

TKH GROUP NV

GENERAL INVESTOR PRESENTATION



MARCH 2024

IMPORTANT INFORMATION – DISCLAIMER

Cautionary note regarding forward looking statements

Statements included in this presentation that are not historical facts (including any statements concerning investment objectives, other plans and objectives of management for future operations or economic performance, or assumptions or forecasts related thereto) are forward-looking statements. These statements are only predictions and are not guarantees. Actual events or the results of our operations could differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements are typically identified by the use of terms such as "may", "will", "should", "expect", "could", "intend", "plan", "anticipate", "estimate", "believe", "continue", "predict", "potential" or the negative of such terms and other comparable terminology.

The forward-looking statements are based upon our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements.

Key Messages



DELIVERING ON OUTLOOK

- EBITA of € 237.0 million
- Smart Manufacturing systems performed exceptionally strong in Q4 2023
- Continued destocking and other headwinds within Smart Vision and Smart Connectivity systems
- Substantial increase in Added Value – Reflection of TKH's pricing power and strategic position
- ROS Q4 – 14.3%
- Good progress made in realization of ESG targets including improved ratings
- 70% of turnover linked to SDGs



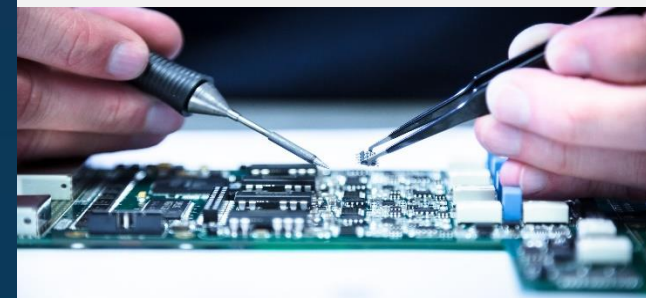
€ 200M STRATEGIC INVESTMENT PROGRAM NEARING COMPLETION

- Production of type-test inter-array cables started in new plant in Eemshaven, to be operational during course of Q2 2024
- Expansion of medium and high voltage cable capacity in Lochem operational in phases from Q3 2023
- New fibre optic and specialty cable plants in Poland operational, Tire Building systems expansion in Poland fully operational
- 200 additional personnel for roll-out of strategic investment program



PROGRESSING ON OUR STRATEGIC POSITIONING

- Investments into AI, with set-up of hub in Amsterdam, and into digital transformation
- Machine Vision one-stop-shop and solutions
- Continuing high order intake tire building – UNIXX system high interest confirmed
- High voltage supplier of TenneT – Framework agreement inter-array Vattenfall – Additional inter-array orders in the pipeline
- Two major divestments, total one-off net profit of € 54.8 million – Acceleration of divestments announced towards high end bandwidth
- Acquisition of machine vision software company Euresys



Returned € 117.6m cash to shareholders: € 67.6m in dividends and € 50.0m in share buybacks

Q4 2023: Strong Performance Smart Manufacturing



Highlights Q4 2023

Turnover € 441.4m

Q4 2022: € 465.7m
+ 1.2% organically **

EBITA* € 62.9m

Q4 2022*: € 64.0m
+ 6.7% organically**

ROS* 14.3%

Q4 2022: 13.7%

* EBITA & ROS excluding one-off income and expenses (one-off expenses in Q4 2023 amounted to € 2.8 million, Q4 2022: one-off income of € 1.0 million)

** Adjusted for acquisitions, divestments, and currency effects

TKH delivers well on Outlook



Highlights FY 2023

Turnover € 1,847.5m

2022: € 1,816.6m

+ 3.2% organically***

EBITA* € 237.0m

2022: € 234.8m

+ 3.0% organically***

ROS* 12.8%

2022: 12.9%

Adjusted net profit
€ 130.5m**

2022: € 143.6m

- 9.1%

ROCE 19.8%

2022: 23.2%

Order book € 970.1m

Dec 31, 2022: € 971.9m

Innovations 16.1%

2022: 20.6%

As percentage of turnover

Net debt € 469.2m

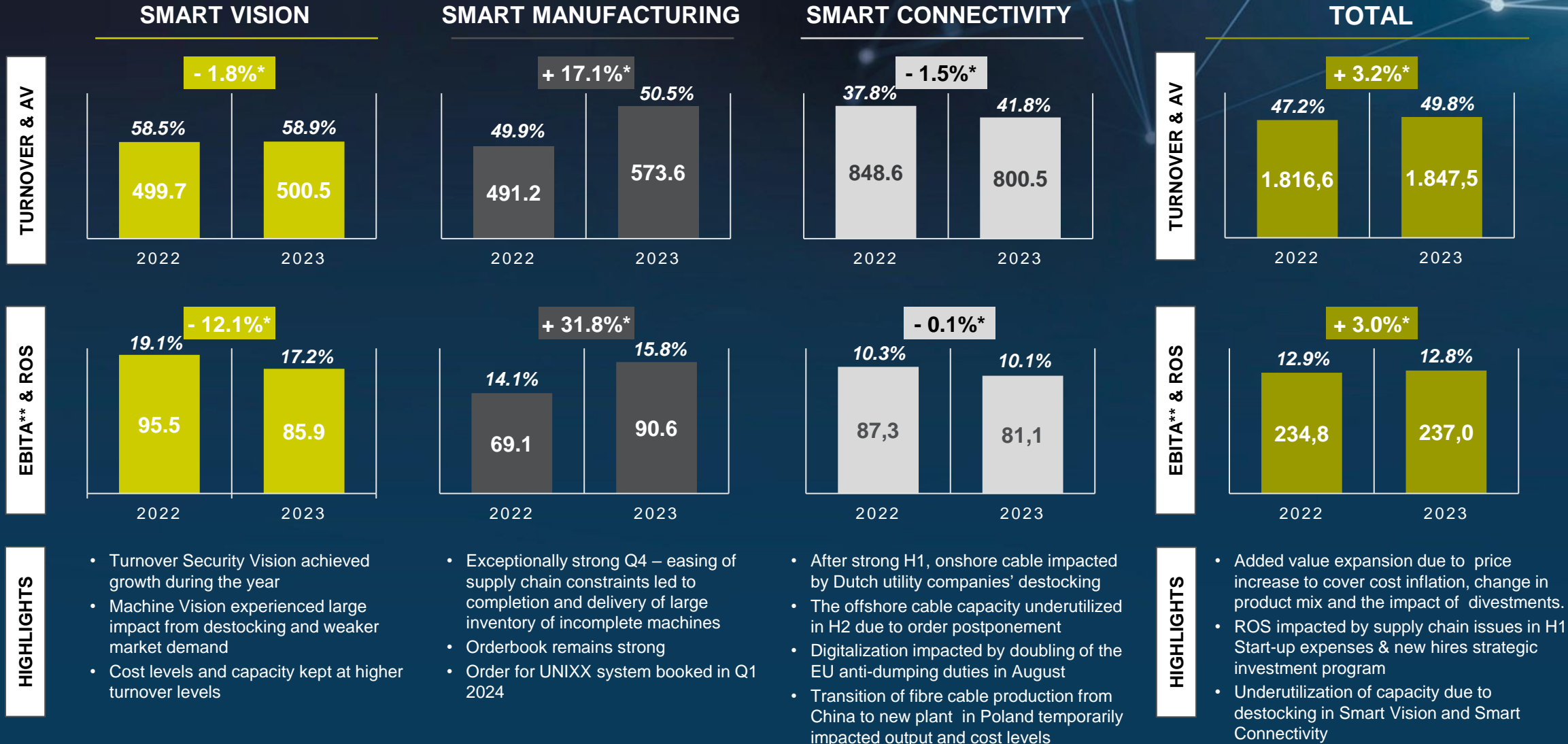
Dec 31, 2022: € 307.2m

* EBITA & ROS excluding one-off income and expenses (one-off net expenses in 2023 amounted to € 2.0 million, 2022: one-off income of € 10.4 million)

** Net profit before amortization of intangible non-current assets related to acquisitions (after tax) and one-off income and expenses attributable to shareholders. Amortization of intangible non-current assets related to acquisitions (after taxes) in 2023 of € 12.3 million (2022: € 12.6 million)

*** Adjusted for acquisitions, divestments, and currency effects

Added Value increased across all segments



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Highlights and Financial Performance FY 2023

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Outlook



PROFILE

TKH – Technology leader in high growth markets

Check numbers

SMART Technologies built on innovation

Together with our customers, we develop innovative technologies that make the world more efficient and more sustainable



TKH WORLDWIDE

HEADCOUNT

7,000 FTEs of which 750 in R&D and software development

Entrepreneurial culture

TURNOVER

2023 € 1,848m (2022: € 1,817m)

16% turnover from innovations

ESG

70% of turnover linked to SDGs

Frontrunner ambition

CUSTOMER AND TECHNOLOGY FOCUSED

>1,400 patents

>30% technology proposition is software

Market leadership in majority of activities

NORTH AMERICA

€ 240m turnover

EUROPE (OTHER)

€ 717m turnover

OTHER

€ 84m turnover

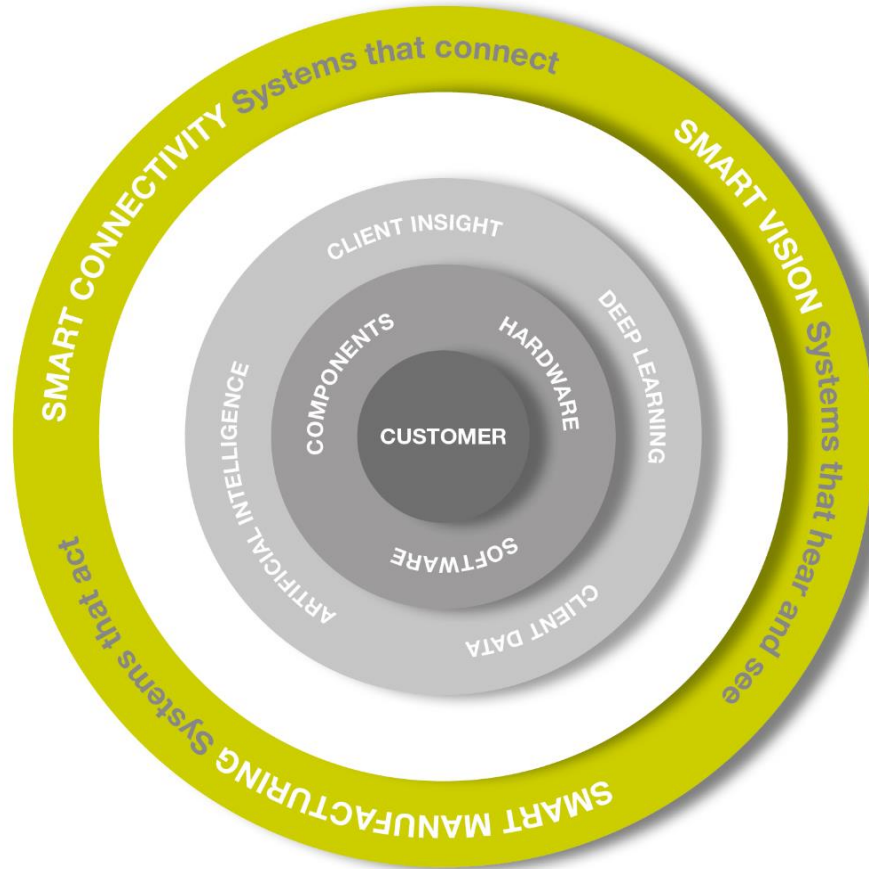
THE NETHERLANDS

€ 454m turnover

ASIA

€ 353m turnover

Smart Technologies



Specialized in the development of innovative, client-centric systems that drive success in automation, digitalization, and electrification

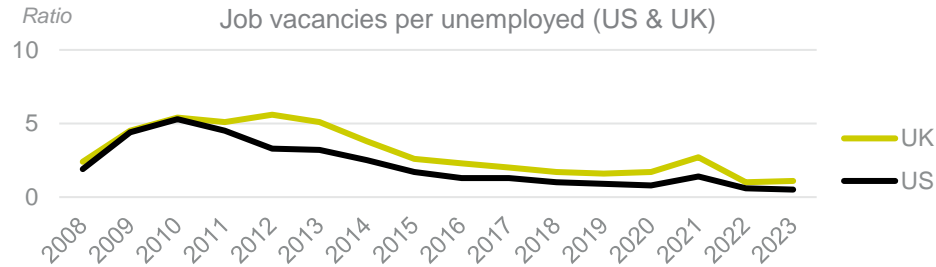
By integrating hardware, software, and customer-focused insight, our smart technologies provide unique answers to client challenges

Creating one-stop-shop, plug-and-play innovations for Smart Vision, Smart Manufacturing and Smart Connectivity technology

Making the world more efficient and more sustainable

In high growth markets

LACK OF LABOUR
PRODUCTIVITY
RELIABILITY
ACCURACY

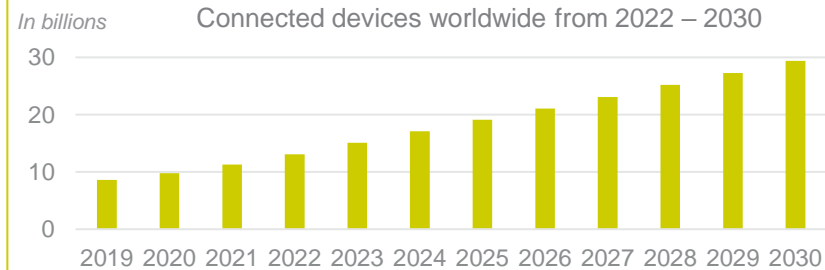


AUTOMATION

Industry 4.0 – 'hands-off,
eyes-off' manufacturing



MOBILITY
SPEED
CLOUD COMPUTING

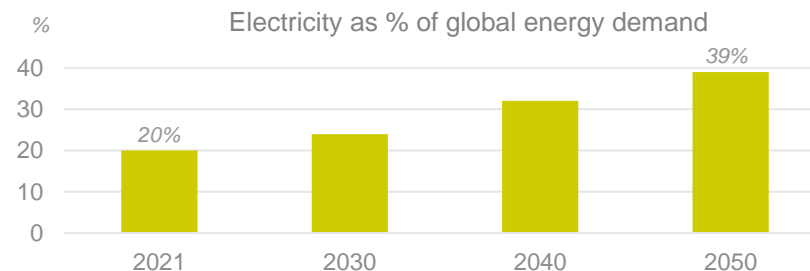


DIGITALIZATION

Continuous development of higher
speed bandwidth networks



CLIMATE CHANGE
SCARCITY NATURAL
RESOURCES



ELECTRIFICATION

Acceleration of Energy Transition

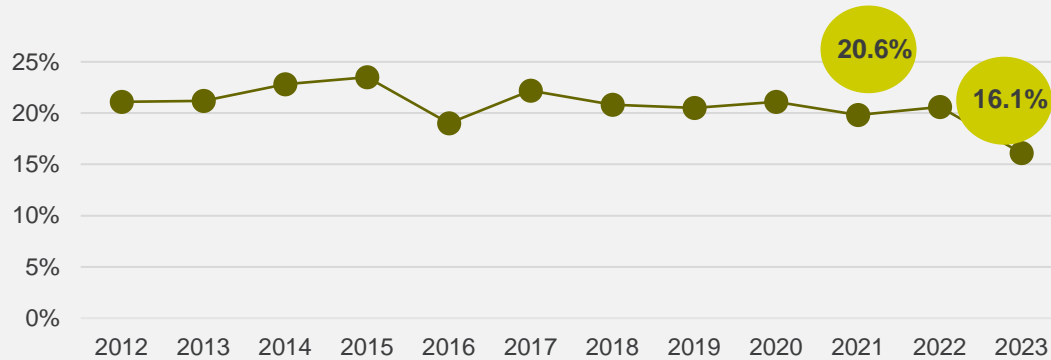


Sources: US Bureau of Labour Statistics, UK Office for National Statistics & IAE 2022 report

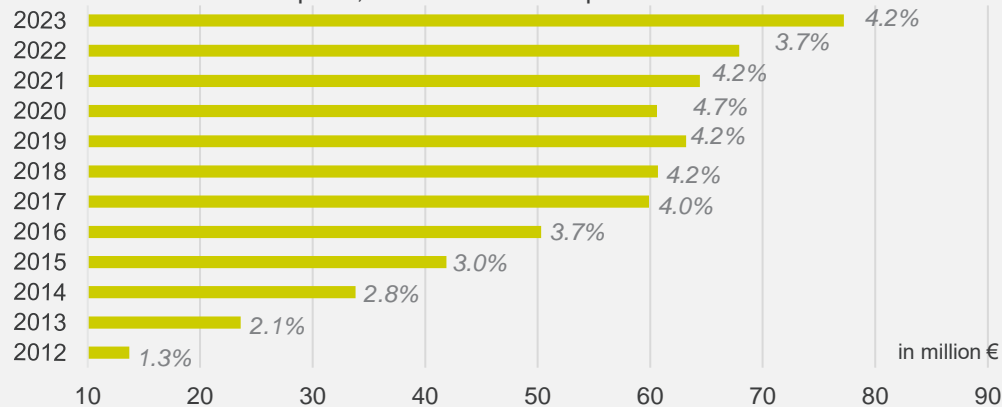
± 75% of turnover directly related to megatrends

Built on innovation

Innovations as % of turnover

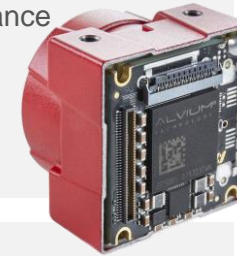


Annual R&D spend, and annual R&D spend as % of turnover



ALVIUM 2D VISION PROCESSOR "SYSTEM ON CHIP APPLICATION"

- SoC designed embedded and pc-based computer vision
- Allowing high performance sophisticated cameras in smaller packages



OFFSHORE CABLE TECHNOLOGY SUSTAINABLE SUBSEA CABLE SYSTEMS

- Modern cable design & environmentally friendly materials and design
- 99% recyclable
- Reduction of installation failures and time
- Improved durability



UNIXX REVOLUTIONARY IN TIRE BUILDING

- High level of automation, data generation & data processing
- Fitting industry 4.0
- Highly flexible and reliable shortening tire development process



INDIVION SMART MANUFACTURING IN HEALTHCARE

- Reliably and accurately packaging different medications - 10,000 individual units per hour
- Cost effective & reducing errors

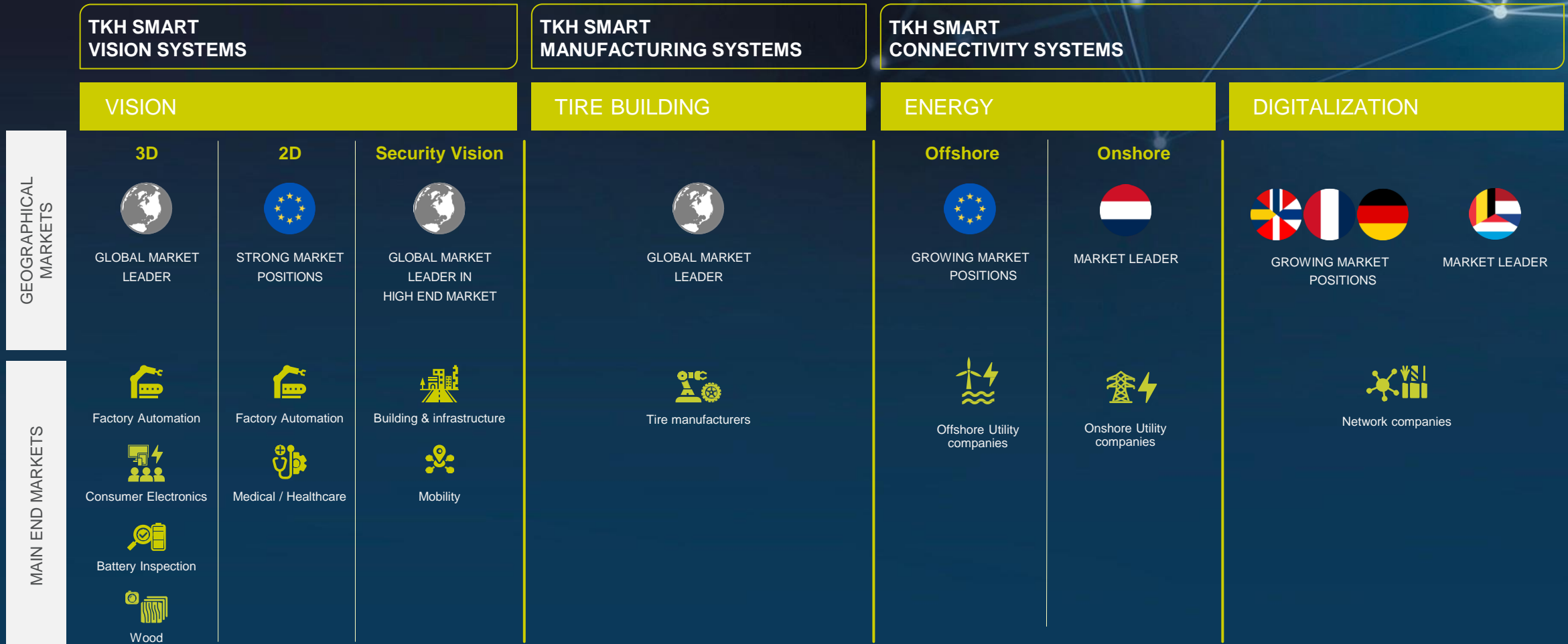


>750 FTE IN R&D AND SOFTWARE DEVELOPMENT

>1,400 PATENTS TO SECURE
VALUE PROPOSITION

>30% OF OUR TECHNOLOGY PROPOSITION IS
SOFTWARE DRIVEN

Leading market positions



Benefitting from

High barriers to entry: combination of advanced technology levels, patented technologies, expertise and capital required to enter market



ACCELERATE 2025 STRATEGY

Accelerate 2025: Roadmap to turnover and ROS target

Unlocking the full potential of our leading technologies

Areas	Contribution to turnover target > € 2 billion	Contribution to ROS improvement target > 17% ¹⁾	Commentary to 2025 targets
ORGANIC GROWTH / COST EFFICIENCY	 > € 300 million	 > 2.5%	Strategic investment program to expand capacity amongst others into higher margin activities, scale effect on opex and cost of goods sold
INNOVATIONS	 > € 200 million	 > 2.0%	Organic growth, acceleration of our innovations in terms of turnover, benefit from learning curve and economies of scale
ACQUISITIONS	 € 100 – 150 million		Acquisitions that strengthen our portfolio of proprietary technologies in the area of software, and/or strengthen our sales network
PORTFOLIO MANAGEMENT	 - € 150 – 200 million	 > 0.5%	Divestments that do not contribute towards achieving our long-term strategy & targets

1) ROS improvement is based on reference ROS of 12%

Accelerate 2025: Assumptions for ROS Targets

2021 Assumptions

Headwinds

SMART VISION

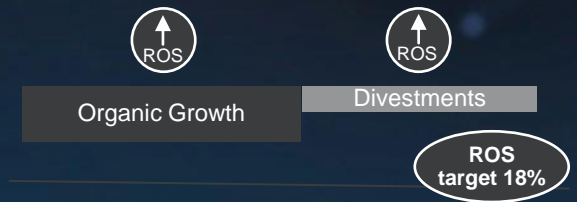


- Megatrend: Automation
- One-stop-shop positioning & USP's
- High single digit organic growth
- Investments into software & AI
- High added value of 60%
- ROS growth: scale & efficiency
- Strategically fitting acquisitions

	2023	2022	2021
Turnover	+ 0.2%	+ 16.3%	+ 9.4%
EBITA	- 10.1%	+ 29.5%	+ 18.9%
ROS	17.2%	19.1%	17.2%

- Destocking end customers
- Challenging market circumstances
- Underutilization - High costs

SMART MANUFACTURING



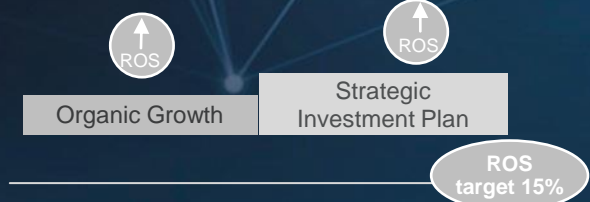
- Megatrend: Automation
- Portfolio expansion
- High single digit organic growth
- ROS growth through:
 - Business normalization
 - Divestments
 - Scale & efficiency

	2023	2022	2021
Turnover	+ 16.8%	+ 17.2%	+ 19.9%
EBITA	+ 31.2%	+ 16.3%	+ 43.5%
ROS	15.8%	14.1%	14.2%

Structural inflationary pressure & high interest rates

- Supply chain constraints
- High levels of inefficiencies

SMART CONNECTIVITY



- Megatrend: Digitalization & Electrification
- High single digit organic growth
- ROS growth through:
 - Strategic investment program
 - Operational leverage
 - No anti-dumping duties

	2023	2022	2021
Turnover	- 5.7%	+ 22.6%	+ 22.4%
EBITA	- 7.1%	+ 19.3%	+ 61.9%
ROS	10.1%	10.3%	10.6%

- Destocking Dutch utility companies
- Project delays offshore wind
- Anti-dumping duties

2025 Targets:

Turnover: ≥ € 2bn
ROS: 17%

If headwinds continue:

17% ROS target may take longer to realize

Our sustainable value chain

Our Focus on SDGs

70% of turnover linked to SDGs



Electrification

Energy cables
Subsea cables

Automation

Machine vision inspection
Tire building systems
Specialty cables for industrial applications

Sustainable Communities

Mobility inspection
Mission critical communication
Parking guidance
Connectivity systems

Digitalization

Fibre Optic Cables

How we do it

non-financial KPIs

CO₂e FOOTPRINT REDUCTION (scope 1 & 2)
Compared to 2019
Target 100% neutrality by 2030

64.3%

2022 42.7%

2021 29.8%

DIVERSITY

Female Executive and Senior Management
Target > 25% by 2030

19.2%

2022 18.4%

2021 17.7%

% WASTE

Target < 5% waste

5.2%

2022 5.3%

2021 5.2%

ILLNESS RATE

Target < 4.0%

3.85%

2022 4.04%

2021 3.56%

SATISFACTION SCORE

Customers
Target Average score above benchmark (7.8)

8.6

2022 8.6

2021 8.4

SATISFACTION SCORE

Employees
Target > 7.5

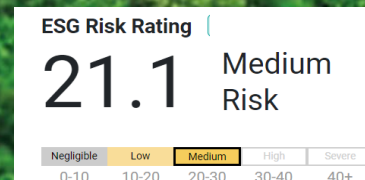
7.8

2022 7.6

2021 7.4

How we are rated

rating agencies

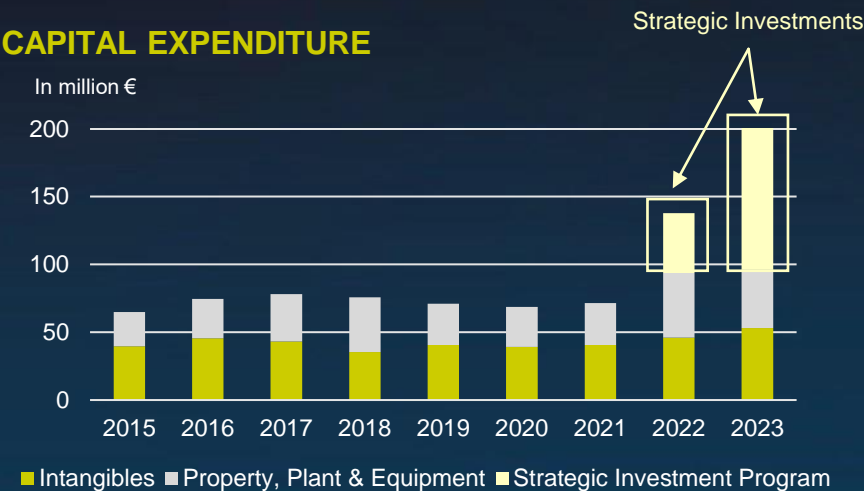




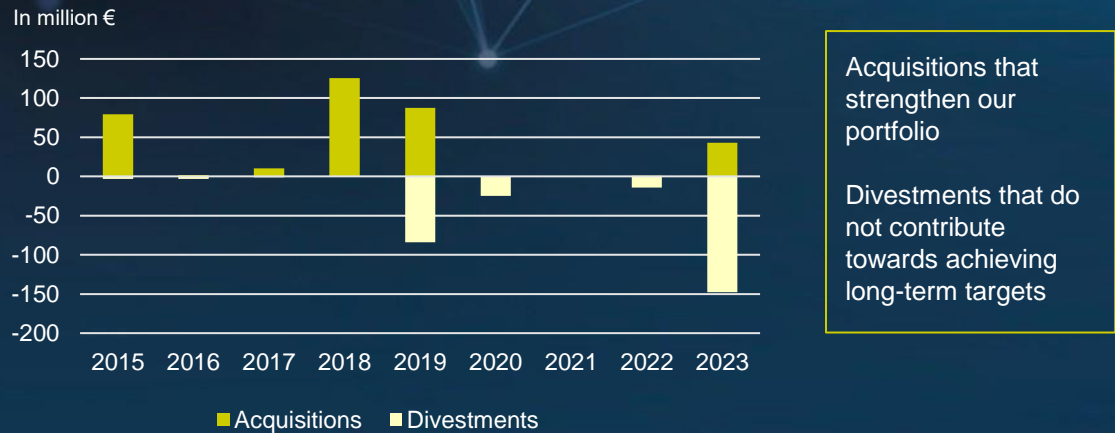
CAPITAL ALLOCATION & STRATEGIC PRIORITIES

Capital allocation

CAPITAL EXPENDITURE



ACQUISITIONS & DIVESTMENTS



DEBT LEVERAGE








Target net debt/ EBITDA < 2.0

DIVIDEND



€ 200m Strategic Investments nearing completion

Production capacity expansions on schedule to meet increased demand in automation, digitalization, and electrification

€ 150m investment	ELECTRIFICATION		Offshore: New Subsea Cable factory Eemshaven (the Netherlands)	Start serial production in Q2 2024	Single source framework contract for 3y+5y established with Vattenfall for Europe and large contract awarded by Ørsted for supply of 200 km inter-array and other cables; promising sales funnel
			Onshore: Expansion factory for Medium & High Voltage cables Lochem (the Netherlands)	Operational in phases in Q3 2023 ✓	Selected as one of the suppliers by system operator TenneT for the supply of high-voltage cables in the coming years.
€ 50m investment	DIGITALIZATION		New Fibre Optic Cable factory Rawicz (Poland)	Operational in Q3 2023 ✓	New plant in Poland will eliminate EU imposed anti-dumping duties (€ 7.5 million in 2023)
	AUTOMATION		Expansion with new factory for Specialized Connectivity Systems Rawicz (Poland)	Operational in Q3 2023 ✓	Expansion in Poland will increase capacity and reduce lead time for specialized connectivity systems
			Expansion Tire Building Systems factory Leszno (Poland)	Operational in Q2 2023 ✓	Additional capacity for high order intake and order book in Tire Building

Securing additional capacity to benefit from megatrends resulting in additional € 250 - € 300 million turnover in coming years

Strong progress in our strategic positioning

TKH VISION



Further positioned the TKH Vision group as a one-stop-shop technology partner for customers:

- Invested in expanding the sales organization
- Preparing for the opening of additional Solution Centers for TKH Vision, besides the one in Konstanz

DIGITAL TRANSFORMATION



- Upscaling and upskilling of shared technology service center in Poland (100 FTEs) and strengthening management
- Set-up of Artificial Intelligence hub in Amsterdam

Acquisition Euresys

Innovative software for 2D and 3D image analysis
EPS accretive



Acquisition JCAII (Jan 2024)

Guidance software and equipment for airports
Complements TKH's CEDD technology
Annual turnover of € 10m



Divestment minority share CCG

Closing of divestment minority share
One-off net profit of € 36 million



Divestment TKH France

Connectivity distribution activities in France
One-off net profit € 20 million
Minority stake of 40% in carve-out



Acceleration of divestments announced to further focus on core technologies

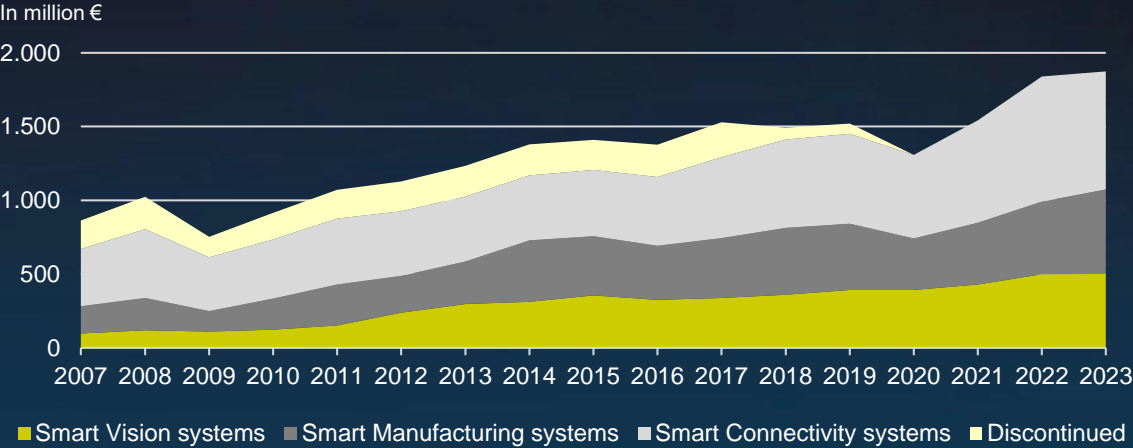
Further strategic focus on our differentiating and innovative power in Smart Technologies

TRACK RECORD

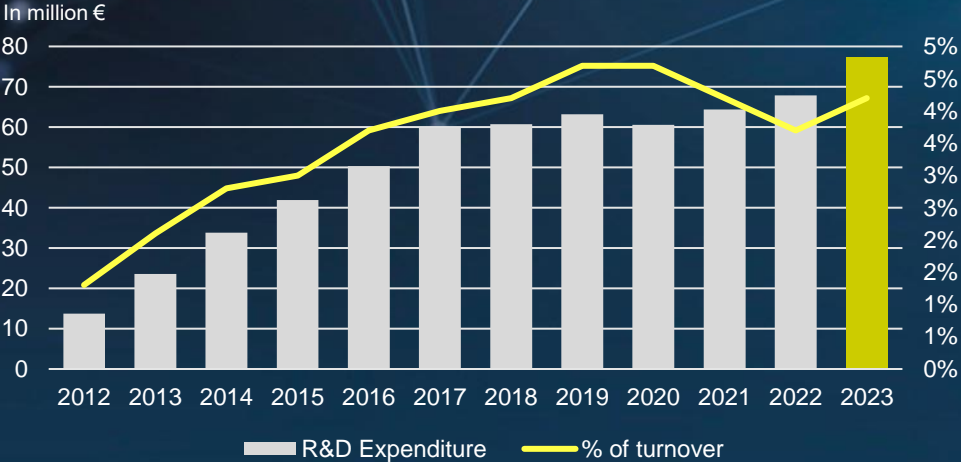
The image features a close-up of a person's hand wearing a white nitrile glove, working on a green printed circuit board (PCB). The hand is positioned near several gold-plated pins that are soldered to the board. The PCB itself is populated with various electronic components, including several black integrated circuits (chips) and smaller surface-mount components. The entire scene is bathed in a strong yellow light, which creates a high-contrast, industrial atmosphere. Overlaid on the left side of the image is a dark, semi-transparent rectangular box containing the words 'TRACK RECORD' in a bold, white, sans-serif font.

TKH's evolution into today's technology leader

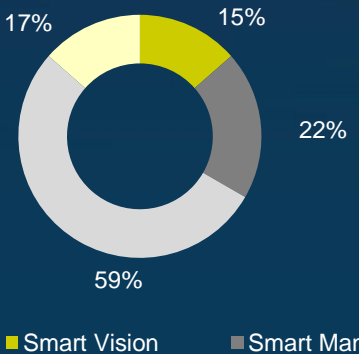
DEVELOPMENT OF TURNOVER



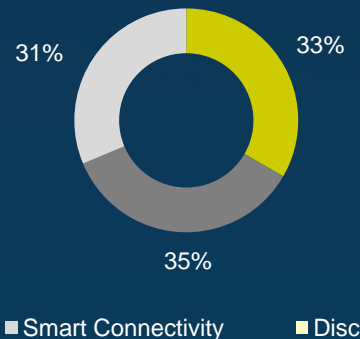
R&D EXPENDITURE



SEGMENT SPLIT EBITA 2008



SEGMENT SPLIT EBITA 2023



ORDER BOOK DEVELOPMENT

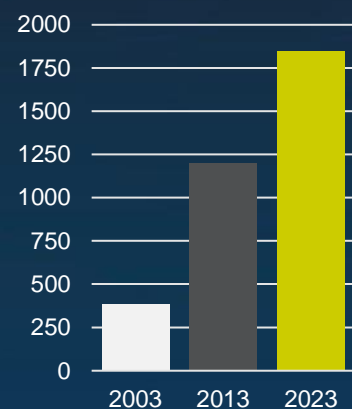


Our track record

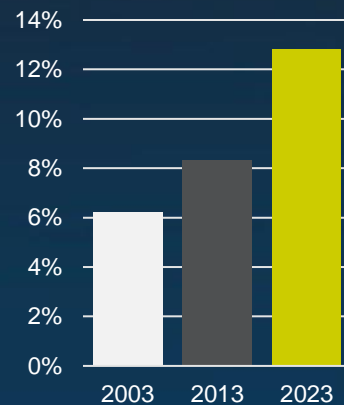


TURNOVER

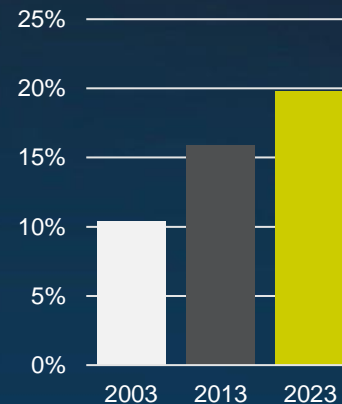
In million €



ROS



ROCE



DIVIDEND PER SHARE*



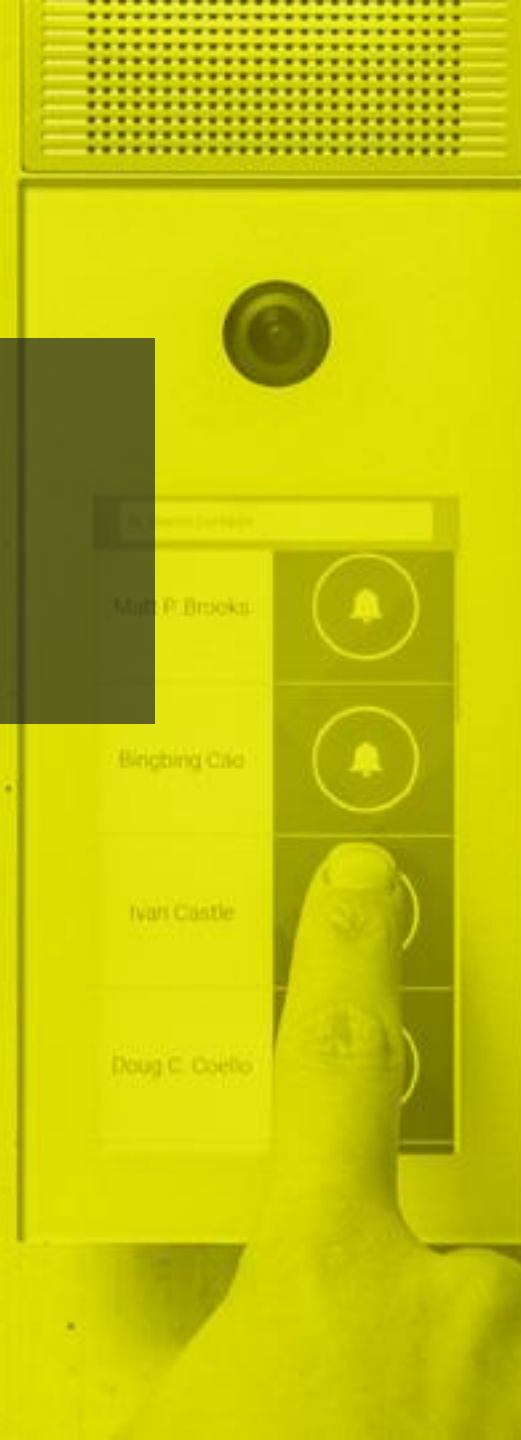
* Proposed dividend for 2023

EARNINGS PER SHARE*



* Normalized for amortization PPAs from acquisitions and one-off income and expenses

REPORTING SEGMENTS



Smart Vision Systems – FY23 Results

In million € unless stated otherwise	2023	2022	Δ in %	Organic Δ in %
Turnover	500.5	499.7	+ 0.2%	- 1.8%
<i>Added value</i>	<i>58.9%</i>	<i>58.5%</i>		
EBITA *	85.9	95.5	- 10.1%	- 12.1%
ROS	17.2%	19.1%		
Orderbook	124.0	159.2	- 22.1%	
ROCE	15.6%	18.8%		

HIGHLIGHTS 2023

- Cost levels and capacity at Machine Vision kept at higher turnover levels in anticipation of return of growth
- EBITA impacted by high operating expenses combined with lower turnover growth

Security Vision

- Growth in 2023
 - Larger projects for building applications and traffic monitoring systems
 - Easing of supply-chain shortages
- Improved performance at parking guidance systems & partial market recovery

Machine Vision

- Good performance at the start of year, supported by battery & solar markets
- H2 impacted by destocking & weaker demand
- Turnover declined throughout the year, for both 2D and 3D
- Further strengthened our market positioning and cooperation within the group
 - Take advantage of our one-stop-shop solutions
 - TKH Vision Group's position as the technology partner for our customers
- Specific developments initiated for plug and play system integration
 - Facilitated by software including AI propositions



Smart Vision systems

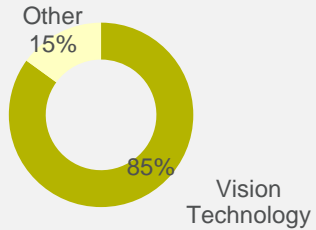
PROPOSITION

2D & 3D MACHINE VISION Area scan, Line scan, 3D, Embedded, High-speed, SWIR, UV, Polarized

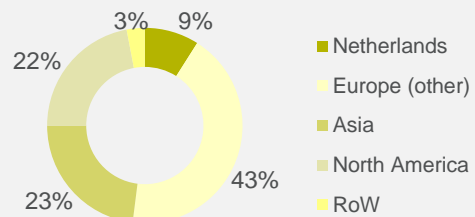
SECURITY VISION Video surveillance, Video hardware, Mission critical communication, Video management, Parking guidance

OTHER Access control, Alarm systems

TURNOVER SPLIT

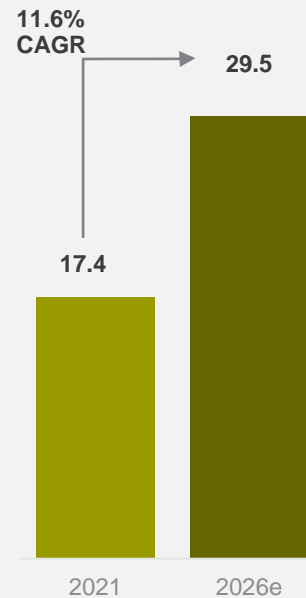


GEOGRAPHICAL SPLIT



MARKET DRIVERS (in € bn)

SECURITY VISION



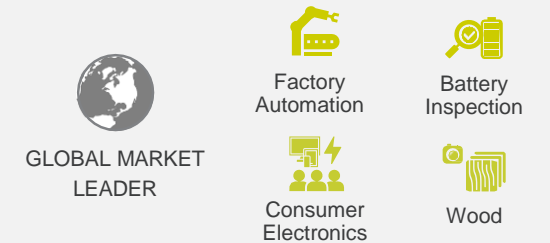
2D & 3D MACHINE VISION



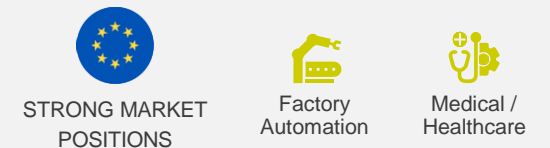
Source: Various market reports, TKH' estimates

MARKET POSITIONS

3D MACHINE VISION



2D MACHINE VISION



SECURITY VISION



KEY DIFFERENTIATOR – FULL RANGE OF TECHNOLOGY FOR CUSTOMIZED AND INTEGRATED SYSTEMS

Smart Manufacturing Systems – FY23 Results

In million € unless stated otherwise	2023	2022	Δ in %	Organic Δ in %
Turnover	573.6	491.2	+ 16.8%	+ 17.1%
<i>Added value</i>	<i>50.5%</i>	<i>49.9%</i>		
EBITA *	90.6	69.1	+ 31.2%	+ 31.8%
ROS	15.8%	14.1%		
Orderbook	631.3	573.0	+ 10.2%	
ROCE	66.0%	75.4%		

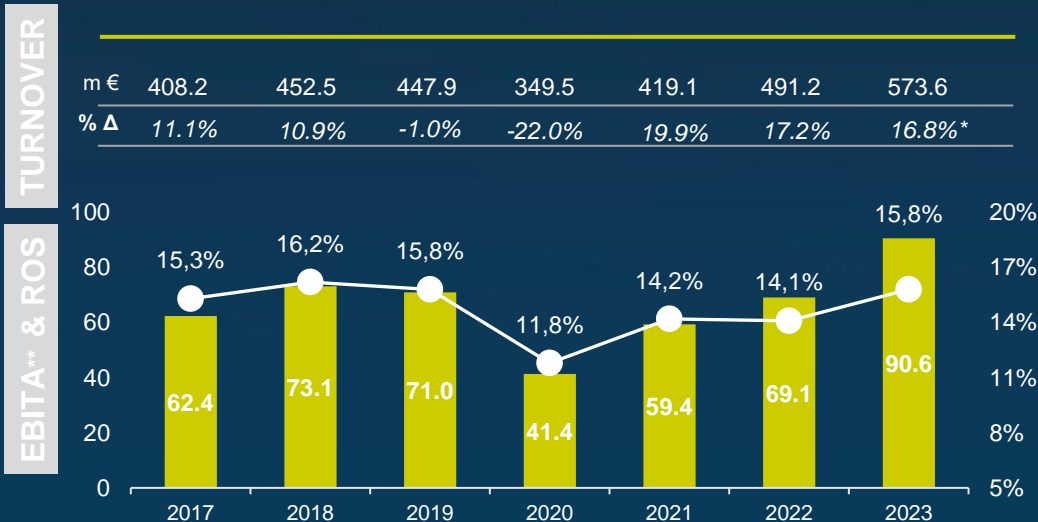
HIGHLIGHTS 2023

Tire Building systems

- Easing of supply-chain constraints in H2
- Excellent performance in Q4 2023
 - Large inventory of incomplete completed and delivered
- Order intake for both passenger and truck tire continues to be high
- Drivers:
 - Investments into production of more sustainable tires
 - Rise of electric vehicles
 - Need for more automation
 - High level of activities related to reshoring
- Expansion in Poland started successfully and ramped up in H2
 - Further expansion due in H1 2024
- Order booked for UNIXX system
 - Major milestone for further growth in this segment

Other

- Industrial automation and other industrial activities developed well
- New orders received for Indivion



Smart Manufacturing systems

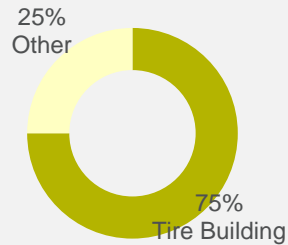
PROPOSITION

TIRE BUILDING SYSTEMS

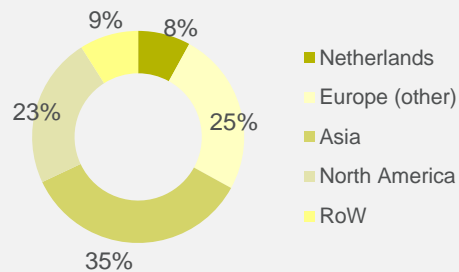
Passenger & Truck tire building machines, Bead assembly

OTHER Care systems, Industrial automation systems, Advanced measurement systems, Custom sensors & PE

TURNOVER SPLIT



GEOGRAPHICAL SPLIT

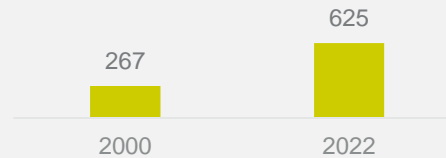


MARKET DRIVERS

TIRE BUILDING

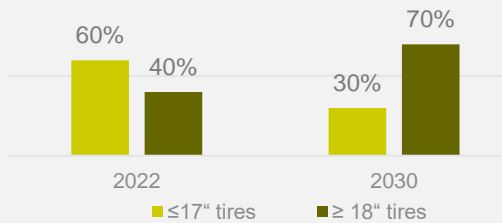
- 1** Increasing number of units in stock with 7% annual increase

US replacement market (stock keeping units)



- 2** Increased complexity: continuous increase of rim size leading to increase in sizes in range

Tire inch market split



- 3** Reshoring – Replacement of production capacity closer to the market, resulting in investments in US and EU

- Reducing vulnerability to geopolitics
- Reducing vulnerability on supply chain disruptions
- Fast response to local demands
- Sustainability considerations
- Costing: less vulnerable to volatile transportation costs

- 4** Investments in green & smart factories and in greener products

MARKET POSITIONS

TIRE BUILDING



GLOBAL MARKET LEADER



Tire manufacturers

KEY DIFFERENTIATOR – VISION TECHNOLOGY FOR TIRE BUILDING TECHNOLOGY SUCCESS

Smart Connectivity Systems – FY23 Results

In million € unless stated otherwise	2023	2022	Δ in %	Organic Δ in %
Turnover	800.5	848.6	- 5.7%	- 1.5%
<i>Added value</i>	<i>41.8%</i>	<i>37.8%</i>		
EBITA *	81.1	87.3	- 7.1%	- 0.1%
ROS	10.1%	10.3%		
Orderbook	214.8	239.7	- 10.4%	
ROCE	16.6%	22.4%		

HIGHLIGHTS 2023

Electrification Onshore

- Onshore energy cables impacted by destocking Dutch utility companies
 - Delays encountered with roll-out of their network projects
- Additional capacity in medium and high voltage onshore energy cable realized
 - Appointed as one of the preferred high voltage supplier for TenneT

Electrification Offshore

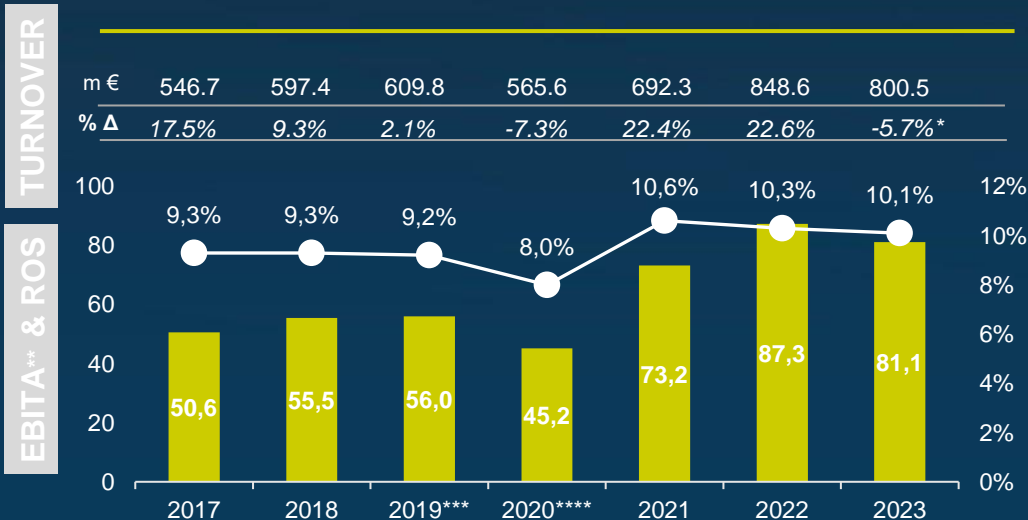
- Subsea cable capacity underutilized in H2; postponement of an order
- New plant in Eemshaven on schedule, operational during Q2 2024
 - Single source framework agreement with Vattenfall underpins strength of unique design
 - Prospects for new orders in the coming quarters
 - Capacity not expected to be fully utilized before 2025

Digitalization

- In H2 doubling of the EU anti-dumping duties
- Implementation of anti-dumping duties on optical fibre cables from China to UK
 - Closure of the cable production in China, transferred capacity to new plant in Poland
 - Transition temporarily impacted output and cost levels

Other

- Strong demand for specialized and customized connectivity systems for the machine-building, robotics, and medical industries



* Adjusted for acquisitions and currency effects, turnover decreased -1.5% organically

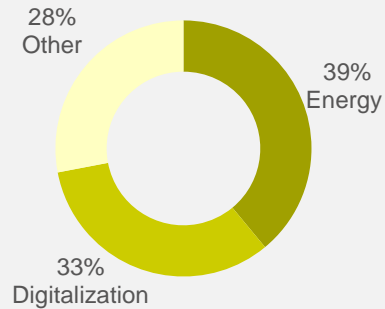
** EBITA before one-off income and expenses

*** In Aug 2019, CCG was divested (2018 EBITA € 14.3m)

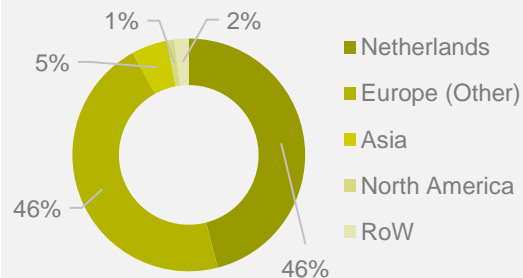
**** In Jan 2020, ZTC was divested (2019 EBITA € 5.0m)

Smart Connectivity systems – Digitalization

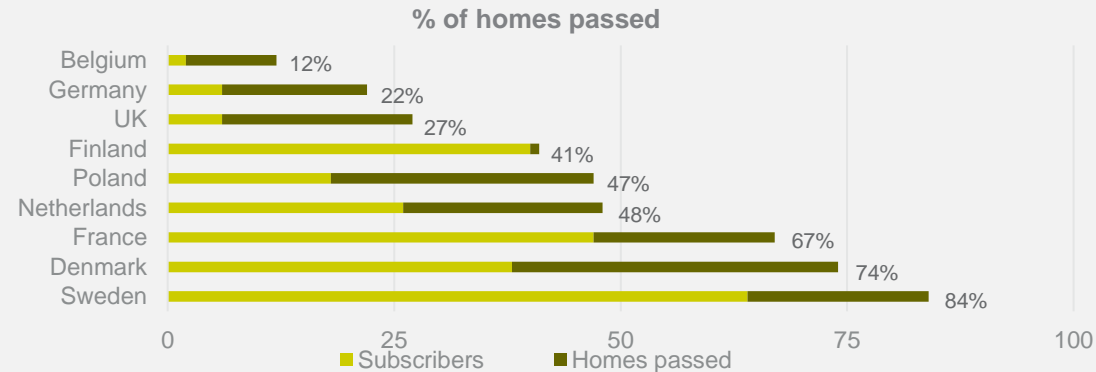
TURNOVER SPLIT SMART CONNECTIVITY SYSTEMS



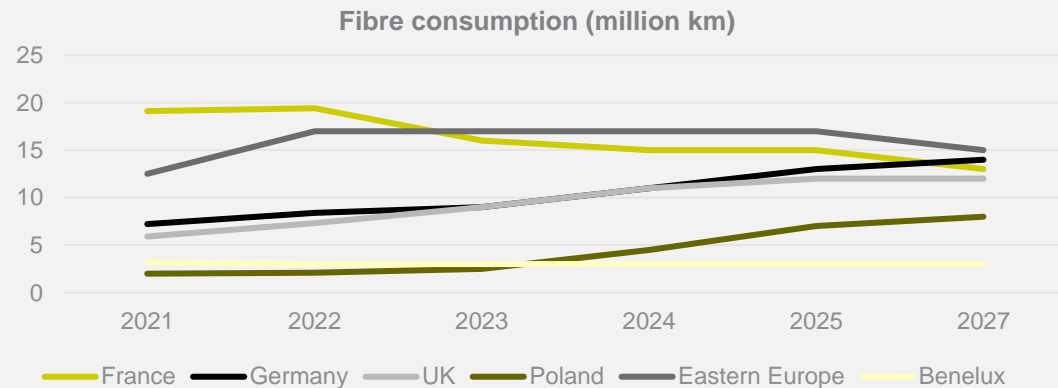
GEOGRAPHICAL SPLIT SMART CONNECTIVITY SYSTEMS



MARKET DRIVERS DIGITALIZATION



Source: FTTH Council Europe 2023



Source: various & internal calculations

MARKET POSITION DIGITALIZATION



GROWING MARKET POSITIONS



Network companies



MARKET LEADER



Installers

PROPOSITION DIGITALIZATION

DIGITALIZATION Fibre Optics connectivity systems - Turnkey cable systems, Closures, Street cabinets, Access chambers, Multi tube cables, Rack systems, patch robotics

OTHER Specialized cable systems, Building & Industry cable systems

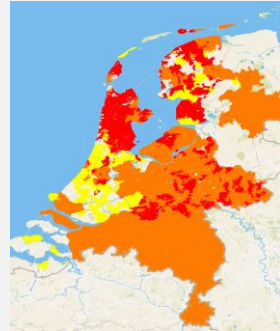
KEY DIFFERENTIATOR – SYSTEMS APPROACH

Smart Connectivity systems – Electrification

PROPOSITION

ELECTRIFICATION Offshore turnkey inter-array cabling and accessories, Onshore turnkey medium and high voltage energy cable systems

MARKET DRIVERS ONSHORE



Source: Netbeheer Nederland

- Threat of transport limitation
- Pre-announcement of structural congestion
- Structural congestion

MARKET POSITION ONSHORE

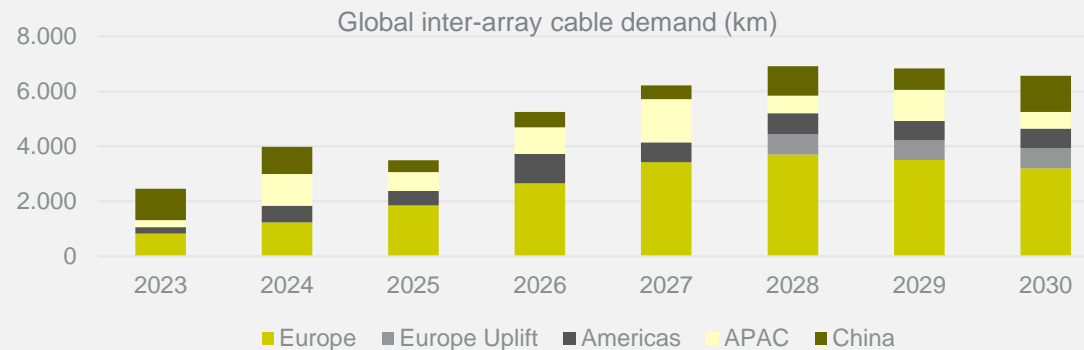


MARKET LEADER



Onshore
Utility companies

MARKET DRIVERS OFFSHORE



Source: 4cOffshore, completed with information on built / planned windfarms and EU targets

MARKET POSITION OFFSHORE



GROWING MARKET
POSITIONS



Offshore
Utility companies

KEY DIFFERENTIATOR – SYSTEMS APPROACH

A close-up photograph of a large bundle of yellow fiber optic cables. The cables are bundled together and are being processed by a machine. A metal clamp or gripper is visible on the right side, holding the bundle. The background is blurred, showing industrial equipment. The entire image has a yellow-green color overlay.

HIGHLIGHTS & FINANCIAL PERFORMANCE FY 2023

TKH delivers well on Outlook



Highlights FY 2023

Turnover € 1,847.5m

2022: € 1,816.6m

+ 3.2% organically***

EBITA* € 237.0m

2022: € 234.8m

+ 3.0% organically***

ROS* 12.8%

2022: 12.9%

Adjusted net profit
€ 130.5m**

2022: € 143.6m

- 9.1%

ROCE 19.8%

2022: 23.2%

Order book € 970.1m

Dec 31, 2022: € 971.9m

Innovations 16.1%

2022: 20.6%

As percentage of turnover

Net debt € 469.2m

Dec 31, 2022: € 307.2m

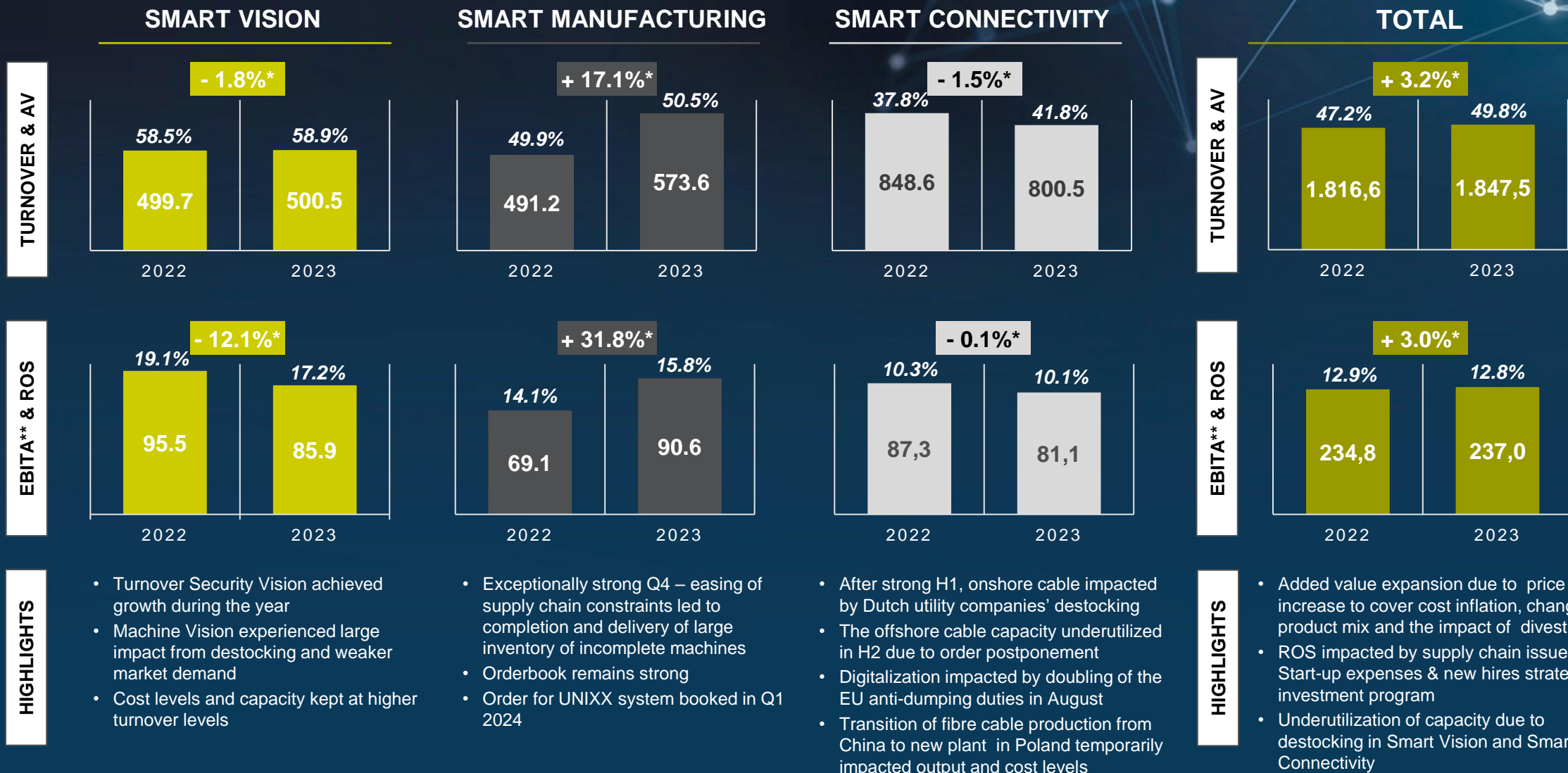
* EBITA & ROS excluding one-off income and expenses (one-off net expenses in 2023 amounted to € 2.0 million, 2022: one-off income of € 10.4 million)

** Net profit before amortization of intangible non-current assets related to acquisitions (after tax) and one-off income and expenses attributable to shareholders. Amortization of intangible non-current assets related to acquisitions (after taxes) in 2023 of € 12.3 million (2022: € 12.6 million)

*** Adjusted for acquisitions, divestments, and currency effects

Added Value increased across all segments

TCH



Geographical distribution of turnover

	2023	2022
Netherlands	24.6%	24.7%
Europe (other)	38.8%	44.1%
Asia	19.1%	14.8%
North America	13.0%	12.7%
Other	4.5%	3.7%

- Smart Vision systems
- Smart Manufacturing systems
- Smart Connectivity systems



Profit and Loss Account

	€ million		2023		2022		Δ in %
1	Turnover		1,847.5		1,816.6		+ 1.7%
	Raw materials and subcontracted work		927.9		958.7		
2	Added value		919.7	49.8%	857.9	47.2%	+ 7.2%
	Operating expenses		682.7	36.9%	623.1	34.3%	+ 9.6%
3	EBITA ¹⁾		237.0	12.8%	234.8	12.9%	+ 0.9%
	One-off income & exp.		2.0		- 10.4		
	Amortization		56.9		54.6		
	Impairments		3.7		0.5		
	Operating result		174.5		190.2		- 8.2%
	Result associates		51.5		3.1		
	Other financial result		- 23.0		- 12.0		
	Result before taxes		202.9		181.2		+ 12.0%
	Taxes		- 37.2		- 44.1		
	Net profit		165.8	9.0%	137.1	7.5%	+ 20.9%
	Adjusted net profit ²⁾		130.5	7.1%	143.6	7.9%	- 9.1%

1) before one-off income and expenses

2) before amortization of PPAs and one-off income and expenses attributable to shareholders

	€ million		Turnover
1	2022		1,816.6
	Acquisitions	+ 16.9	+ 0.9%
	Divestments	- 32.4	- 1.8%
	Currency translation	- 11.3	- 0.6%
	Organic growth	+ 57.7	+ 3.2%
	2023	1,847.5	1.7%

- 2 All segments reported increase in added value
- Higher operational costs being passed on
 - Change in product mix
 - Impact of acquisitions and divestments

	€ million		EBITA
3	2022		234.8
	Acquisitions	+ 3.1	+ 1.3%
	Divestments	- 5.1	- 2.2%
	Currency translation	- 2.7	- 1.2%
	Organic growth	+ 6.9	+ 3.0%
	2023	237.0	0.9%

Personnel expenses +9.4% – Expansion of workforce (+532 FTEs) and payroll increases

Profit and Loss Account

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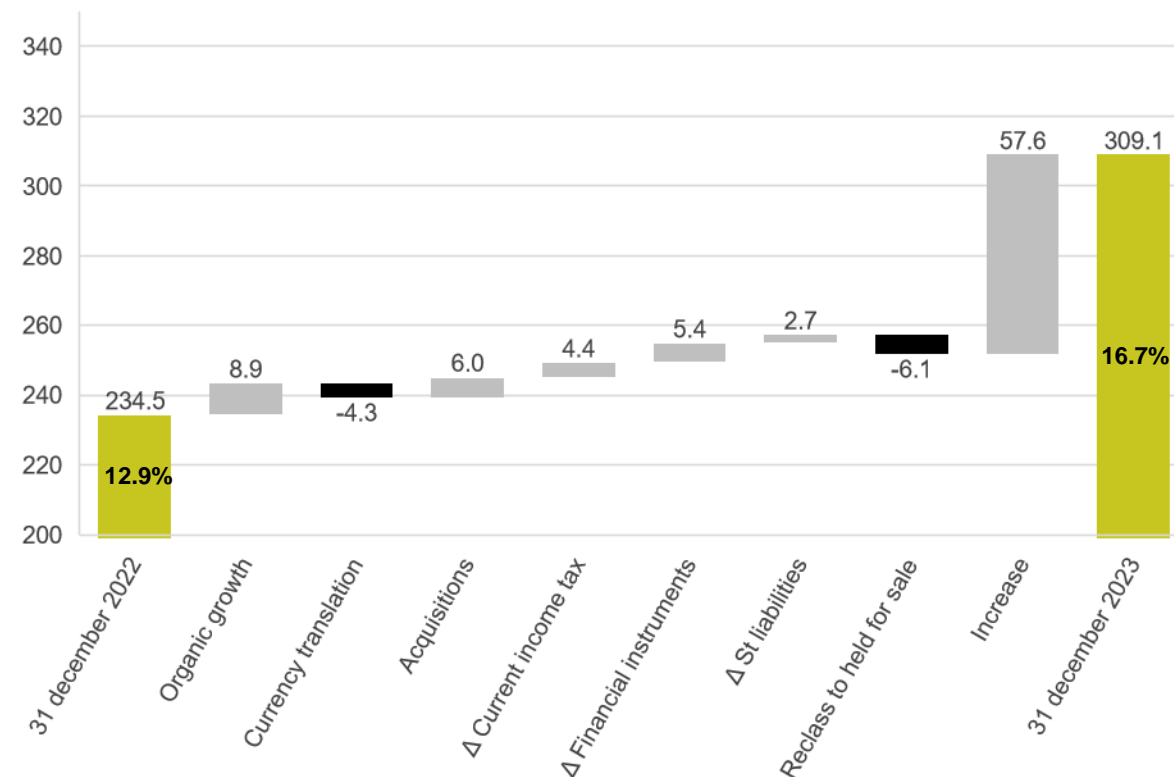
- 4** Reorganization costs in Smart Vision
Closure of fibre optic cable production in China
Acquisition and divestment costs
- 5** Mostly related to discontinued R&D
- 6** Includes € 54.8 million one-off net profit from the divestments of the remaining stake in CCG and of TKH France
- 7** Increase net interest expenses with € 12.4 million due to higher interest rates and outstanding debt
- 8** The normalized effective tax rate decreased slightly to 24.6% in 2023 from 24.8% in 2022
Benefitted from R&D tax facilities in several countries

Balance sheet



(in € million)	Dec 31, 2023	Dec. 31, 2022
Intangible assets and goodwill	565.7	533.8
Property, plant and equipment	436.0	295.0
Right-of-use assets	84.0	75.3
Other non-current assets	52.6	26.1
Total non-current assets	1,138.3	930.2
Current assets	874.6	845.1
Cash and cash equivalents	93.7	184.6
Total current assets	968.3	1,029.7
Assets held for sale	21.2	108.5
Total assets	2,127.8	2,068.4
Total group equity	835.7	786.9
Borrowings	572.4	503.0
Other non-current liabilities	75.2	64.0
Total non-current liabilities	647.6	567.0
Borrowings	75.9	70.4
Other current liabilities	565.5	610.7
Total current liabilities	641.4	681.1
Liabilities held for sale	3.1	33.4
Total equity and liabilities	2,127.8	2,068.4

1 Changes in working capital (in € million)



Use of non-recourse factoring ¹⁾

- > Dec 31, 2023 € 40.9 million
- > Jun 30, 2023 € 61.5 million
- > Dec 31, 2022 € 62.8 million

Use of supply chain finance ¹⁾

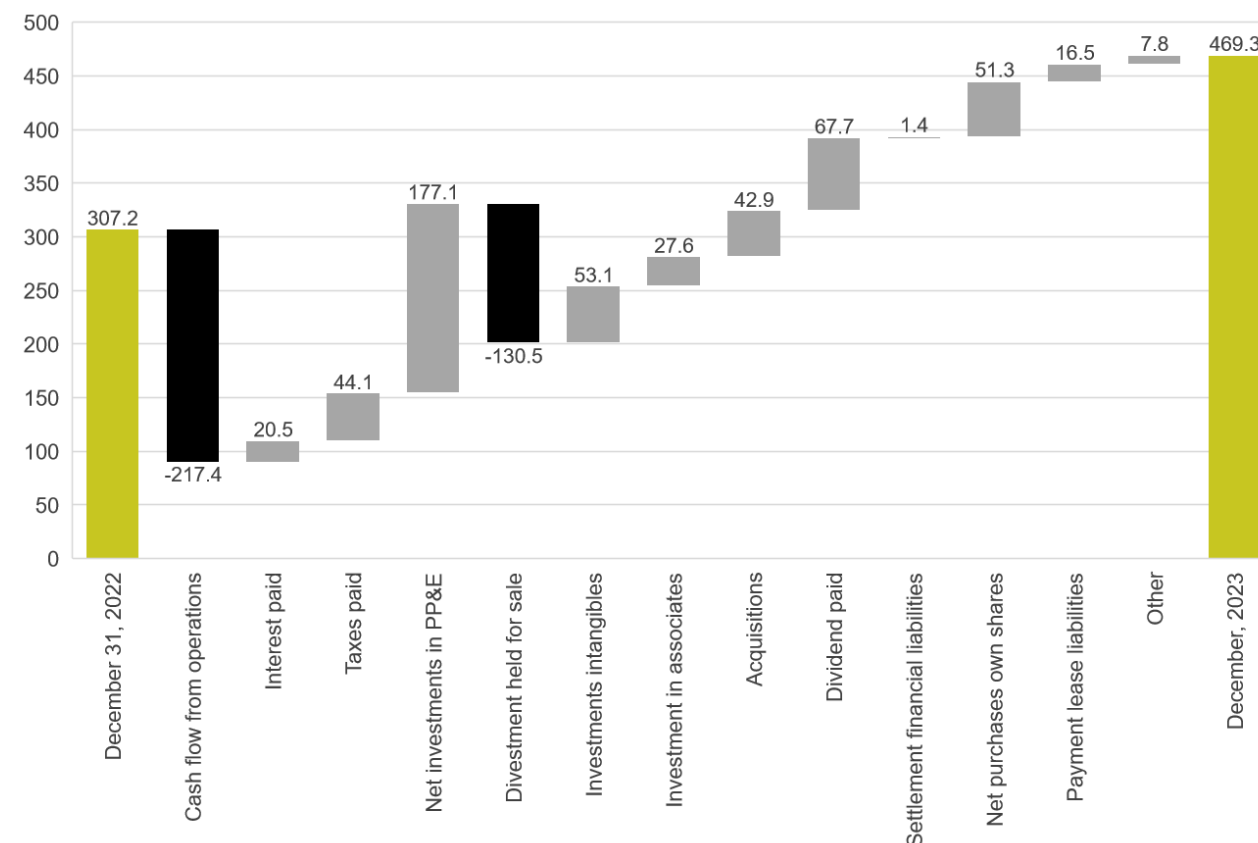
- > Dec 31, 2023 € 44.1 million
- > Jun 30, 2023 € 58.4 million
- > Dec 31, 2022 € 50.8 million

¹⁾ Amounts shown above include factoring and supply chain finance reported under 'held for sale' SMART TECHNOLOGIES <

Balance sheet

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Liabilities held for sale	3.1	33.4
Total equity and liabilities	2,127.8	2,068.4

2 Change in net debt (in € million)



Cash dividend of € 1.65 paid per (depository receipt of) ordinary share in 2023

Net debt/EBITDA of 1.8 (December 31, 2022: 1.1 and June 30, 2023: 1.7)

Free Cash Flow

(in million € unless stated otherwise)		H1 2023	H2 2023	2023	2022	2021	2020
	Operating result	93.3	81.2	174.5	190.2	136.9	70.9
	Depreciation, amortization and impairment	51.7	57.7	109.4	100.6	98.0	103.1
	EBITDA adjusted	145.0	138.9	283.9	290.8	234.9	174.0
1	Change in working capital	- 101.2	29.9	- 71.3	- 116.3	-3.5	42.5
	Taxes paid	- 19.5	- 24.6	- 44.1	- 40.4	- 33.1	- 19.9
	Other		4.9	4.9	-9.3	8.2	- 0.1
	Cash flow from operations before interest	24.3	149.1	173.4	124.8	206.5	196.5
	Payment of lease liabilities	- 7.7	- 8.8	- 16.5	- 14.7	- 15.6	- 16.0
2	Capital expenditure PP&E	- 71.0	- 106.1	- 177.1	- 91.8	- 31.0	- 29.4
3	Capital expenditure intangibles	- 25.5	- 27.6	- 53.1	- 45.9	- 40.5	- 39.2
4	Divestments of property held for sale				14.0		
	Free Cash Flow ('FCF')	- 79.9	6.6	- 73.3	- 13.6	119.4	111.9
	EBITDA (adjusted) to FCF conversion	- 55.1%	4.8%	- 25.8%	- 4.7%	50.8%	64.3%

- 1 FCF conversion can be affected by developments in working capital. Working capital ratio for the period-end included in the overview are:

>	2019:	13.0%
>	2020:	12.1%
>	2021:	9.9%
>	2022:	12.9%
>	2023:	16.7%

FCF-conversion is traditionally lower in the first half year and stronger in second half due to working capital development

- 2 In 2023, Strategic Investment Program impacted FCF by € 134 million (2022: € 41 million)
- 3 Payments for acquisitions have not been included in FCF
- 4 The net cash flow from the divestment of TKH France and CCG of € 129.5 million is not included in the FCF overview – Including the divestment, the FCF conversion would be 19.8%

OUTLOOK



TKH has made strong progress in its strategic positioning in 2023. With over 15% of turnover from innovations and the completion of the € 200 million strategic investment program, TKH is well positioned for further growth.

For Q1 2024, we anticipate Smart Manufacturing systems to grow compared to Q1 2023. Smart Vision and Smart Connectivity systems will face continued weak market demand. Overall, turnover and EBITA are expected to decrease in Q1 2024 compared to Q1 2023.

For the full year, we expect Smart Manufacturing systems to return to more normalized growth when compared to last year. In Smart Vision systems, we expect growth to return in the second half of 2024, on the back of market recovery. Within Smart Connectivity systems, we anticipate the destocking of onshore energy cables in the Netherlands to continue throughout the year. Barring unforeseen circumstances, we anticipate organic growth in turnover and EBITA in 2024.

TKH will provide a more specific outlook for the full year of 2024 at the presentation of its interim results in August 2024.

