

Strong strategic progress despite challenging market circumstances

Highlights third quarter 2023

- Turnover increased by 1.6% to € 458.5 million (Q3 2022: € 451.2 million). Adjusted for acquisitions (+1.4%) and currency effects (-1.3%), turnover increased organically by 1.6%, with price effects accounting for 2.0% of turnover.
- Turnover in Smart Manufacturing systems increased strongly, due to the easing of supply-chain constraints, while Smart Vision systems' and Smart Connectivity systems' turnover decreased compared to Q3 2022, due to destocking effects.
- Added value as a percentage of turnover improved compared to Q3 2022, due to the effect of sales price increases over several quarters and the easing of supply-chain constraints.
- EBITA before one-off income and expenses decreased by 1.7% to € 54.3 million (Q3 2022: € 55.2 million); operating expenses increased due to the hiring of additional personnel in preparation for the ramp-up of the new plants.
- Order book remained stable at € 994.4 million (June 30, 2023: € 999.9 million). Continued strong order intake at Smart Manufacturing systems.
- ROS at 11.8% (Q3 2022: 12.2%).

First nine months 2023

- Year-to-date, turnover increased to € 1,406.1 million (+4.1%), with EBITA amounting to € 174.1 million, a 1.9% increase.
- ROS for the first nine months of this year reached 12.4% compared to 12.6% in the first nine months of 2022.

Alexander van der Lof, CEO of TKH: *“We continued to perform well in the third quarter and made strong strategic progress amidst challenging market circumstances. Smart Manufacturing systems showed an excellent improvement in results as supply-chain constraints eased, while Smart Vision systems and Smart Connectivity systems were impacted by destocking at our customers. We managed to improve our added value to cover cost inflation. During the quarter, we continued to execute on our strategic priorities to drive the ROS towards our 2025 targets. Following the conclusion of the divestment of our cable distribution activities, TKH France, which resulted in a one-off net profit contribution of approximately € 20 million, we initiated our second € 25 million share buyback program this year.*”

Notwithstanding the challenging market circumstances, our technologies continue to gain traction on the back of the long-term megatrends automation, digitalization and electrification. To capture the opportunities we see in our core business, we expect to accelerate our divestment opportunities in the coming 12 months. This gives us further room to invest in our core technologies, while we will also use the funds for additional share buyback programs. The framework agreement for the single-source supply of inter-array cables for all of Vattenfall's European windfarms in the coming years, underlines our innovative technological power and shows that we are on the right track with our investments in this exciting segment.”

Developments per technology segment

Smart Vision systems

The Smart Vision systems segment reported a 6.9% decline in turnover compared to Q3 2022, due to declines in 2D and 3D machine vision. This was the result of destocking effects and lower demand in



the consumer electronics and factory automation market. The turnover of Security Vision remained stable in a market with short ordering cycles. We kept the cost levels stable as we anticipate a next upturn. As a result, the ROS decreased compared to the first half of 2023 due to the lower activity level.

Smart Manufacturing systems

Smart Manufacturing systems recorded a 28.0% increase in turnover compared to the third quarter of 2022. Tire Building showed strong turnover growth, driven by the easing of component shortages and a continued strong order book, while the other activities also recorded increases in turnover. ROS increased compared to the first half of 2023, benefiting from the turnover growth, increased added value and the reduction of operational inefficiencies at Tire Building. The order book and order intake remain high.

Smart Connectivity systems

As expected, Smart Connectivity systems' turnover¹ decreased by 7.8% compared to the third quarter of 2022. The onshore energy cable turnover was impacted by destocking, due to delays encountered by utility companies with the roll-out of their network infrastructure projects. The offshore energy cable capacity was underutilized due to the postponement of an order to 2024, as previously communicated. The new fibre optic and specialty cable plants in Poland were officially opened in early September and are rapidly ramping up, leading to an expansion in the number of employees. Due to the doubling of the EU anti-dumping duties and the implementation of anti-dumping duties on optic cables from China to the United Kingdom, TKH decided to close the cable production activities in China. One-off costs will be recognized in Q4 of 2023 related to this closing. ROS decreased compared to the first half of 2023.

Outlook

Smart Vision systems continues to face strong destocking effects and weakened market conditions in several end markets. As a result, we now expect EBITA to decrease slightly for Smart Vision systems in the second half of 2023, compared to the first half of 2023. The outlook for Smart Manufacturing systems however has improved, with turnover and EBITA expected to grow in the second half of 2023 compared to the first half of 2023. Smart Connectivity systems' EBITA and turnover are expected to be lower in the second half of 2023 than in the first half of the year, in line with the guidance provided in August.

On balance, for the full year 2023, TKH reiterates the earlier communicated outlook with an EBITA before one-off income and expenses between € 230 million and € 240 million, however EBITA is expected to be at the lower end of the forecasted range. This results into a net profit before amortization and one-off income and expenses attributable to shareholders at the lower end of the € 126 million to € 134 million range, barring unforeseen circumstances.

TKH has scheduled a Q3 2023 Analyst Call at 10:00 AM (CET) today which can be followed via our website (www.tkhgroup.com).

Haaksbergen, November 14, 2023.

For further information:

Jacqueline Lenterman

Investor Relations

j.lenterman@tkhgroup.com

Tel: +31(0)53 5732901

¹ Q3 turnover included the contribution of the recently divested TKH France activities.



Financial calendar

March 5, 2024	Publication Full Year Results 2023
May 6, 2024	Market Update Q1 2024
August 13, 2024	Publication Interim Results 2024
November 12, 2024	Market Update Q3 2024

About TKH

TKH Group NV (TKH) is a leading technology company. We specialize 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. In doing so, we work to make the world better by creating ever more efficient and more sustainable systems.

Our more than 7,000 employees pursue sustainable growth in a culture of entrepreneurship, working closely with customers to create one-stop-shop, plug-and-play innovations for Smart Vision, Smart Manufacturing, and Smart Connectivity technology.

Listed on Euronext Amsterdam (TICKER: TWEKA), we operate globally and focus our growth across Europe, North America, and Asia.

For further information, please visit www.tkhgroup.com.

Disclaimer

Statements included in this press release 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 on 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.