


# NKT (Denmark) A/S

DK-Toftegårdsvej 25  
4550 Asnæs

CVR no. 25 71 15 48

## Annual report 2022

The annual report was presented and approved  
at the Company's annual general meeting on  
14 July 2023

DocuSigned by:  
 *Line Andrea Fandrup*  
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Line Andrea Fandrup  
Chairman

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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 2022.


The annual report has been 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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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

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

Asnæs, 14 July 2023  
Executive Board:

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Carlos Fernandez de  
Senespleda  
Director

Board of Directors:

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Line Andrea Fandrup  
Chairman

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Mark Skriver Nielsen

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Wilhelmus Garardus  
Eleonora Hendrikx

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John Erik Andersen  
Employee – elected member

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Finn Kjørholdt Israelsen  
Employee – elected member

## Independent auditor's report

### To the shareholders of NKT (Denmark) A/S

#### Opinion

We have audited the financial statements of NKT (Denmark) A/S for the financial year 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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.

## Independent auditor's report

- 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.
- 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's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, 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's review and, in doing so, consider whether the management's review 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's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management's review 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's review.

Copenhagen, 14 July 2023

### Deloitte

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

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 Niels Skannerup Vendelbo  
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**Niels Skannerup Vendelbo**

State Authorised Public Accountant  
Identification No (MNE) mne34532

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 Martin Pieper  
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**Martin Pieper**

State Authorised Public Accountant  
Identification No (MNE) mne44063

**NKT (Denmark) A/S**  
Annual report 2022  
CVR no. 25 71 15 48

## **Management's review**

### **Company details**

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

Telephone: +45 5966 1234  
Fax: +45 5966 1235  
Website: [www.nkt-dk.com](http://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  
Mark Skriver Nielsen  
Wilhelmus Garardus Eleonora Hendrikx  
John Erik Andersen, Employee-elected member  
Finn Kjærholdt Israelsen, 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	2022	2021*	2020	2019	2018
<b>Key figures</b>					
Revenue	183,115	145,958	118,484	119,444	140,992
Gross profit	28,960	24,806	14,680	11,509	17,210
Ordinary operating profit/loss	8,312	1,520	-7,819	-9,049	-4,010
Net financial items	-2,885	-611	-640	-586	1,112
Profit/loss for the year	5,026	693	-6,440	-7,410	-1,813
Total assets	146,020	145,174	138,076	145,854	145,461
Equity	64,134	58,781	57,195	64,288	71,864
Investment in property, plant and equipment	2,249	1,135	1,623	988	1,536
<b>Ratios</b>					
Equity ratio	43.9%	40.5%	41.4%	44.1%	49.4%
Ordinary operating profit/loss / Total assets	5.7%	1.0%	-5.7%	-6.2%	-2.8%

\* With reference to the accounting policies section of the financial statements, the comparative figures for 2021 have been restated in the financial highlights to reflect the correction of the material misstatement regarding previous year.

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.

#### Correction of material misstatement

A material misstatement regarding missing recognition of assets, liabilities, expenses and income related to a unit of the Company in prior accounting year was noted and corrected in 2022, with impacts on the 2021 financial figures. Furthermore, a misstatement related to the tax for the financial year ended 2021 was also identified and restated. Please refer to the overview of the correction of material misstatements on page 14.

#### 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 2022 as well as the results of the Company's activities and cash flows for the year 2022 have not been affected by any unusual events.

#### Events after the balance sheet date

No event has 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 2022 was aligned with expectations.

As part of NKT Group's restructuring processes, it has been decided to move BW production (production of building wire products) to Poland and only keep the distribution business related to BW in Denmark.

#### Profit/loss for the year

The Company's income statement for 2022 shows a profit of EUR 5,026 thousand as against a profit of EUR 693 thousand in 2021. Equity in the Company's balance sheet at 31 December 2022 stood at EUR 64,134 thousand as against EUR 58,781 thousand at 31 December 2021.

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.



## Management's review

### 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.

### Operating review

#### Outlook

NKT Denmark A/S expects a slight decline (3-5%) in revenue in 2023 as Swedish customers are moved to be invoiced through NKT Sweden AB.

### 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, together with NKT Group, 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 2022 has been on the development of fire retardant cables according to CPR regulations.

### Branches

The Company has no branches.

## Management's review

### Operating review

#### 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.

#### 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 2022 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	2022	2021
<b>Revenue</b>	2	183,115	145,958
Changes in inventories of finished goods and work in progress		-144,726	-110,903
Other operating income		7,725	8,318
Other external costs		-17,154	-18,567
<b>Gross profit</b>		28,960	24,806
Staff costs	3	-18,515	-20,284
Depreciation, amortisation and impairment losses		-1,459	-1,966
Other operating costs		-674	-1,036
<b>Operating profit</b>		8,312	1,520
Financial income	4	2,530	493
Financial expenses	5	-5,415	-1,104
<b>Profit before tax</b>		5,427	909
Tax on profit for the year	6	-401	-216
<b>Profit for the year</b>	7	5,026	693

## Financial statements 1 January – 31 December

### Balance sheet

EUR'000	Note	31/12/2022	31/12/2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	8		
Completed development projects		0	32
Software		553	166
		<u>553</u>	<u>198</u>
<b>Property, plant and equipment</b>	9		
Land and buildings		3,565	3,514
Property, plant and equipment under construction		1,611	1,454
Plant and machinery		3,370	3,499
Fixtures and fittings, tools and equipment		35	20
		<u>8,581</u>	<u>8,487</u>
<b>Investments</b>			
Equity investments in subsidiaries	10	14,228	14,228
		<u>14,228</u>	<u>14,228</u>
<b>Total fixed assets</b>		<u>23,362</u>	<u>22,913</u>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables		13,903	12,639
Work in progress		5,080	8,254
Finished goods and goods for resale		22,598	16,093
		<u>41,581</u>	<u>36,986</u>
<b>Receivables</b>			
Trade receivables		17,637	13,293
Receivables from group entities		58,018	65,693
Other receivables		2,406	1,027
Corporation tax		1,009	1,473
Deferred tax asset	11	1,080	2,898
Prepayments	12	134	891
		<u>80,284</u>	<u>85,275</u>
<b>Cash at bank and in hand</b>		793	0
<b>Total current assets</b>		<u>122,658</u>	<u>122,261</u>
<b>TOTAL ASSETS</b>		<u><u>146,020</u></u>	<u><u>145,174</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

EUR'000	Note	31/12/2022	31/12/2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		31,201	31,201
Other reserves		435	108
Reserve for development costs		0	127
Retained earnings		32,498	27,345
<b>Total equity</b>		<b>64,134</b>	<b>58,781</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Mortgage loans	13	29,038	31,889
Other payables		0	1,464
		<b>29,038</b>	<b>33,353</b>
<b>Current liabilities</b>			
Current portion of non-current liabilities	13	2,812	1,876
Trade payables		15,937	19,289
Payables to group entities		18,906	20,212
Corporation tax		0	0
Other payables		15,193	11,663
		<b>52,848</b>	<b>53,040</b>
<b>Total liabilities</b>		<b>81,886</b>	<b>86,393</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>146,020</b>	<b>145,174</b>

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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 2022	31,201	108	127	28,891	60,327
Net effect from correction of material misstatement	0	0	0	-1,546	-1,546
Equity at 1 January 2022	31,201	108	127	27,345	58,781
Transferred over the distribution of profit	0	0	0	5,026	5,026
Adjustment of hedging for the year	0	327	0	0	327
Transfer to other reserves	0	0	-127	127	0
<b>Equity at 31 December 2022</b>	<b>31,201</b>	<b>435</b>	<b>0</b>	<b>32,498</b>	<b>64,134</b>

## Financial statements 1 January – 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of NKT (Denmark) A/S for 2022 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.

#### Correction of material misstatement

A material misstatement regarding missing recognition of assets, liabilities, expenses and income related to a business division of the Company in prior accounting year was noted and corrected in 2022. Furthermore, a misstatement related to the tax for the financial year ended 2021 was also identified and restated.

The impacts on the 2021 financial figures are the followings:

EUR'000	2021	Correction amount	2021 restated
<b>Revenue</b>	141,221	4,737	145,958
Changes in inventories of finished goods and work in progress	-109,504	-1,399	-110,903
Other operating income	8,258	60	8,318
Other external costs	-16,716	-1,851	-18,567
<b>Gross profit</b>	23,259	1,547	24,806
Staff costs	-17,124	-3,160	-20,284
Depreciation, amortisation and impairment losses	-1,905	-61	-1,966
Other operating costs	-944	-92	-1,036
<b>Operating profit</b>	3,286	-1,766	1,520
Financial income	473	20	493
Financial expenses	-618	-486	-1,104
<b>Profit before tax</b>	3,141	-2,232	909
Tax on profit for the year	-902	686	-216
<b>Profit for the year</b>	2,239	-1,546	693

## Financial statements 1 January – 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

EUR'000	31/12/2021	Correction amount	31/12/2021 restated
<b>ASSETS</b>			
<b>Property, plant and equipment</b>			
Plant and machinery	3,594	-95	3,499
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables	12,091	548	12,639
Finished goods and goods for resale	16,227	-134	16,093
<b>Receivables</b>			
Trade receivables	13,186	107	13,293
Receivables from group entities	64,947	746	65,693
Other receivables	1,376	-349	1,027
Corporation tax	0	1,473	1,473
Deferred tax	3,952	-1,054	2,898
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Retained earnings	28,891	-1,546	27,345
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	19,448	-159	19,289
Payables to group entities	17,732	2,480	20,212
Corporation tax	268	-268	0
Other payables	10,928	735	11,663

#### 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.



# Financial statements 1 January – 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### 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.

#### 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.

# Financial statements 1 January – 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Derivative financial instruments (continued)

##### 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.

#### 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 typically is at the point-in-time of delivery, include service packages and extended warranties relating to products and contracts is recognised concurrently with the supply of those services, which is over time as the services are performed.

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.

## Financial statements 1 January – 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Other operating income

Other operating income comprises items secondary to the activities of the Company.

##### Other external costs

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

##### Staff costs

Staff costs comprise wages and salaries and pensions and other social costs 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.

##### 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 and 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.

#### 2 Segment information

EUR'000	2022	2021
Domestic	76,243	62,926
Abroad	106,872	83,032
	<u>183,115</u>	<u>145,958</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 product segments 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	2022	2021
Wages and salaries	16,042	17,915
Pensions	1,787	1,797
Other social security costs	686	572
	<u>18,515</u>	<u>20,284</u>
Average number of full-time employees	<u>168</u>	<u>248</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	2022	2021
Interest income from group entities	15	0
Other financial income	2,515	493
	<u>2,530</u>	<u>493</u>

#### 5 Financial expenses

EUR'000	2022	2021
Interest expense to group entities	1,760	474
Other financial costs	3,655	630
	<u>5,415</u>	<u>1,104</u>

#### 6 Tax on profit for the year

EUR'000	2022	2021
Current tax for the year	-545	-1,338
Deferred tax for the year	1,818	1,527
Adjustment of tax concerning previous years	-872	62
Adjustment of deferred tax concerning previous years	0	-35
	<u>401</u>	<u>216</u>



## Financial statements 1 January – 31 December

### Notes to the financial statements

#### 7 Proposed distribution of profit/loss

EUR'000	2022	2021
Retained earnings	5,026	693

#### 8 Intangible assets

EUR'000	Completed development projects	Software	Total
Cost at 1 January 2022	325	1,579	1,904
Additions	0	487	487
Cost at 31 December 2022	325	2,066	2,391
Amortisation and impairment losses at 1 January 2022	-293	-1,413	-1,706
Amortisation for the year	-32	-100	-132
Amortisation and impairment losses at 31 December 2022	-325	-1,513	-1,838
<b>Carrying amount at 31 December 2022</b>	<b>0</b>	<b>553</b>	<b>553</b>

#### 9 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 2022	21,241	1,454	72,938	466	96,099
Additions for the year	522	157	1,550	20	2,249
Adjustment of previous years	0	0	-159	49	-110
Disposals for the year	-101	0	-21,963	-37	-22,101
Cost at 31 December 2022	21,662	1,611	52,366	498	76,137
Depreciation and impairment losses at 1 January 2022	-17,727	0	-69,344	-446	-87,517
Depreciation for the year	-373	0	-949	-5	-1,327
Adjustment of previous years	0	0	67	-37	30
Reversed depreciation and impairment losses on assets sold	3	0	21,230	25	21,258
Depreciation and Impairment losses at 31 December 2022	-18,097	0	-48,996	-463	-67,556
<b>Carrying amount at 31 December 2022</b>	<b>3,565</b>	<b>1,611</b>	<b>3,370</b>	<b>35</b>	<b>8,581</b>

## Financial statements 1 January – 31 December

### Notes to the financial statements

#### 10 Investments

	Equity investments in group entities
EUR'000	
Cost at 1 January 2022	14,228
Cost at 31 December 2022	14,228
Impairment losses at 1 January 2022	0
Impairment losses at 31 December 2022	0
<b>Carrying amount at 31 December 2022</b>	<b>14,228</b>

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%	30,626	-940
			30,626	-940

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.

#### 11 Deferred tax assets

EUR'000	2022	2021
Deferred tax at 1 January	2,898	4,641
Adjustment of the year - deferred tax for the year	-1,818	-1,527
Adjustment of the year - deferred tax on hedge transactions	0	-251
Adjustment of the year - deferred tax concerning previous years	0	35
	1,080	2,898

#### 12 Prepayments

EUR'000	2022	2021
Other costs	134	891

## Financial statements 1 January – 31 December

### Notes to the financial statements

#### 13 Non-current liabilities other than provision

EUR'000

	Total debt at 31/12/2022	Repayment, first year	Outstanding debt after five years
Mortgage loans	31,850	2,812	16,635
	<u>31,850</u>	<u>2,812</u>	<u>16,635</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. Revolving Credit Facility is used as primary operating financing tool and serves group subsidiaries via their participation in group cashpool where each entity has subaccounts with internal credit limits and interest margins set by group treasury.

##### Contingent liabilities

EUR'000	2022	2021
Pledged assets - land and buildings	29,430	31,918

##### Operating lease obligations

Rental obligations relating to rent, IT equipment and cars	1,408	2,109
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## Financial statements 1 January – 31 December

### Notes to the financial statements

#### 15 Contractual obligations, contingencies, etc. (continued)

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.

##### Related party transactions

EUR'000	2022	2021
Sale of goods and services to affiliated companies	24,510	23,215
Other operating income from affiliated companies	7,002	6,248

#### 17 Disclosure of events after the balance sheet date

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