83,605	80,881
TOTAL EQUITY AND LIABILITIES		143,932	138,076

Fees to auditor appointed at the general meeting	14
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Financial statements 1 January – 31 December

Statement of changes in equity

	Contributed capital	Other reserves	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2021	31,201	-785	127	26,652	57,195
Transferred over the distribution of profit	0	0	0	2,239	2,239
Adjustment of hedging for the year	0	893	0	0	893
Equity at 31 December 2021	31,201	108	127	28,891	60,327

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies

The annual report of NKT (Denmark) A/S for 2021 has been prepared in accordance with the provisions applying to reporting class C large 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.

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 (Denmark) 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, Vibeholms Allé 20, 2605 Brøndby, CVR no. 62 72 52 14.

Recognition and measurement in general

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 on 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)

Derivative financial instruments

Derivative financial instruments are recognised from the trade date and measured in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and set-off of positive and negative values is effected only when the Company has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Fair value hedges

Changes in the effective portion of the fair value of derivative financial instruments designated and qualifying for recognition as a fair value hedge of a recognised asset or a recognised liability are recognised in the income statement together with changes in the value of the hedged asset or hedged liability. Apart from foreign currency hedging, hedging of future payment flows according to a firm commitment is treated as fair value hedging.

The portion of the value adjustment of a derivative financial instrument not included in a hedging relationship is presented under financial items.

Cash flow hedges

Changes in the effective portion of the fair value of derivative financial instruments designated and qualifying as hedges of future payment flows are recognised in other comprehensive income in a separate hedging reserve under equity until the cash flows hedged influence the income statement. Gains or losses relating to such hedging transactions are then transferred from other comprehensive income and recognised in the same item as the hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, the hedging relationship is discontinued prospectively. The cumulative change in value recognised in other comprehensive income is transferred to the income statement when the hedged cash flows influence the income statement.

If the hedged cash flows are no longer expected to be realised, the cumulative change in value is immediately transferred to the income statement.

The portion of the value adjustment of a derivative financial instrument not included in a hedging relationship is presented under financial items.

Other derivative financial instruments

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised under financial items as they arise.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Revenue from sales of goods for resale and finished goods is recognised in the income statement when supply and transfer of risk to the buyer have taken place and the income can be reliably measured and is expected to be received.

Revenue from services which include service packages and extended warranties relating to products and contracts is recognised concurrently with the supply of those services.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in the revenue.

Cost of sales

Changes in inventories of finished goods and work in progress.

Other operating income

Other operating income is recognised in the income statement as it is earned.

Other external costs

Other costs comprise external costs relating to production, sale and administrations.

Staff costs

Staff costs comprise wages and salaries and pensions for the Company's employees.

Depreciation, amortisation and impairment losses

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

Income from equity investments in group entities

Income from investments in subsidiaries is recognised in the financial year in which the dividends are declared.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment, which is determined as the selling price less selling costs and the carrying amount at the time of sale. Write-downs of receivables from sales are also included.

Financial income and expenses

Financial income and expenses comprises interest income and expenditure, gains and losses on: securities, payables and transactions denominated in foreign currencies, amortization of financial assets and liabilities.

Tax on profit/loss for the year

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, is the administrative company for the joint taxation scheme and consequently settles all payments of corporate income tax with the tax authorities.

Current Danish income tax is shared between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint tax 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 where it relates to the profit/loss for the year, and directly in equity where it relates to items recognised directly in equity.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Intellectual property rights, etc. includes ongoing and completed development projects and software with associated intellectual property rights, acquired intellectual property rights and prepayments for intangible fixed assets.

Clearly defined and identifiable development projects for which the technical feasibility, adequacy of resources and a potential market or internal utilisation can be demonstrated, and where it is intended to manufacture, market or utilise the project, are recognised in intangible assets, provided the costs can be reliably determined and there is adequate certainty that the future earnings or the net selling price can cover costs of raw materials, consumables and goods for resale, staff costs, other costs and amortisation, and also the development costs. Other development costs are expensed in the income statement as incurred.

Capitalised development projects are measured at cost less accumulated amortisation and impairment losses. The cost includes wages, amortisation and other costs relating to the Company's development activities.

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

Software	5 years
Development projects	5–10 years

On completion of the development work, development projects 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, production plant and machinery, fixtures and fittings, and other plant and equipment, are measured at cost less accumulated depreciation and impairment losses.

The cost comprises the purchase price and any costs directly attributable to the acquisition until such time as the asset is ready for use. The cost of self-constructed assets comprises costs of materials, components, subcontractors and wages. The cost is supplemented by the present value of estimated liabilities related to dismantling and removing the asset and restoring the site on which the asset was utilised.

Subsequent costs, e.g. relating to replacement of parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset if it is likely that the costs will result in future economic benefits for the Company. The carrying amount of the replaced parts is recognised in the balance sheet and recognised in the income statement. All other costs relating to ordinary repair and maintenance are recognised in the income statement as incurred.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

If individual parts of an item of property, plant and equipment have different useful lives, they are depreciated separately. Depreciation is effected on a straight-line basis over the expected useful lives of the assets/components, which are as follows:

Buildings	10–25 years
Plant and machinery	8–15 years
Fixtures and fittings, tools and equipment	4–8 years

Land is not depreciated.

The basis of depreciation is calculated according to the residual value less impairment losses. The residual value is determined at the acquisition date and reviewed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Property, plant and equipment under construction and prepayments therefore are measured at cost. When ready for use, the asset is transferred to the relevant category and depreciated.

Equity investments in group entities

Equity investments in group entities are measured at cost. When the recoverable amount is lower than cost, write-down is made to the recoverable amount.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method or at a weighted average. If the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials, consumables and goods for resale are measured at costs, comprising purchase price plus delivery costs.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs incurred in effecting the sale, and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortized cost less write-down for bad and dubious debts.

Prepayments

Prepayments recognised under assets include incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Interest-bearing loans

Payables to credit institutions, etc., are recognised at the amount of proceeds received at the date of borrowing, net of transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised costs using 'the effective interest method', the difference between the proceeds and the nominal value therefore being recognised in the income statement under financial expenses over the term of the loan.

Corporation tax and 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 recognised as other non-current assets at the expected value of their utilisation, either by 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 the elimination of unrealised intra-group 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 crystallise as current tax.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial liabilities

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, the liabilities are measured at amortised cost.

Other financial liabilities are measured at net realisable value.

Prior period adjustments

Adjustments to comparative figures have been made as a result of reclassifications. The reclassifications have not had an impact on the profit for the year or the equity.

2 Segment information

EUR'000	2021	2020
Domestic	58,331	56,544
Abroad	82,890	61,940
	<u>141,221</u>	<u>118,484</u>

With reference to section 96 of the Danish Financial Statements Act, NKT (Denmark) A/S does not publish information on sales of products on specific markets due to local competition. Information of the overall segmentation is available in the Annual Report of the Parent Company.

Financial statements 1 January – 31 December

Notes to the financial statements

3 Staff costs

EUR'000	2021	2020
Wages and salaries	14,755	17,496
Pensions	1,796	1,769
Other social security costs	573	560
	<u>17,124</u>	<u>19,825</u>
Average number of full-time employees	<u>248</u>	<u>264</u>

In accordance with section 98b(3) of the Danish Financial Statements Act, the Company has not disclosed remuneration of the Company's Executive Board.

4 Financial income

EUR'000	2021	2020
Interest income from group entities	0	1
Other financial income	2	3
Exchange gains	471	595
	<u>473</u>	<u>599</u>

5 Financial expenses

EUR'000	2021	2020
Interest expense to group entities	110	731
Other financial costs	456	605
Exchange losses	52	138
	<u>618</u>	<u>1,474</u>

6 Proposed distribution of profit/loss

EUR'000	2021	2020
Retained earnings	<u>2,239</u>	<u>-6,440</u>

Financial statements 1 January – 31 December

Notes to the financial statements

7 Intangible assets

EUR'000	Completed development projects	Software	Total
Cost at 1 January 2021	325	1,579	1,904
Cost at 31 December 2021	325	1,579	1,904
Amortisation and impairment losses at 1 January 2021	-228	-1,295	-1,523
Amortisation for the year	-65	-118	-183
Amortisation and impairment losses at 31 December 2021	-293	-1,413	-1,706
Carrying amount at 31 December 2021	32	166	198

8 Property, plant and equipment

EUR'000	Land and buildings	Property, plant and equipment under construction	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2021	23,199	355	77,376	491	101,421
Additions for the year	0	1,099	36	0	1,135
Disposals for the year	-1,958	0	-4,474	-25	-6,457
Cost at 31 December 2021	21,241	1,454	72,938	466	96,099
Depreciation and impairment losses at 1 January 2021	-19,013	0	-72,401	-466	-91,880
Depreciation for the year	-371	0	-1,346	-5	-1,722
Reversed depreciation and impairment losses on assets sold	1,657	0	4,403	25	6,085
Depreciation and Impairment losses at 31 December 2021	-17,727	0	-69,344	-446	-87,517
Carrying amount at 31 December 2021	3,514	1,454	3,594	20	8,582

Financial statements 1 January – 31 December

Notes to the financial statements

9 Investments

	Equity investments in group entities
EUR'000	
Cost at 1 January 2021	20,213
Disposals	-5,985
Cost at 31 December 2021	14,228
Carrying amount at 31 December 2021	14,228

Name/legal form Subsidiaries:	Registered office	Voting rights and ownership interest	Equity EUR'000	Profit/loss for the year EUR'000
NKT S.A.	Poland	100%	31,424	8,894
			31,424	8,894

The figures above are stated in accordance with IFRS and are based on the enterprise's internal reporting.

The disclosures above may therefore differ significantly from the financial statement published by the company concerned, which is presented in accordance with local accounting standards.

10 Deferred tax assets

EUR'000	2021	2020
Deferred tax at 1 January	4,641	3,468
Adjustment of deferred tax concerning previous years	35	48
Adjustment of the year	-724	1,125
	3,952	4,641

11 Prepayments

EUR'000	2021	2020
Other costs	891	45

Financial statements 1 January – 31 December

Notes to the financial statements

12 Equity

The contributed capital consists of 232,000 shares of a nominal value of EUR 134 each.

All shares rank equally.

13 Non-current liabilities other than provision

EUR'000

	Total debt at 31/12/2021	Repayment, first year	Outstanding debt after five years
Mortgage loans	33,764	1,876	21,934
	<u>33,764</u>	<u>1,876</u>	<u>21,934</u>

Non-current assets have been pledged as security for the mortgage loans.

14 Fees to auditor appointed at the general meeting

In accordance with section 96 (3) of the Danish Financial Statements Act, the Company has not disclosed fees for the financial year to the auditors performing the statutory audit.

15 Contractual obligations, contingencies, etc.

Guarantee Commitments and Contingent liabilities

In November 2021, the ultimate Parent Company of NKT Denmark 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

EUR'000	2021	2020
Land and buildings	31,918	3,884
Manufacturing plant and machinery	-	4,755

Operating lease obligations

Rental obligations relating to rent, IT equipment and cars	2,109	2,774
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Financial statements 1 January – 31 December

Notes to the financial statements

The Company is jointly registered for VAT purposes with NKT Cables Group A/S, NKT A/S and is jointly liable for VAT liabilities.

The Company participates in a Danish joint taxation arrangement in which it 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., for 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 disclosed in the administration company's financial statements.

The Company is a party to an arbitration case, whose outcome is not expected to impact results for the year or the financial position.

16 Related party disclosures

NKT (Denmark) A/S' related parties comprise the following:

Control

NKT Cables Group A/S, Vibeholms Allé 20, 2605 Brøndby, CVR no. 15 51 58 72.

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

NKT (Denmark) 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 consolidated financial statements of NKT A/S can be obtained by contacting the company at the address above.

Other related parties

NKT (U.K) Ltd. is controlled and consolidated by the Group, where the Directors have relied on the exemption from having an audit of its financial statements for the year ended 31 December 2021. This exemption is relied upon in accordance with section 479A of the Danish Companies Act. NKT (Denmark) A/S has provided a guarantee for the subsidiary for the current year.

Related party transactions

In accordance with section 98c (7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

The internal sale of subsidiaries to NKT Cables Group A/S has been done at book value.

17 Disclosure of events after the balance sheet date

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