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PROFIT APPROPRIATION

Since no protection preference and financing preference shares were outstanding or issued, within the meaning of Articles 33.1, 3, 4, 5, 6 paragraph b and c, 8, 9 and 12 below, only the articles governing the profit appropriation in relation to the outstanding shares are included here.

Article 33 of the articles of association reads as follows:

2. The company may make distributions to the shareholders and other persons entitled to distributable profits only to the extent that its shareholders' equity exceeds the sum of the paid-up and called-up part of the capital plus the reserves that must be maintained pursuant to the law or the articles of association.
- 6a. From any profit remaining after application of the previous paragraphs five percent (5%) of the nominal amount of the priority shares shall, if possible, be distributed on such priority shares. No further distribution shall be made on the priority shares.
7. If in any year the profit does not suffice to make the distributions referred to above in paragraph 6 of this article, the provisions in paragraph 6 and in paragraph 10 shall not apply in the subsequent financial years until the deficit has been made up. Subject to the approval of the Supervisory Board, the Executive Board is authorised to resolve to distribute an amount equal to the deficit referred to in the previous sentence charged to the reserves.
10. Of the profit remaining thereafter, the Executive Board shall, subject to the approval of the Supervisory Board, reserve as much as it deems necessary. In so far as the profit is not reserved under application of the previous sentence, it shall be at the disposal of the general meeting, either fully or partially for reservation, or fully or partially for distribution to holders of ordinary shares proportionately to their holding of ordinary shares.

For other provisions of the articles of association we refer to TKH's website: www.tkhgroup.com.

PROPOSAL FOR PROFIT APPROPRIATION

in thousands of euros

Net profit attributable to shareholders € 47,520.

In accordance with Article 33 of the articles of association, we propose paying the holders of (depository receipts of) ordinary shares a dividend of € 1,00 per (depository receipt of) ordinary share.

The dividend will be made available for payment on 14 May 2021.

The dividend for 4,000 priority shares has been set at € 0.05 per share of € 1.00.

INDEPENDENT AUDITOR'S REPORT

To: the shareholders and supervisory board of TKH Group N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2020 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements for the year ended 31 December 2020 of TKH Group N.V. based in Haaksbergen. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of TKH Group N.V. as at 31 December 2020 and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of TKH Group N.V. as at 31 December 2020 and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2020;
- the following statements for 2020: consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in group equity and consolidated cash flow statement;
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2020;
- the company statement of profit and loss for 2020;

- the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of TKH Group N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OUR AUDIT APPROACH

Our understanding of the business

TKH Group N.V. is an internationally operating technology company and heads a group of operating companies. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities, as further described in the 'Scope of the group audit' section of our report. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment, as further described in the 'Our key audit matters' section of our report.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks and to 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.

During our audit of the financial statements 2020 we were forced to perform our procedures to a greater extent remotely due to the Covid-19 measures. This limits our observation and increases the risk of missing certain signals. In order to compensate for the limitations related to physical contact and direct observation, we performed alternative procedures to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. As disclosed in note 1 to the financial statements, management made a specific assessment of the impact of the COVID-19 pandemic on important judgment areas and significant accounting estimates. We discussed and evaluated this assessment with management exercising professional judgment and maintaining professional skepticism.

Materiality

Materiality	€ 5.2 million (2019: € 6.0 million)
Benchmark applied	Result before interest, taxes, impairments and amortization (EBITA) x 4.0% (2019: Result before tax (adjusted) x 5.0%)
Explanation	The users of the financial statements of a profit-oriented entity typically focus on financial performance based on an earnings-based benchmark, usually result before tax. Over the past years the result before tax of TKH Group N.V. fluctuated as a result of a number of one-off transactions with respect to the “Simplify & Accelerate” program. For this reason, we consider the result before tax to be a less appropriate benchmark. TKH Group N.V. primarily uses a derivative of the result before interest, taxes, impairments and amortization (EBITA) to report on their financial performance. Based on this, we consider this the most appropriate benchmark for TKH Group N.V.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 260,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

TKH Group N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of TKH Group N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on the holding and the operating

companies which are significant in terms of size and financial importance or for which significant risks or more complex activities (such as construction contracts and research and development) apply. The audit of the Dutch operating companies within the scope of the group audit are performed by ourselves. With the exception of four operating companies in Germany and one in Finland, the audit of the foreign operating companies in scope were performed by EY audit teams. We provided the foreign component teams with detailed instructions and the component teams performed their audit procedures on the basis of those instructions and reported the results of their audit procedures to us.

Because of the international travel restrictions and social distancing due to the Covid-19 pandemic, we needed to restrict or have been unable to visit management and/or component auditors to discuss, among others, the business activities and the identified significant risks or to review and evaluate relevant parts of the component auditor's audit documentation and to discuss significant matters arising from that evaluation on site. Despite these extraordinary circumstances, we interacted regularly with all component teams throughout the audit process, using digital communications technology and digital information exchange. We have gained access to the digital audit files of, among others, the local EY auditors in Canada, Germany, Italy, the Netherlands, Austria and Poland and have remotely verified their work performed.

On this basis we directed and supervised the group audit and were we able to address the significant observations in our group audit. The procedures in relation to the consolidation of the group, the assessment of the valuation of goodwill and other intangible fixed assets of acquired companies, the assessment of the valuation of the deferred tax assets arising from unused tax losses and the explanatory notes in the financial statements are performed centrally. In total, the aforementioned procedures represent 83% (2019: 79%) of the total assets, 67% (2019: 75%) of the result before tax in absolute values and 66% (2019: 70%) of the group's revenue.

Due to the application of professional judgment in determining the individual significance of a group entity and because the nature and extent of our procedures depends on our risk assessment, the above coverage percentages vary. For non-significant components, we have performed a review of the financial information of these individual components using a materiality level that is specifically determined for these components.

By performing the procedures mentioned we have been able to

obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming, use of specialists and internal audit

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of TKH Group N.V. We included specialists in the areas of IT audit (including cybersecurity), corporate governance (including remuneration), IFRS accounting, valuation of goodwill and other intangible fixed assets of acquired companies, share based payments, taxes and forensic auditors.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Our audit response related to fraud risks

In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We considered available information and made enquiries of the executive board, management (including the internal auditor, the head of legal affairs, the compliance officer and the directors of operating companies within the scope of the group audit) and the supervisory board. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud and misappropriation of assets. Furthermore, as TKH Group N.V. is a global company which is operating in multiple jurisdictions, we considered the risk of bribery and corruption in those respective countries.

In our process of identifying fraud risks, we considered whether the Covid-19 pandemic gives rise to specific fraud risk factors resulting from a dilution in the effectiveness of controls as a result of the general disruption associated with remote working, illness and workforce reductions, pressure on supply chain, management overrides and workarounds becoming the norm, manual invoicing and payments, cybersecurity risks and potential abuse of government schemes intended to support companies during the pandemic.

We evaluated the design and the implementation of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in note 2 to the financial statements. We have also used data analysis to identify and address high-risk journal entries.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the executive board, reading minutes, inspection of reports of the internal auditor and the head of legal affairs, made enquiries of the compliance officer and performing substantive tests of details of classes of transactions, account balances or disclosures. We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations from the executive board that all known instances of non-compliance with laws and regulations have been disclosed to us.

Going concern

We performed the following procedures in order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting. Management made a specific assessment of the

company's ability to continue as a going concern and to continue its operations for at least the next 12 months. We discussed and evaluated the assessment with management exercising professional judgment and maintaining professional skepticism, and specifically focusing on the process followed by management to make the assessment, management bias that could represent a risk, the impact of current events (including Covid-19 pandemic) and conditions have on the company's operations and forecasted cash flows, with a focus on whether the company will have sufficient liquidity to continue to meet its obligations as they fall due.

We consider 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 a company to cease to continue as a going concern.

General audit procedures

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matter "Simplify & Accelerate" program, which was included in our last year's independent auditor's report, is not considered a key audit matter for this year as this related to a number of one-off transactions for which the accounting treatment was material to the 2019 financial statements.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF DEVELOPMENT COSTS AND ASSETS RELATED TO NEW INNOVATION PROJECTS AND / OR BUSINESS ACTIVITIES

We refer to the following notes: 3 intangible non-current assets, 4 tangible non-current assets, 29 impairment and the related accounting principles and assumptions in note 1 and 2 of the financial statements.

RISK	<p>TKH Group N.V. is investing in the development of new technologies. In accordance with the requirements of IAS 16 or IAS 38 TKH capitalizes the related costs. On a yearly basis TKH Group N.V. assesses, in accordance with IAS 36, whether there is an indication for impairment. This is a relative complex estimation process, especially for investments in new innovation projects and new business activities, and is to a large extent dependent on subjective factors. TKH Group N.V. concludes, based on internal analysis, that the capitalized costs meet the requirements of IAS 16 or IAS 38 and that in accordance with IAS 36 there is no indication for impairment, other than the amount of € 1.3 million as disclosed in note 29 to the financial statements.</p> <p>We have therefore identified the valuation of development costs and assets related to new innovation projects and / or business activities as a key audit matter.</p>
OUR AUDIT APPROACH	<p>We obtained internal analysis of the company for our audit of the capitalized development costs in relation to the new innovation projects and / or business activities. We assessed whether capitalized projects are separately identifiable and appropriate, whether capitalized costs are a fair reflection of the actual cost, whether the projection of future economic benefits and cash flows are reasonable, including the technical feasibility, the intention to complete and the possibility to execute the projects on a commercial basis.</p> <p>In performing our audit procedures, we maintained our professional skepticism and remained alert to the potential impact of the Covid-19 pandemic on the estimates related to the valuation of development costs and the valuation of assets related to new innovation projects and / or business activities.</p> <p>We also reviewed the explanatory notes in relation to the development costs and audited the related estimations.</p>
KEY OBSERVATIONS	<p>Management has updated their assumptions and estimates based on the latest available (historic) data and expectations, including their assessment of the impact of the COVID-19 pandemic.</p> <p>We concur with the valuation of development costs and assets related to new innovation projects and / or business activities.</p> <p>We are of the opinion that the explanatory notes are adequate.</p>

REVENUE RECOGNITION, INCLUDING THE SELECTED TIMING OF RECOGNITION

We refer to the related accounting principles and assumptions in note 1 and 2 of the financial statements.

RISK	<p>The revenues of TKH Group N.V. within the segments Telecom, Building and Industrial Solutions consist of various types of contracts with elements for the delivery of products, services or combinations thereof.</p> <p>Taking into account the diversity of the segments and the type of contracts, we have identified a (fraud) risk with respect to revenue recognition, since it is important for revenue recognition that the control is transferred before the revenue is recognized. This is particularly a focus area for transactions near year-end for which management has to estimate whether the control has been transferred. As a result, there is a risk that transactions near year-end are not correctly recorded, resulting in incorrect or incomplete revenue recognition.</p> <p>On this basis, we have identified revenue recognition, including the selected timing of recognition, as a key audit matter.</p>
OUR AUDIT APPROACH	<p>We obtained and confirmed our understanding of the revenue recognition process within the segments Telecom, Building and Industrial Solutions, including the timing of revenue recognition.</p> <p>We performed walkthroughs for the significant revenue categories in order to evaluate the internal controls associated to the related risks. In addition we have performed, among others, the following substantive audit procedures:</p> <ul style="list-style-type: none"> • Data analysis in which specific trends, cut-off aspects and correlations (e.g. turnover - receivables - cash and cash equivalents) are analyzed. • Margin analyses for each significant revenue category / product lines. • Test of details of individual revenue transactions, where we traced transactions from the initiation stage up to recognition.
KEY OBSERVATIONS	<p>We concur with the revenues as recognized by TKH Group N.V. in its financial statements.</p> <p>We are of the opinion that the explanatory notes are adequate.</p>

VALUATION OF CONTRACT ASSETS AND LIABILITIES

We refer to note 9 contract assets and to the related accounting principles and assumptions in note 1 and 2 of the financial statements.

RISK	<p>TKH Group N.V. develops, produces and supplies systems on behalf of customers, which vary from subsea cable systems to integrated systems for the manufacturing of car and truck tires, whereby revenues are recognized over time. This results in the recognition of contract assets and liabilities per balance sheet date and prompting management to make estimates of the percentage of completion of the projects, as well as the expected result of the projects. This process involves relative complex estimations and is highly dependent on subjective factors.</p> <p>Given the diversity of systems that TKH Group N.V. produces, we recognize a (fraud) risk with respect to the valuation of projects with a fixed contract price and therefore we have identified management's assessment in relation to the valuation of contract assets and liabilities as a key audit matter.</p>
OUR AUDIT APPROACH	<p>Our procedures mainly include substantive procedures which were performed depending on the nature of the developed systems and size of the related projects.</p> <p>Our audit procedures focused on, among others:</p> <ul style="list-style-type: none"> • the appropriateness of the capitalization of costs on projects; • the estimation of the 'percentage of completion'; • changes in project forecasts, including interim revisions, if any; • back testing on prior assumptions of management.
KEY OBSERVATIONS	<p>Management has updated their assumptions and estimates based on the latest available (historic) data and expectations, including their assessment of the impact of the COVID-19 pandemic. We consider the estimates of management, to determine the valuation of the contract assets and liabilities, as reasonable and the explanatory notes as adequate.</p>

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- management board report
- profile
- mission
- message from the CEO
- members supervisory board
- report from the supervisory board
- remuneration report
- section and
- other information.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 and Sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information required by Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with Sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the Supervisory Board as auditor of TKH Group N.V. on 14 May 2014 as of the audit for the year 2015 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Other non-prohibited services provided

In the Netherlands our services are only related to the audit of the financial statements. Outside the Netherlands very limited other procedures are being provided to operating companies in respect to their Corporate Income Tax declaration. These services comply with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of ethics for professional accountants, a regulation with respect to independence).

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Our audit approach' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 8 March 2021
Ernst & Young Accountants LLP

signed by F.J. Blenderman

STICHTING ADMINISTRATIEKANTOOR TKH GROUP

The objective of the Stichting Administratiekantoor TKH Group ('Stichting Administratiekantoor') is to acquire and hold in trust ordinary shares in TKH Group N.V. ('TKH'), a public company which has its registered office in Haaksbergen (the Netherlands), in exchange for the allocation of convertible, registered depositary receipts for shares. In accordance with the provisions of article 9 of the Trust Terms and Conditions governing the shares of TKH, Stichting Administratiekantoor reports on the activities during the year under review, 2020, related exclusively to the administration of shares for which depositary receipts have been issued. The total nominal value of the ordinary shares of TKH held in administration amounted to € 10,677,716.25 on 31 December 2020, in exchange for which 42,710,865 depositary receipts for shares¹ with a nominal value of € 0.25 each have been issued.

MEETINGS OF THE EXECUTIVE COMMITTEE

The Executive Committee of Stichting Administratiekantoor met three times during the financial year. Due to the restrictions because of COVID-19, all meetings took place virtually. The topics to be discussed in the meeting of 31 March were the General Meeting of Shareholders ('General Meeting') 2020 and the TKH Annual Report 2019. In the context of the retirement schedule, the board reappointed Mr. Noy as member of Stichting Administratiekantoor, in the position of chairman, for a period of two years, starting 1 July 2020.

The agenda items of the General Meeting were discussed in the meeting of 6 May. The special circumstances under which the General Meeting would take place on 7 May 2020, due to the COVID-19 situation with associated restrictions on meeting and, contrary to usual, no discussion at the General Meeting would be possible regarding the provisional voting determination by the Executive Committee of Stichting Administratiekantoor, has made the Committee decide to definitively determine the voting behaviour in its meeting on 6 May.

Holders of depositary receipts for shares in the capital of the company have been given the opportunity to vote independently on the agenda items that have been put to vote in the General Meeting, in respect of the shares corresponding with their depositary receipts and subject to the relevant statutory provisions. Holders of depositary receipts of shares who collectively represents 53.9% of the capital entitled to vote, requested a proxy from Stichting Administratiekantoor to vote independently on the shares in question. Stichting Administratiekantoor voted for the remaining 45.7% of the capital entitles to vote. In doing so, the Committee has determined to vote in favor of the agenda items that are put to the vote in the General Meeting.

In the meeting of 23 September, the company gave an explanation of the published interim figures 2020. The retirement schedule for 2021 was discussed and the procedure to be followed in this regard. Legislative proposals that affect Stichting Administratiekantoor also have been discussed.

EXECUTIVE COMMITTEE OF STICHTING ADMINISTRATIEKANTOOR

Stichting Administratiekantoor's Executive Committee currently has three independent members:

- Mr. H.L.J. Noy, chairman
- Mr. J.S.T. Tiemstra
- Mr. G.W.Ch. Visser

Personal details of the members of the Executive Committee and the retirement schedule can be found on the website of Stichting Administratiekantoor.

CONTACT DETAILS

Address: Spinnerstraat 15, 7481 KJ Haaksbergen (the Netherlands).
Website: www.stichtingadministratiekantoor.tkh.com.
Email: stak@tkhgroup.com.

Haaksbergen, 5 March 2021
Stichting Administratiekantoor TKH Group
The Executive Committee

STATEMENT OF INDEPENDENCE

The Executive Board of TKH Group N.V. and the Executive Committee of Stichting Administratiekantoor hereby state that, jointly and severally, they are of the opinion that Stichting Administratiekantoor TKH Group is a legal entity which is independent of TKH Group N.V. within the meaning of Section 5.71(1)(d) of the Financial Supervision Act.

Haaksbergen, 5 March 2021
TKH Group N.V.
Executive Board

Haaksbergen, 5 March 2021
Stichting Administratiekantoor
TKH Group
The Executive Committee

¹ The number of depositary receipts for shares has increased by 18,916 compared to due to the conversion of ordinary shares into depositary receipts for shares.

STICHTING CONTINUÏTEIT TKH

The objective of Stichting Continuïteit TKH ('Stichting Continuïteit') is to look after the interests of TKH Group N.V. ('TKH') and all the businesses associated with it in such a way that those interests are secured as far as possible and to resist as far as possible any influences which could affect the independence, continuity or identity of TKH and its businesses contrary to those interests, as well as to do anything related or conducive to the above.

By means of a call option TKH has conferred on Stichting Continuïteit the right to acquire cumulative protective preference shares in TKH subject to a maximum of 50% of the amount of the other shares outstanding at the time of placement of the protective shares, or 100% should the limitation on conversion of depositary receipts cease to apply. The protective shares will not be left on issue longer than is strictly necessary. In the event that TKH shareholders actually acquire a degree of control which is regarded as undesirable or is not in the interests of TKH and its businesses, or there is a danger of them doing so, TKH's Executive and Supervisory Board shall be at liberty to determine their position in relation to such degree of control, to consider and explore possible alternatives and to elaborate on them if necessary. Stichting Continuïteit did not acquire any cumulative protective preference shares in TKH in 2020.

TKH has also conferred on Stichting Continuïteit the right to initiate an inquiry procedure at the Enterprise Chamber in the event that Stichting Continuïteit is of the opinion that there are good grounds to doubt the policy pursued by and state of affairs prevailing in TKH and believes that by invoking this right it would be acting in the interests of TKH and the businesses associated with it.

EXECUTIVE COMMITTEE OF STICHTING CONTINUÏTEIT

The Executive Committee of Stichting Continuïteit consists of:

- Mr. M.P. Nieuwe Weme, chairman
- Ms. S. Drion
- Mr. A. Nühn MBA
- Mr. A.J.M. van der Ven

Haaksbergen, 5 March 2021

Stichting Continuïteit TKH

The Executive Committee

STATEMENT OF INDEPENDENCE

The Executive Board of TKH Group N.V. and the Executive Committee of Stichting Continuïteit TKH state that, jointly and severally, they are of the opinion that Stichting Continuïteit TKH is a legal entity which is independent of TKH Group N.V. within the meaning of Section 5.71(1)(c) of the Financial Supervision Act.

Haaksbergen, 5 March 2021

TKH Group N.V.

Executive Board

Haaksbergen, 5 March 2021

Stichting Continuïteit TKH

The Executive Committee

CONSOLIDATED ENTITIES

Name	Place	Country	Ownership 31-12-2020 ¹	Ownership 31-12-2019 ¹	Telecom Solutions	Building Solutions	Industrial Solutions
Alphatronics B.V.	Nijkerk	Netherlands	100.0%	100.0%		●	
BB Lightpipe B.V.	Doetinchem	Netherlands	100.0%	100.0%		●	
B.V. Twentsche Kabelfabriek	Haaksbergen	Netherlands	100.0%	100.0%	●	●	●
Commend Benelux B.V.	Prinsenbeek	Netherlands	100.0%	100.0%		●	
Cruxin B.V.	Capelle a/d IJssel	Netherlands		100.0%		●	
EKB Groep B.V.	Beverwijk	Netherlands	100.0%	100.0%			●
Eldra B.V.	Ittervoort	Netherlands	100.0%	100.0%		●	●
Intronics B.V.	Barneveld	Netherlands	100.0%	100.0%	●	●	●
Isolectra B.V.	Capelle a/d IJssel	Netherlands	100.0%	100.0%		●	
LMI Technologies B.V.	Kerkrade	Netherlands	100.0%	100.0%		●	
Mextal B.V. ²	Nuene	Netherlands	95.0%	95.0%		●	
Park Assist Europe B.V. ⁴	Beesd	Netherlands		100.0%		●	
Siqura B.V.	Gouda	Netherlands	100.0%	100.0%		●	
Texim Europe B.V.	Haaksbergen	Netherlands	100.0%	100.0%	●	●	●
TKH Airport Solutions B.V. ²	Haaksbergen	Netherlands	75.0%	75.0%		●	
TKH Finance B.V.	Haaksbergen	Netherlands	100.0%	100.0%			
TKH Innovations B.V. ⁴	Haaksbergen	Netherlands		100.0%		●	
TKH Logistics B.V.	Haaksbergen	Netherlands	100.0%	100.0%	●	●	●
TKH Logistics Vastgoed B.V.	Haaksbergen	Netherlands	100.0%	100.0%	●	●	●
TKH Parking Technology B.V. ⁴	Beesd	Netherlands		51.0%		●	
TKH Security B.V.	Amsterdam	Netherlands	100.0%	100.0%		●	
VMI Holland B.V.	Epe	Netherlands	100.0%	100.0%			●
INEC N.V.	Herentals	Belgium	100.0%	100.0%	●	●	●
Techno Specials N.V.	Gent	Belgium	100.0%	100.0%		●	●
Texim Europe BVBA	Brussel	Belgium	100.0%	100.0%	●	●	●
EFB Nordics A/S	Ballerup	Denmark	90.0%	90.0%	●	●	
TKH Airport Solutions A/S	Nykøbing Falster	Denmark	100.0%	100.0%		●	
Aasset Security GmbH ³	Erkrath	Germany	100.0%	100.0%		●	
Allied Vision Technologies GmbH ³	Stadtroda	Germany	100.0%	100.0%		●	
ASP GmbH ³	Erkrath	Germany	100.0%	100.0%		●	
Augusta Technologie GmbH ³	Bielefeld	Germany	100.0%	100.0%		●	
Chromasens GmbH ³	Konstanz	Germany	100.0%	100.0%		●	
Dewetron Elektronische Messgeräte GmbH ³	Wernau	Germany	100.0%	100.0%			●
EEB Kabeltechnik GmbH ³	Forst	Germany	100.0%	100.0%			●
EFB Elektronik GmbH ³	Bielefeld	Germany	100.0%	100.0%	●	●	●
EFB Elektronik Real Estate B.V. & Co. KG ³	Bielefeld	Germany	100.0%	100.0%	●	●	●
Ernst & Engbring GmbH ³	Oer-Erkenschwick	Germany	100.0%	100.0%			●
FocalSpec GmbH ³	Berlin	Germany	100.0%	100.0%		●	
HE System Electronic GmbH ³	Veitsbronn	Germany	100.0%	100.0%			●
IV-Tec GmbH ³	Freiburg	Germany	100.0%	100.0%		●	
Lakesight Technologies Holding GmbH ³	Unterschleissheim	Germany	100.0%	100.0%		●	

Name	Place	Country	Ownership 31-12-2020 ¹	Ownership 31-12-2019 ¹	Telecom Solutions	Building Solutions	Industrial Solutions
Lakesight Technologies German Holding GmbH ³	Unterschleissheim	Germany	100.0%	100.0%		●	
LMI Technologie GmbH ³	Teltow	Germany	100.0%	100.0%		●	
Mikrotron GmbH ³	Unterschleissheim	Germany	100.0%	100.0%		●	
New Electronic Technology GmbH ³	Finning	Germany	100.0%	100.0%		●	
Profipatch GmbH ³	Herford	Germany	100.0%	100.0%		●	
Schneider Intercom GmbH ³	Erkrath	Germany	100.0%	100.0%		●	
SVS-Vistek GmbH ³	Seefeld	Germany	100.0%	100.0%		●	
Texim Europe GmbH ³	Quickborn	Germany	100.0%	100.0%	●		●
TKD Immobilien GmbH ³	Bielefeld	Germany	100.0%	100.0%			●
TKD Kabel Real Estate B.V. & Co KG ³	Bielefeld	Germany	100.0%	100.0%			●
TKF GmbH ³	Bielefeld	Germany	100.0%	100.0%	●		
TKH Airport Solutions GmbH ³	Bielefeld	Germany	100.0%	100.0%		●	
TKH Deutschland GmbH ³	Bielefeld	Germany	100.0%	100.0%			
TKH Deutschland Verwaltungs GmbH ³	Bielefeld	Germany	100.0%	100.0%			
TKH Grundstücksverwaltungs B.V. & Co. KG ³	Bielefeld	Germany	100.0%	100.0%		●	●
TKH Security Solutions GmbH ³	Erkrath	Germany	100.0%	100.0%		●	
TKH Technologie Deutschland AG ³	Bielefeld	Germany	100.0%	100.0%			
Aasset France SAS	Argenteuil	France	100.0%	100.0%		●	
CAE Data SAS	Wissous	France	100.0%	100.0%	●	●	●
ID Cables SAS	Wissous	France	100.0%	100.0%	●	●	●
MAN SAS	Wissous	France	100.0%	100.0%	●	●	●
TKF SAS	Wissous	France	100.0%	100.0%	●		
TKH France SAS	Wissous	France	100.0%	100.0%	●		
Commend France SAS	Saint Ouen	France	100.0%	100.0%		●	
Dewetron France SARL	Chilly Mazarin	France	100.0%	100.0%		●	
LMI Finland Oy	Oulu	Finland	100.0%	100.0%		●	
TKH Finland Holding Oy	Riihimäki	Finland	100.0%	100.0%	●		
TKH Finland Oy	Riihimäki	Finland	100.0%	100.0%	●		
Lakesight Technologies Holding Srl.	Mairano (Brescia)	Italy	100.0%	100.0%		●	
Lakesight Italia Srl.	Mairano (Brescia)	Italy	100.0%	100.0%		●	
Aasset Security Italia Srl.	Conegliano	Italy	100.0%	100.0%		●	
Commend Italia Srl.	Carobbio Degli Angeli (BG)	Italy	100.0%	100.0%		●	
Tattile Srl.	Mairano (Brescia)	Italy	100.0%	100.0%		●	
E&E Cable Solutions (Ukraine)	Kiev	Ukraine	100.0%	100.0%			●
Commend International GmbH	Salzburg	Austria	100.0%	100.0%		●	
Dewetron Elektronische Messgeräte GmbH	Graz	Austria	100.0%	100.0%			●
EFB Elektronik Austria GmbH	Wien	Austria	100.0%	100.0%	●	●	●
C&C Partners Sp. z o.o	Leszno	Poland	100.0%	100.0%	●	●	
TKH Technology Sp. z o.o	Leszno	Poland	100.0%	100.0%		●	
VMI Poland Sp. z.o.o	Leszno	Poland	100.0%	100.0%			●
JOHRAMont s.r.o.	Svidník	Slovakia	95.0%			●	
Commend Iberica SL.	Barcelona	Spain	100.0%	100.0%		●	
Imagina Artificial Intelligence SL	Malaga	Spain	100.0%	100.0%		●	
INEC Espana SA	Malaga	Spain	100.0%	100.0%	●	●	●

Name	Place	Country	Ownership 31-12-2020 ¹	Ownership 31-12-2019 ¹	Telecom Solutions	Building Solutions	Industrial Solutions
ParkEyes SL	Malaga	Spain	100.0%	100.0%		●	
Siqura SL	Madrid	Spain	100.0%	100.0%		●	
EFB Elektronik Ltd.	Istanbul	Turkey	90.0%	90.0%	●	●	
Commend Güvenlik ve İletişim Sistemleri Ltd. Şti.	Istanbul	Turkey	85.0%	85.0%		●	
Commend UK Ltd.	Stansted	UK	100.0%	100.0%		●	
TKH Security UK Ltd.	Rotherham	UK	100.0%	100.0%		●	
Siqura Ltd.	Rotherham	UK	100.0%	100.0%		●	
Park Assist Ltd.	London	UK	100.0%	100.0%		●	
Commend Scandinavia AB	Tierp	Sweden	100.0%	80.0%		●	
VMC Elteknik AB	Strängnäs	Sweden	100.0%	100.0%	●	●	
Commend AG	Fehraltorf	Switzerland	100.0%	100.0%		●	
Multi Media Connect (Aust) Pty Ltd.	Tuggerah	Australia	100.0%	85.0%		●	
Park Assist Holdings Pty Ltd.	Sydney	Australia	100.0%	100.0%		●	
Park Assist Pty Ltd.	Sydney	Australia	100.0%	100.0%		●	
Jacques Technologies Pty Ltd.	Brisbane	Australia	100.0%	100.0%		●	
VMI South America Ltda.	Sao Paulo	Brazil	100.0%	100.0%			●
Allied Vision Technologies Inc.	Burnaby	Canada	100.0%	100.0%		●	
LMI Technologies Inc.	Vancouver	Canada	100.0%	100.0%		●	
Allied Vision Technologies (Shanghai) Co. Ltd.	Shanghai	China	100.0%	100.0%		●	
Dewetron Test and Measurement Equipment (Beijing) Co. Ltd	Beijing	China	100.0%	100.0%			●
Dewetron Test and Measurement Equipment (Shanghai) Co. Ltd	Shanghai	China	100.0%	100.0%			●
E&E Cable (Zhangjiagang) Co. Ltd	Zhangjiagang	China	100.0%	100.0%			●
FocalSpec Asia Ltd.	Hong Kong	China	100.0%	100.0%		●	
FocalSpec China Co. Ltd.	Suzhou	China	100.0%	100.0%		●	
LMI (Shanghai) Trading Co. Ltd.	Shanghai	China	100.0%	100.0%		●	
TKH Building Solutions Shanghai Co. Ltd.	Shanghai	China	100.0%	100.0%		●	
Twentsche (Nanjing) Fibre Optics Co. Ltd.	Nanjing	China	100.0%	100.0%	●		
VMI Yantai Ltd.	Yantai	China	100.0%	100.0%			●
VMI Ltd.	Yantai	China	100.0%	100.0%			●
Zhangjiagang Twentsche Cable Co. Ltd.	Zhangjiagang	China	100.0%	100.0%		●	
Isolectra Communications Technology Sdn Bhd	Shah Alam	Malaysia	100.0%	100.0%	●	●	
VMI SEA Office Sdn Bhd	Shah Alam	Malaysia	100.0%	100.0%			●
Ithaca SA	Casablanca	Morocco	100.0%	100.0%		●	
LMI Technologies Co. Ltd.	Tokio	Japan	100.0%	100.0%		●	
NET Japan Co. Ltd.	Yokohama	Japan	90.0%	90.0%		●	
SVS-Vistek K.K.	Yokohama	Japan	100.0%	100.0%		●	
Multi Media Connect (N.Z.) Pty Ltd.	Paraparaumu	New Zealand	100.0%	85.0%		●	
Allied Vision Technologies Pte Ltd.	Singapore	Singapore	100.0%	100.0%		●	
Commend South East Asia Pte Ltd.	Singapore	Singapore	100.0%	100.0%		●	
TKH Security & Airport Solutions Pte Ltd.	Singapore	Singapore	100.0%	100.0%	●	●	
LMI Technologies yuhan hoesa	South Korea	South Korea	100.0%	100.0%		●	
VMI Thailand	Thailand	Thailand	100.0%	100.0%			●
CMF Taiwan	Taiwan	Taiwan		60.0%		●	
Commend Middle East FZE	Dubai	United Arab Emirates	100.0%	100.0%		●	

Name	Place	Country	Ownership 31-12-2020 ¹	Ownership 31-12-2019 ¹	Telecom Solutions	Building Solutions	Industrial Solutions
Allied Vision Technologies Inc.	Boston	USA	100.0%	100.0%		●	
Commend Inc.	New York	USA	100.0%	100.0%		●	
Dewetron America Inc.	Wakefield	USA	100.0%	100.0%			●
FocalSpec Inc.	Santa Clara	USA	100.0%	100.0%		●	
LMI Technologies Inc.	Detroit	USA	100.0%	100.0%		●	
NET USA Inc.	Highland	USA	100.0%	100.0%		●	
Park Assist LLC	New York	USA	100.0%	100.0%		●	
SVS-Vistek Inc.	Carrolton	USA	100.0%	100.0%		●	
Siqura Inc.	Germantown	USA	100.0%	100.0%		●	
TKH USA Holding Inc.	Wilmington	USA	100.0%	100.0%		●	
VMI Americas Inc.	Stow	USA	100.0%	100.0%			●

1 Economic ownership is equal to the legal ownership, unless mentioned differently.

2 Economic ownership is 100%.

3 The aforementioned German subsidiaries included in TKH's consolidated financial statements make use of the exemption in § 264 (3), § 264 (b) HGB to prepare, audit and publish individual annual accounts. TKH Deutschland GmbH is not required to draw up consolidated annual accounts pursuant to § 291 HGB.

4 Merged within the group

SUSTAINABILITY STATEMENTS AND REPORTING SYSTEM

PROCEDURES, STANDARDS AND GUIDELINES

In the report of the Executive Board (which is part of the TKH Annual Report), we provide an account of, among other things, our sustainability performance during the year under review from 1 January 2020 up to 31 December 2020. The publication date of the Annual Report is 25 March 2021 at the latest. We focus on topics that have been an integral part of our Corporate Social Responsibility (CSR) policy. We report in line with the Global Reporting Initiative (GRI) 'core' (the GRI index can be found on TKH's website). The content and definition of the report are based on the materiality analysis whereby TKH, in its choices regarding the depth and definition of the CSR report, focuses on the topics that are most material and that have a strong relationship with TKH's strategy and business operations. The GRI guidelines were used to define and set our KPIs. In the GRI guidelines, it is important that a company makes an estimate of issues that are of sufficient importance to merit reporting. The significance (materiality) of the issues to be selected is determined through analysis of the impact of the key data on people, the environment and society, in relation to the value stakeholders attach to those issues. We monitor our objectives based on a dashboard in our internal reporting system and evaluate the results every quarter, in meetings with our operating companies. CSR is also part of the annual budgeting process.

In addition to the themes in the materiality matrix, some SDGs have been defined on which we believe we can have the greatest impact, so that we can directly contribute to these. TKH has chosen six SDGs to guide its approach to sustainability. Four of them focus on the innovative product portfolio and two on internal operations. We have linked existing goals to these SDGs in order to ensure that there is a structural focus on the themes.

The principle of Integrated Reporting is further implemented in the management report of the Annual Report 2020. We use the IIRC (International Integrated Report Council) model by which we provide insight on how to create value within the TKH Group. This is explained further in the Report of the Executive Board on the basis

of qualitative and quantitative information. In compiling the CSR report, we used information and results derived from our monthly internal reporting structure and available from our organizations as part of their compliance with the ISO management systems and the Dutch Corporate Governance Code. In addition, we used the findings and recommendations on the basis of providing information on the CDP platform, Ecovadis, Vigeo and MSCI.

To measure and report the CO₂ emissions, we use the distribution in the scopes of the Greenhouse Gas (GHG) protocol.

- Scope 1 covers the CO₂ emissions caused by fuels that we purchase and consume by ourselves, and concerns mainly gas, petrol and diesel.
- Scope 2 covers CO₂ emissions from electricity consumption.
- Scope 3 emissions covers CO₂ from fleet (commuting), waste generated from own operations and transportation of goods.

Our focus remains primarily on scope 1 and 2, because most of our emissions occurs within those scopes. We have expanded our internal dashboard with scope 3 components, but have not yet implemented a scope extension for CO₂ emissions in our calculation model. In calculating the CO₂ impact of its operations in 2020, TKH relies as much as possible on the list of emission factors drawn up by SKAO, which offers reliable, verifiable source for almost all emission factors. From the European directive on energy efficiency (2012/27/EU) the obligation applies to member-states to ensure that large companies undergo an energy audit. The energy audit is a systematic, four-yearly approach with the aim of gathering information about the current energy consumption of a company. We use the input from those TKH operating companies that belong to the defined scope and must carry out a mandatory energy audit, for the reporting on energy reduction and improvement plans to be implemented.

The products delivered by TKH comply with the European directives REACH (Registration, Evaluation and Authorization of Chemicals) and ROHS (Restriction of Hazardous Substances). REACH is a European system for registering, evaluating (risks to people and the

environment) and authorizing chemical substances in Europe. ROHS is a European directive that prohibits certain hazardous substances from being used in electrical and electronic devices.

In the context of human rights, TKH acts in the business activities according to the 'Universal Declaration of Human Rights'. We refer to our code of conduct and the code of supply (both of which can be downloaded from our website www.tkhgroup.com). We support the OESO guidelines that provide us with guidance regarding such issues as supply chain responsibility, human rights, child labor and the environment. We have provided our input on the Transparency Benchmark information platform, an initiative of the Ministry of Economic Affairs and Climate. The Dutch government asks companies to be transparent about their CSR policies and activities. Through the Transparency Benchmark, the ministry offers insight into the way in which the largest Dutch companies report on their CSR activities. We also take the spearhead letters from advocates on themes related to sustainability and governance, such as those from VBDO, Eumedion and VEB, as a guideline for further transparency.

We have provided our input to the Carbon Disclosure Project (CDP), MSCI, Vigeo and S&P Dow Jones Indices. For the circular economy we focus on the defined ambitions that the Netherlands has set in the Circular Innovation Program 'Plastic and rubber in the underground infrastructure' and the Dutch Infrastructure companies in their 'Mission Statement Fair Infra'.

We have used data from Statistics Netherlands for the benchmark data on illness. The benchmark data for the employee and customer satisfaction survey came from research firm Integron. For benchmarking the employee satisfaction and NPs in an international perspective, we use 'The Global Employee Engagement Index™'. For benchmarking the NPs for customer satisfaction, the NPs score of Integron was used, which is based on the Dutch market.

The Executive Board is intensively involved in the CSR strategy and the implementation of the policy. Interactions with our operating companies ensure that 'best practices' are shared internally so that we can continuously improve our performance.

TRENDS

In our business operations, we focus on the external and internal environmental factors, analyzing trends that can affect our activities

OVERVIEW KPIs AND OBJECTIVES

STRATEGIC PILLARS	KPIs	OBJECTIVES	REALIZATION 2020 MATRIX-NR.	
INNOVATIVE & FINANCIAL PERFORMANCE	Portfolio at an early stage of the product life cycle.	At least 15% of turnover, that is introduced in the previous two years.	21.1%	2
	Technological innovations with impact on sustainability (SDGs).	At least 70% of total turnover is linked to a SDG.	70.0%	2
	Net interest-bearing debt/EBITDA (debt leverage ratio).	<2.0.	1.6	1
	Return On Sales (ROS).	>15% medium-term.	10.5%	1
	Return On Capital Employed (ROCE).	22-25% medium-term.	14.0%	1
	Solvency.	>35%.	42.0%	1
TALENT EMPOWERMENT	Number of hours spent on education and training per FTE.	At least 16 hours/year per FTE.	18	9
	Accident rate (Lost Time Injury Frequency; LTIF	<1.0	0.8	8
	Total illness rate compared to the number of FTEs.	<4.0%.	3.51%	8
	Employee satisfaction survey.	At least in accordance with the benchmark (7.1).	7.4	7
	Employees act in accordance with code of conduct	No reports of violations code of conduct.	0	11
	Number of employees with disabilities and/or disadvantage on the labor market.	Maintain at least current number.	100	10
BEING RESPONSIBLE	Carbon footprint (CO ₂ emissions).	2.5% reduction in 2020 compared to 2015.*	5.8%	6
	Total waste most relevant raw materials, compared to total material consumption.	<5% of annual material consumption.	6.6%	4
	Recycling most relevant raw materials.	>50%.	84.3%	4
	High customer satisfaction.	Average score above benchmark (7.8).	8.1	3
	Suppliers agree with the code of supply.	No deviating actions in accordance with the themes of the code of supply.	0	11

and operations. We then make an assessment of the opportunities and threats and see how we can provide added value for our stakeholders and society in general. The table 'Trends in CSR' shows our added value in the field of CSR for each trend and how we steer this internally by setting concrete goals.

STAKEHOLDER DIALOGUES AND MATERIALITY MATRIX

TKH regularly enters into dialogue with a various group of stakeholders on topical and social issues. The varied backgrounds and the knowledge of the stakeholders about TKH and the environment in which we operate is a good starting point for conducting the dialogue. It provides useful insights into stakeholders' interpretations of current topics that affect TKH. We also use the dialogues to broaden our insights into the needs and expectations of the stakeholders. In addition, stakeholder engagement helps us to make better use of opportunities and identify risks in a timely manner. A dialogue is also used to clearly explain specific themes in order to increase support for them or, in certain cases, to create understanding when a theme is given less priority in our business operations. The results of the dialogues are also included in the review of the materiality matrix. The Executive Board is closely involved in determining material themes and the final weighting given to them by TKH.

In the year under review we have given a higher relevance to some themes, among others to health & safety, climate change and IT & Security. Social themes that are considered to be less or not relevant by both our stakeholders and TKH are not further explained in the annual report. Because of COVID-19, the dialogue with stakeholders mainly took place virtually and these conversations mainly focused on themes that were directly or indirectly related to the current situation around COVID-19.

In the materiality matrix in the Report of the Executive board, an overview of the key topics is shown. A ranking of topics that have been determined as important for all stakeholder groups (vertical axis) and that are most impactful for TKH (horizontal axis) has been set aside in addition to the prioritization from the strategic roadmap. We measure and report on material issues. The subjects that are designated as less or non-material are managed in our organization without further numerical substantiation in the annual report.

In the identification of material aspects and the annual review of these, we consult among others the following sources:

- Dialogues with strategic stakeholders.
- Investor relations meetings about ESGs.
- General governance assumptions.
- Topics suggested by civil society organizations such as VBDO, VEB, Eumedion.
- Guidelines from Global Reporting Initiative (GRI) and international guidelines like OESO and SDG.
- Sustainability rating agencies such as CDP, Vigeo, MSCI and Ecovadis.

TKH Group is an active member of industrial and branch organizations.

- FTTH Council in Europe, North America, the Middle East, North Africa, Latin America and Asia-Pacific. This non-profit organization is established to accelerate Fibre To The Home (FTTH) technology. Members are manufacturers, system designers, consultancies and academic organizations.
- The International Cable makers Federation (ICF) represents the largest part of the worldwide production capacity of the Wire & Cable Industry. As Federation of the world's leading wire and cable producers, this provides a worldwide forum for members to increase the visibility of the industry by highlighting the relevance of its products and technologies, as well as its contribution to the sustainable progress of the society.
- EMVA: is represented in more than 20 countries with the aim to promote the development and use of machine vision technology and to support the interests of its members.
- Retread tire Association: association for suppliers of the renewal and tire repair industry.

MAIN CATEGORIES OF SUPPLIERS

The activities of the operating companies of TKH are diverse, so that they also work with various suppliers. For the cable production activities, the same raw material suppliers are used as much as possible in order to be able to utilize economies of scale and to make agreements on sustainability in the context of origin and recycling. Where possible, framework agreements are concluded with suppliers of NPR goods.

SCOPE AND CHANGES COMPARED TO LAST YEAR
























The CSR policy is not adjusted in 2020. If policy changes are applied, these are explained in the report to the specific topic. Compared to previous reporting, there are no changes in the system of measuring. In the year under review, two companies were divested due to the

strategic transition process. In addition, some subsidiaries have been integrated into one company. For some sustainability criteria, the divestment of activities or the integration of companies has an impact on the sustainability performance. Where relevant, these effects are explained. There have also been no changes in structure or ownership. Unless otherwise stated, the data are based on all our domestic and foreign operating companies. Where this is not so, explicit mention will be made of this. The operating companies acquired will start reporting on CSR in accordance with the TKH reporting structure in the year following acquisition. Companies in which TKH has a minority ownership interest are not included in the report. Consolidation of data occurred along the same lines as the system used in the financial consolidation. Any estimates made are based on historical information.

DILEMMAS

Sustainability initiatives are increasingly being developed by various target groups that require an increased contribution from industry. We take responsibility in this, but we continue to relate it to our business operations so that we can also make a material contribution to the sustainability initiatives and thus create the necessary support. In some cases, this leads to conscious choices to not implement themes or not collaborate, even though we are asked to do so. In certain markets, the price factor is still decisive, and there may be implicit reasons for reducing CSR efforts. In such situations, it is a challenge to convince the stakeholder of the importance of sustainability which, as a result, exceeds the price axis. Reducing our energy consumption calls for thorough coordination of our manufacturing, which in turn is dictated by current demand. Over the past few years, we have concentrated a lot on energy reduction, which has resulted in the successful implementation of many saving plans. It is therefore a growing challenge to define new reduction plans and make major savings. Furthermore, the expansion of production facilities as well as integration of activities to one location, have resulted in a further increase in energy consumption compared to the output produced as this consumption cannot yet be fully compared with the return that these investments will yield. The amount of waste is also influenced by 'learning curve' effects due to a thorough alignment of the production equipment with the production of innovative, high-quality new cable types. The quality requirement of the product is leading in this and can be at the expense of the ratio with regard to waste reduction. We are increasingly asked to provide information on external information platforms and portals. Due to price-sensitive (inside) information and

TRENDS IN CSR

TREND THEME	OUR ADDED VALUE/ OPPORTUNITIES	TARGETS	POSSIBLE RISKS	TKH STRATEGY	SDG
Technology developments — need to innovate faster and to maintain or improve competitiveness.	Targeted acquisition policy - Innovative capability and investment in R&D.	Targeted acquisition policy with good alignment between technologies - R&D Roadmap. Integration of companies with strengthening R&D Roadmap.	Acquired companies are not successfully integrated. Speed of competitors' technological developments with more perspective.	INNOVATIVE	   
Rise of robotics, autonomous transport, artificial intelligence and machine learning.	Balanced and sustainable product portfolio.	Innovation target.	Speed of competitors' technological developments with more perspective. Risks of cybercrime.	INNOVATIVE	   
Growing demand for efficiency and providing integrated solutions.	Innovative capability and investment in R&D. Knowledge of the market and customers' wishes.	Customer satisfaction.	Reputational damage because we do not sufficiently satisfy customers' expectations, resulting in underperformance of result and turnover development.	INNOVATIVE	   
Global populations are generally older, wealthier, increasingly live in urban areas, and are more and more connected through technology.	Core technologies are combined into total solutions and tailored to efficiency, comfort and safety.	Expected growth in the vertical growth markets for the next 3-5 years from € 300 to € 500 million.	Geopolitical, global situation.	INNOVATIVE	 
As a result of digitization, jobs will disappear, but many new jobs will also be created.	Interesting employer with a focus on entrepreneurship and development opportunities, as well as good employment practices, ethics and integrity.	Education and training. Employee satisfaction. Integrity/general organizational principles.	Inability to retain qualified personnel. Undesirable or unethical behaviour on the part of employees that leads to reputational damage.	TALENT EMPOWERMENT & BEING RESPONSIBLE	
Work and private life will be integrated in new lifestyles..	The size and nature of the company creates opportunities for a broad working group.	Good employment practices.	No or insufficient match between the wishes and requirements of employer and employees, which may lead to conflicts.	BEING RESPONSIBLE	
Global agreements on climate - energy systems from renewable, sustainable energy sources.	A product portfolio that responds to sustainability issues such as renewable energy sources.	Climate change. R&D roadmap. Active participation in chain initiatives.	Dependence on subsidies for projects.	INNOVATIVE & BEING RESPONSIBLE	    
Awareness of the need to counteract climate change effects. - collaboration in the chain is necessary.	Knowledge of the operation and the markets in which we operate. Active value chain approach	Active participation in value chain initiatives. Code of supply and assessments at suppliers.	Dependence upon customers and suppliers. Non-compliance with legislation and regulations by chain partners. Image or reputational damage of value chain partners.	BEING RESPONSIBLE	
Resources are becoming depleted. Fossil fuels are becoming scarce. Attention to design in order to recover high-quality raw materials.	Waste reduction and recycling. Energy and CO ₂ reduction program. Circular economy.	Targets for reducing CO ₂ emissions. Recycling waste.	Important raw materials are unavailable or available in limited quantities. Commodity price volatility.	BEING RESPONSIBLE	

competition-sensitive information, it is not always possible to honor all requests. We take a selective approach to lending our co-operation and make considered choices regarding the information posted. In the case of external ratings on sustainability, TKH is often rated by peers in the production/manufacturing industry. TKH's activities are increasingly focused on in-house technology development, in which the software component plays an increasingly important part. For this reason, the ratings give a distorted picture and call for additional communication by our organization.

Due to the COVID-19 situation, the changed situation was responded to in an alert and flexible manner. This has led to a shift in priorities for themes. For example, extra attention has been paid to the health and safety of our employees and to the secure design of the IT environment due to the accelerated introduction of working from home. A number of themes have unfortunately received a somewhat lower attention value, such as inclusiveness of the organization. There was also no stakeholder dialogue this year, as it is our strong preference to organize this in a physical setting in which multiple stakeholders participate.

INTERNAL CONTROL

The data have been audited by the responsible company officers as to plausibility and progress using the Cognos financial reporting model. Data were verified by TKH's financial department. All reported differences greater than 10% compared with the previous year have been explicitly investigated. TKH's Internal Audit carries out audit reviews on the processes to be performed and the accuracy of the data as a permanent part of its work program. Internal Audit has spent specific attention during its audit work on compliance with the code of conduct within our operating companies and the implementation of the code of supply at strategic suppliers. For specific sustainability issues, external expertise is hired. TKH does not have the CRS report verified externally. At the moment, the priority lies in investing time and commitment in implementing sustainability within the organization.

CSR IN THE ORGANIZATION

To safeguard the CSR policy, the Executive Board is directly involved in CSR developments within the TKH organization and personal targets are linked to CSR performance (see also 'Remuneration Report'). TKH's Company Secretary (also Compliance Officer) is responsible for developing and implementing CSR for the TKH Group. CSR is a standard item on the agenda at

meetings of the Management Board, on which the Company Secretary has a seat. There is close collaboration with the Director Finance & Control, who is also a member of the Management Board, due to reporting on CSR issues at the operating companies. There is also close cooperation with TKH's Director Internal Audit in relation to his auditing of CSR themes during the audit reviews. New CSR initiatives are preferably developed in working groups. This expedites the building of support within the Group and makes implementation more efficient and effective. Initiatives in the value chain are always attended by commercial managers in order to guarantee a pragmatic approach. In conducting the stakeholder dialogues, we work with executives from our operating companies, business line managers, account managers and HR. Contacts with the confidential officers rely on the operation of the TKH code of conduct and the associated Whistleblowers regulations. If a report is made to an operating company that is qualified as inadmissible behavior, the confidential officer of the operating company will promptly notify the compliance officer of TKH Group, who is the central point of referral for integrity issues. The latter, acting together with the Executive Board, will deal with the report and, if desirable, will consult the company confidential officer of the subsidiary concerned. After the report has been investigated, the Executive Board will make a decision in consultation with the board of the operating company concerned or a representative of that board. The whistleblower scheme can be downloaded from the TKH website.

With purchasing managers, themes are discussed that concern the code of supply. If a supplier fails to meet one or more of the requirements in the code, action has to be taken how the supplier will become compliant in an effective and efficient way and as soon as possible. If the supplier refuses to co-operate or fails to make sufficient progress toward complying with the code, TKH will reconsider its partnership with that supplier. In certain cases, local conditions may prevent the supplier from meeting particular requirements of the code. In such a case, we enter into dialogue to work towards a satisfactory solution. In such conversations, best practices are shared with the supplier concerned, in order to guide him in making improvements and to share ideas. The purchase manager has a pioneering role in this. The company secretary as the person responsible for CSR is frequently involved in such discussions. The code of supply as well as the assessment form can be downloaded via the TKH website.

The Executive Board discusses progress in CSR at least every quarter with the (clusters of) operating companies. This is based on financial and non-financial reports in which CSR is included. We have embedded CSR in our Cognos financial reporting system so that it is an integral part of our information system. At least once a year, the progress in the field of CSR is also discussed with the Supervisory Board and future developments and the associated follow-up steps are explained.

For more information about TKH's sustainability program, please contact Derk Postma (d.postma@tkhgroup.com). Please feel free to send any feedback you may have on this report to this e-mail address. For up-to-date information on sustainability, you can also consult our website: www.tkhgroup.com/csr.

TEN YEARS OVERVIEW

In millions of euros	2020	2019	2018 ¹	2017 ²	2016	2015	2014	2013	2012	2011
Consolidated statement of profit and loss										
Total turnover	1,289	1,490	1,458	1,485	1,341	1,375	1,346	1,198	1,102	1,061
Raw materials, consumables, trade products and subcontracted work	651	771	768	817	710	743	770	699	652	649
Personnel expenses	345	369	352	347	331	326	296	277	234	210
Depreciation ³	46	45	26	25	22	22	20	19	17	15
Other operating expenses	111	133	137	147	131	133	124	103	113	95
Total operating expenses	1,153	1,318	1,283	1,336	1,194	1,224	1,210	1,098	1,016	969
EBITA before one-off income and expenses	136	172	175	149	147	151	136	100	86	92
One-off income and expenses	-7	-18	-4	-6			9	-7	-12	-2
EBITA	129	154	171	143	147	151	145	93	74	90
Impairments	4	5	2	2	1	1	1			
Amortization	54	50	40	37	33	32	26	26	21	13
Operating result	71	99	129	104	113	118	118	67	53	77
Financial result	-14	-10	-4		-7	-7	-10	-13	-12	-7
Fair value changes of financial liability for earn-out and put options of shareholders of non-controlling interests				4	1					
Result on ordinary activities before taxes	57	89	125	108	107	111	108	54	41	70
Taxes	15	20	27	20	20	23	22	12	10	16
Net result for the period from continued operations	42	69	98	88	87	88	86	42	31	54
Result after tax from discontinued operations		45	11							
Non-controlling interests				1	1	2	3	5	3	1
Attributable to shareholders	42	114	109	87	86	86	83	37	28	53

Key figures	2020	2019	2018 ¹	2017 ²	2016	2015	2014	2013	2012	2011
EBITA/Turnover (ROS) ^{3 4}	10.5	11.6	12.0	10.1	10.9	11.0	10.0	8.3	7.8	8.7
Net result before amortization and one-off income and expenses/Group equity ^{3 4}	10.6	14.9	17.6	16.1	16.5	19.3	17.8	13.7	11.7	16.5
EBITA/Average capital employed (ROCE)	14.0	17.4	21.3	19.7	20.1	22.1	21.2	15.9	15.9	21.5
Net debt/EBITDA ratio ^{3 4}	1.6	1.5	1.4	0.9	1.0	0.9	1.0	1.5	1.6	0.9
Net result before amortization and one-off income and expenses/Turnover ^{3 4}	5.5	7.1	7.8	6.5	7.2	7.4	6.6	5.0	4.5	5.6

1 The comparative figures for 2018 have been restated due to discontinued operations.

2 The comparative figures for 2017 have been restated due to retrospective application of IFRS 15 'Revenue from contracts with customers'.

3 After restatement as a result of change in accounting principles for land and buildings and prior period restatements (see Accounting Principles) for the years 2014 up to 2016. The years 2011 up to 2013 have not been restated.

4 Before one-off income and expenses. The one-off income and expenses in 2020 mainly concern restructuring costs and integrations of € 8.9 million, book profit and sale of buildings of € 2.0 million and impairment losses of € 4.0 million. The one-off income and expenses in 2019 were restructuring and acquisition costs of € 18.3 million and impairment losses of € 5.0 million.

In millions of euros	2020	2019	2018 ¹	2017 ²	2016	2015	2014	2013	2012	2011
Consolidated balance sheet										
Intangible non-current assets	577	596	544	392	395	400	352	349	343	204
Tangible non-current assets ³	220	231	246	229	215	196	176	199	195	171
Right-of-use assets	77	81								
Financial non-current assets	42	52	31	28	46	34	28	30	31	23
Total non-current assets	916	960	821	649	656	630	556	578	569	398
Inventories	237	239	267	219	207	194	202	185	197	165
Receivables	286	300	356	327	295	248	288	234	201	187
Cash and Cash equivalents	122	79	83	88	88	179	145	80	66	29
Total current assets	645	618	706	634	590	621	635	499	464	381
Assets held for sale	5	39					3		7	7
Total assets	1,566	1,617	1,527	1,283	1,246	1,251	1,194	1,077	1,040	786
Shareholders' equity ³	662	705	647	594	574	521	483	378	364	356
Non-controlling interests	0	0	1	9	9	9	17	61	60	2
Group Equity	662	705	648	603	583	530	500	439	424	358
Provisions ³	86	97	86	69	74	71	68	112	105	75
Non-current interest-bearing loans and borrowings	410	416	239	187	214	223	259	259	202	124
Current interest-bearing loans and borrowings	57	58	171	57	52	126	59	15	60	4
Financial liabilities	8	9	5	15	23	27	14			
Other current liabilities	343	319	378	352	300	274	294	252	249	225
Liabilities directly associated with assets held for sale	0	13								
Total equity and liabilities	1,566	1,617	1,527	1,283	1,246	1,251	1,194	1,077	1,040	786

Other information

in euros (unless stated otherwise)

	2020	2019	2018 ¹	2017 ²	2016	2015	2014	2013	2012	2011
Solvency (in %)	42	44	42	47	47	42	42	41	41	46
Investments in tangible non-current assets	28	32	42	41	46	38	34	19	25	22
Depreciations of tangible non-current assets	30	29	28	24	23	23	20	19	17	15
Cash flow from operating activities	188	182	127	160	103	182	95	79	75	47
Number of shares outstanding and held by third parties at year end (x 1,000)	41,487	41,999	42,003	42,045	42,161	41,724	41,400	37,985	37,658	37,284
Net result per ordinary share of € 0.25	1.14	2.72	2.58	2.05	2.04	2.07	2.14	0.98	0.76	1.44
Net profit before amortization and one-off income and expenses from continued operations attributable to shareholders	1.69	2.51	2.72	2.27	2.25	2.40	2.23	1.48	1.27	1.63
Dividend per share	1.00	1.50	1.40	1.20	1.10	1.10	1.00	0.75	0.65	0.75
Highest share price	51.30	55.05	60.15	56.68	38.14	40.50	27.18	26.40	20.86	23.80
Lowest share price	23.42	38.82	38.36	36.45	28.47	25.35	22.13	18.55	15.41	13.24
Share price at year-end	39.54	49.90	40.70	52.93	37.59	37.44	26.36	25.40	19.50	16.95

¹ The comparative figures for 2018 have been restated due to discontinued operations.

² The comparative figures for 2017 have been restated due to retrospective application of IFRS 15 'Revenue from contracts with customers'.

³ After restatement as a result of change in accounting principles for land and buildings and prior period restatements (see Accounting Principles) for the years 2014 up to 2016. The years 2011 up to 2013 have not been restated.

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are measures TKH uses to measure and monitor its operational performance. These measures are used in this Annual Report but are not defined in any law or in the International Financial Reporting Standards (IFRS). The European Securities and Markets Authority (ESMA) have issued for the use and disclosure of alternative performance measures. The terms TKH sees as an alternative performance measure are included in this chapter of the Annual Report and includes a definition as required by the ESMA directive.

CAPEX (CAPITAL EXPENDITURE)

Investments in renewal or replacement of tangible and intangible non-current assets. Capex spending is the one-time investment.

CAPITAL EMPLOYED

Group equity plus long-term debt plus short-term borrowings less cash and cash equivalents.

DEBT LEVERAGE RATIO (NET DEBT/EBITDA)

Long-term debt plus short-term borrowings minus cash and cash equivalents divided by EBITDA.

DIVIDEND PAYOUT RATIO

This ratio indicates what portion of the net profit is paid out to shareholders. (Dividend / net profit after tax) times 100.

EBITA

Result before interest, taxes, impairments and amortization.

EBITDA

Result before interest, taxes, impairments, depreciation and amortization.

INNOVATIONS TKH

At least 15% of turnover realized from innovations introduced in the previous two years.

NET RESULT PER SHARE

Net result / weighted average shares outstanding. This ratio indicates how much profit a company has available per share.

OPEX (OPERATING EXPENDITURES)

Operating expenses. Opex expenses are the recurring costs of a product or system.

ROCE

Return On Capital Employed, being the EBITA for the last twelve months divided by capital employed at the beginning of the period plus capital employed at the end of the period divided by two.

ROS (RETURN ON SALES)

EBITA divided by total turnover as a percentage.

SOLVENCY

Percentage of the equity relative to the total liabilities.

TOTAL COST OF OWNERSHIP (TCO)

The sum of Capex and Opex. The Capex expenditure is often high initially but over the life of a system, the Opex will eventually be the largest cost component of TCO.