

# NKT (Denmark) A/S

DK-Toftegårdsvej 25  
4550 Asnæs

CVR no. 25 71 15 48

## Annual report 2023

The annual report was presented and approved  
at the Company's annual general meeting on  
28 June 2024

DocuSigned by:

 *Jacob Drøhse*

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Jacob Drøhse  
Chair

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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 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

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, 28 June 2024


Executive Board:


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Thomas Schneider  
Chief Executive Officer


Board of Directors:

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Carlos Fernandez de  
Senespleda Chair

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Malte Bang-Bötel

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Wilhelmus Garardus  
Eleonora Hendrikx

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John Erik Andersen

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Finn Kjærholdt Israelsen

## Independent auditor's report

To the Shareholders of NKT (Denmark) A/S

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of NKT (Denmark) A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company 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.

### Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

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

## Independent auditor's report

### 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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.

Copenhagen, 28 June 2024  
**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31

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**NKT (Denmark) A/S**  
Annual report 2023  
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](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**

Carlos Fernandez de Senespleda, Chairman  
Malte Bang-Bötel  
Wilhelmus Garardus Eleonora Hendrikx  
John Erik Andersen, Employee-elected member  
Finn Kjærholdt Israelsen, Employee-elected member

### **Executive Board**

Thomas Schneider, Director

### **Auditor**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup  
CVR no. 33 77 31 88

## Management's review

### Financial highlights

EUR'000	2023	2022	2021*	2020	2019
<b>Key figures</b>					
Revenue	160,471	183,115	145,958	118,484	119,444
Gross profit	20,991	28,960	24,806	14,680	11,509
Operating profit/loss	-23	8,312	1,520	-7,819	-9,049
Net financial items	123	-2,885	-611	-640	-586
Profit/loss for the year	-726	5,026	693	-6,440	-7,410
Total assets	120,857	146,020	145,174	138,076	145,854
Equity	48,582	64,134	58,781	57,195	64,288
Investment in property, plant and equipment	1,278	2,249	1,135	1,623	988
<b>Ratios</b>					
Equity ratio	40.2%	43.9%	40.5%	41.4%	44.1%
Return on Investment	0%	5.7%	1.0%	-5.7%	-6.2%

\* 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	$\frac{\text{Total equity}}{\text{Total assets}}$
Return on Investment	$\frac{\text{EBIT}}{\text{Total invested capital}}$

## Management's review

### Operating review

#### Primary activities

NKT (Denmark) A/S develops, manufactures and promotes low-voltage, medium-voltage and high-voltage cables, building wire 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 2023 as well as the results of the Company's activities and cash flows for the year 2023 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 2023 was in line with expectations from 2022 related to revenues and profit before tax. Year on year financial position has decreased due to the transfer of cable production site to Poland from Denmark. Revenues decreased by EUR 22.6 million due to the transfer, while profit before tax decreased by EUR 5.3 million.

#### Profit/loss for the year

The Company's income statement for 2023 shows a loss of EUR 726 thousand against a profit of EUR 5,026 thousand in 2022. Equity in the Company's balance sheet at 31 December 2023 stood at EUR 48,582 thousand as against EUR 64,134 thousand at 31 December 2022.

The result for the year is considered satisfactory, the turnaround activities will continue in 2024, with a focus on addressing volume throughput, product mix and cost in general. Site in Asnæs will be receiving a large share of the investment to expand their production capacity and optimize the factory layout within our medium-voltage cable production capabilities and capacity. Investments are expected to be finalized by the end of 2025.

#### 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**

### **Operating 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.

#### **Outlook**

NKT Denmark A/S expects an increase of 8% in revenue in 2024 driven by Applications business line due to increased demand and product mix. Further, budgeted profit before tax for 2024 is 94% higher compared to 2023 actuals due to increase in volume and demand.

#### **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 2023, the Company has made a reduction in CO2 emission and the CO2 footprint from renewable energy.

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 2023 is to continue the development of fire retardant cables according to CPR regulations.

## 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 prioritize 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. In 2023, there are only two members in the other management levels; therefore, at board level, a target representation of 30% has been set and actions have been taken to fulfill the target for underrepresented gender among members elected at the Annual General Meeting. There are only two members in the other management levels, therefore the company is exempt from stating the percentage of the underrepresented gender, and to provide a target number.

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

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

#### Underrepresented gender

	2023
<b>Top management body</b>	
Total number of members	3
Underrepresented gender in %	0
Target figures in %	33
The year in which the target figures are estimated to be fulfilled	2026
<b>Other Management Levels</b>	
Total number of members	2
Underrepresented gender in %	-
Target figures in %	-
The year in which the target figures are estimated to be fulfilled	-

## **Financial statements 1 January – 31 December**

### **Management's review**

### **Operating review**

#### **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	2023	2022
<b>Revenue</b>	2	160,471	183,115
Changes in inventories of finished goods and work in progress		-121,855	-144,726
Other operating income		631	7,725
Other external costs		-18,256	-17,154
<b>Gross profit</b>		20,991	28,960
Staff costs	3	-18,949	-18,515
Depreciation, amortisation and impairment losses		-1,336	-1,459
Other operating costs		-729	-674
<b>Operating loss/profit</b>		-23	8,312
Financial income	4	3,460	2,530
Financial expenses	5	-3,337	-5,415
<b>Profit before tax</b>		100	5,427
Tax on profit for the year	6	-826	-401
<b>Loss/profit for the year</b>	7	-726	5,026

## Financial statements 1 January – 31 December

### Balance sheet

EUR'000	Note	31/12/2023	31/12/2022
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	8		
Software		389	553
Intangible assets under construction		431	0
		<u>820</u>	<u>553</u>
<b>Property, plant and equipment</b>	9		
Land and buildings		3,551	3,565
Property, plant and equipment under construction		2,225	1,611
Plant and machinery		2,868	3,370
Fixtures and fittings, tools and equipment		41	35
		<u>8,685</u>	<u>8,581</u>
<b>Investments</b>			
Equity investments in subsidiaries	10	0	14,228
<b>Total fixed assets</b>		<u>9,505</u>	<u>23,362</u>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables		9,466	13,903
Work in progress		4,375	5,080
Finished goods and goods for resale		17,193	22,598
		<u>31,034</u>	<u>41,581</u>
<b>Receivables</b>			
Trade receivables		12,638	17,637
Receivables from group entities		64,666	58,018
Other receivables		614	2,406
Corporation tax		0	1,009
Deferred tax asset	11	2,186	1,080
Prepayments	12	214	134
		<u>80,318</u>	<u>80,284</u>
<b>Cash at bank and in hand</b>		0	793
<b>Total current assets</b>		<u>111,352</u>	<u>122,658</u>
<b>TOTAL ASSETS</b>		<u><u>120,857</u></u>	<u><u>146,020</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

EUR'000	Note	31/12/2023	31/12/2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		31,201	31,201
Reserve for development costs		336	0
Other reserves		-163	435
Retained earnings		17,208	32,498
<b>Total equity</b>		<b>48,582</b>	<b>64,134</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Mortgage loans	13	26,808	29,038
		<b>26,808</b>	<b>29,038</b>
<b>Current liabilities</b>			
Current portion of non-current liabilities	13	2,668	2,812
Trade payables		16,135	15,937
Payables to group entities		15,423	18,906
Other payables		10,552	15,193
Corporation tax		677	0
Deferred income	14	12	0
		<b>45,467</b>	<b>52,848</b>
<b>Total liabilities</b>		<b>72,275</b>	<b>81,886</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>120,857</b>	<b>146,020</b>

Fees to auditor appointed at the general meeting	15
Contractual obligations, contingencies, etc.	16
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## Financial statements 1 January – 31 December

### Statement of changes in equity

	Contributed capital	Reserve for development costs	Other reserves	Retained earnings	Total
Equity at 1 January 2023	31,201	0	435	32,498	64,134
Transferred over the distribution of profit	0	0	0	-726	-726
Adjustment of hedging for the year	0	0	-598	0	-598
Transfer, reserves	0	336	0	-336	0
Effect of demerger	0	0	0	-14,228	-14,228
<b>Equity at 31 December 2023</b>	<u>31,201</u>	<u>336</u>	<u>-163</u>	<u>17,208</u>	<u>48,582</u>

# Financial statements 1 January – 31 December

## Notes to the financial statements

### 1 Accounting policies

The annual report of NKT (Denmark) A/S for 2023 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. The financial statements are presented in EUR'000.

#### Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of NKT (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. Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction.



# 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.

#### 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 equity until the cash flows hedged influence the income statement.

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 equity 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.

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.

# Financial statements 1 January – 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Cost of sales

Cost for raw materials and consumables comprise acquisitions and change in inventory of raw materials and consumables. This includes shrinkage, waste production and any write-downs for obsolescence.

#### Other operating income

Other operating income comprises items secondary to the entity's activities, including gains on disposal of intangible assets and items of property, plant and equipment.

#### 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.

# Financial statements 1 January – 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### 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.

#### 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	3–10 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.

# Financial statements 1 January – 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### 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.

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.

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.

# Financial statements 1 January – 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Inventories

Inventories are measured at cost in accordance with the weighted average method. 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.

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, which comprise trade receivables, receivables from group entities and other receivables, are measured at amortized cost less write-down for bad and dubious debts. An impairment loss is recognized if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognized on an individual basis.

#### Cash at bank and in hand

Cash and cash equivalents comprise cash.

#### 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.

#### Provisions

A provision is a liability of uncertain time and amount. The distinction between provisions and other liabilities is not straightforward.

Three criteria shall be met to recognize a provision:

- A past event has resulted in a present legal or constructive obligation;
- It is probable that cash flows (or other economic resources) will be required to settle the obligation; and
- A reliable estimate can be made of the costs to settle the obligation.

# Financial statements 1 January – 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### 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.

#### Deferred income

Deferred income comprises payments received regarding income in subsequent years. Deferred income, also called deferred revenue, refers to money received in advance for products or services that will be delivered in the future. It is recorded as a liability on the balance sheet until the goods/services are provided, at which point it becomes revenue.

#### Segment information

Segment information is provided on geographical markets. The segment information is in line with the Company's accounting policies, risks, and internal financial management.

#### Cash pool

The NKT Group has established a cash pool scheme, which applies for all entities within the Group.

## 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	2023	2022
Domestic	79,957	76,243
Abroad	80,514	106,872
	<u>160,471</u>	<u>183,115</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.

#### 3 Staff costs

EUR'000	2023	2022
Wages and salaries	16,245	16,042
Pensions	1,686	1,787
Other social security costs	1,018	686
	<u>18,949</u>	<u>18,515</u>
Average number of full-time employees	<u>213</u>	<u>220</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.

## Financial statements 1 January – 31 December

### Notes to the financial statements

#### 4 Financial income

EUR'000	2023	2022
Interest income from group entities	18	15
Other financial income	3,442	2,515
	<u>3,460</u>	<u>2,530</u>

#### 5 Financial expenses

EUR'000	2023	2022
Interest expense to group entities	642	1,760
Other financial costs	2,695	3,655
	<u>3,337</u>	<u>5,415</u>

#### 6 Tax on profit for the year

EUR'000	2023	2022
Current tax for the year	264	-545
Deferred tax for the year	-235	1,818
Adjustment of tax concerning previous years	721	-872
Adjustment of deferred tax concerning previous years	76	0
	<u>826</u>	<u>401</u>

#### 7 Proposed distribution of profit/loss

EUR'000	2023	2022
Retained earnings	<u>-726</u>	<u>5,026</u>



## Financial statements 1 January – 31 December

### Notes to the financial statements

#### 8 Intangible assets

EUR'000	Completed development projects	Software	Intangible assets under construction	Total
Cost at 1 January 2023	325	2,066	0	2,391
Additions	0	0	431	431
Cost at 31 December 2023	325	2,066	431	2,822
Amortisation and impairment losses at 1 January 2023	-325	-1,513	0	-1,838
Amortisation for the year	0	-164	0	-164
Amortisation and impairment losses at 31 December 2023	-325	-1,677	0	-2,002
<b>Carrying amount at 31 December 2023</b>	<b>0</b>	<b>389</b>	<b>431</b>	<b>820</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 2023	21,662	1,611	52,366	498	76,137
Additions for the year	415	614	234	15	1,278
Disposals for the year	-88	0	-4,385	-30	-4,503
Cost at 31 December 2023	21,989	2,225	48,215	483	72,912
Depreciation and impairment losses at 1 January 2023	-18,097	0	-48,996	-463	-67,556
Depreciation for the year	-429	0	-736	-7	-1,172
Reversed depreciation and impairment losses on assets sold	88	0	4,385	28	4,501
Depreciation and Impairment losses at 31 December 2023	-18,438	0	-45,347	-442	-64,227
<b>Carrying amount at 31 December 2023</b>	<b>3,551</b>	<b>2,225</b>	<b>2,868</b>	<b>41</b>	<b>8,685</b>

## Financial statements 1 January – 31 December

### Notes to the financial statements

<b>10 Investments</b>	Equity investments in group entities
EUR'000	
Cost at 1 January 2023	14,228
Disposals	-14,228
Cost at 31 December 2023	0
Impairment losses at 1 January 2023	0
Impairment losses at 31 December 2023	0
<b>Carrying amount at 31 December 2023</b>	<b>0</b>

The vertical demerger results in a reorganization of the shares in NKT (Denmark) A/S.

The intention of the transaction is that the ownership of NKT S.A. should change from NKT (Denmark) A/S to NKT Cables Group A/S.

NKT (Denmark) A/S does not have any subsidiaries at 31.12.2023 .

<b>11 Deferred tax assets</b>	2023	2022
EUR'000		
Deferred tax at 1 January	1,080	2,898
Adjustment of the year - deferred tax for the year	235	-1,818
Adjustment of the year - deferred tax on hedge transactions	14	0
Adjustment of the year - deferred tax concerning previous years	857	0
	2,186	1,080

<b>12 Prepayments</b>	2023	2022
EUR'000		
Other costs	214	134

## Financial statements 1 January – 31 December

### Notes to the financial statements

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

EUR'000	Total debt at 31/12/2023	Repayment, first year	Outstanding debt after five years
Mortgage loans	29,476	2,668	14,846
	29,476	2,668	14,846

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

#### 14 Deferred income

Deferred income of EUR 12 thousand (2022: EUR 0 thousand) comprise payments received from customers that cannot be recognised until the subsequent financial year.

#### 15 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.

#### 16 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	2023	2022
Pledged assets - land and buildings	29,476	29,430

##### Operating lease obligations

Rental obligations relating to rent, IT equipment and cars	1,981	1,408
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## Financial statements 1 January – 31 December

### Notes to the financial statements

#### 16 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.

#### 17 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	2023	2022
Sale of goods and services to affiliated companies	25,201	24,510
Other operating income from affiliated companies	62	7,002

#### 18 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.