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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, paragraphs 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, please refer to TKH's website: www.tkhgroup.com.

PROPOSAL FOR PROFIT APPROPRIATION

in thousands of euros

Net profit attributable to shareholders € 137,083.

In accordance with Article 33 of the articles of association, we propose paying the holders of (depository receipts of) ordinary shares a dividend of € 1.65 per (depository receipt of) ordinary share.

The dividend will be made available for payment on May 2, 2023.

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

CONSOLIDATED ENTITIES

A list of all subsidiaries is available at the Chamber of Commerce (the Netherlands). TKH Group N.V. is registered in the Trade Register under No. 06045666.

The most important (group of) entities included in the consolidated financial statements of TKH are listed below, including the segment in which they operate. All of the subsidiaries are 100% owned, unless indicated otherwise.

The hereafter mentioned 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.

TKH Security GmbH, Allied Vision Technologies GmbH, TKF GmbH (former ASP GmbH), Augusta Technologie GmbH i.L., Chromasens GmbH, Dewetron Deutschland GmbH, EEB Kabeltechnik GmbH, EFB Elektronik GmbH, EFB Elektronik Real Estate B.V. & Co KG, Ernst & Engbring GmbH, HE System Electronic GmbH, IV-Tec GmbH, Lakesight Technologies Holding GmbH, Lakesight Technologies German Holding GmbH, LMI Technologies GmbH, Nerian Vision GmbH, New Electronic Technology GmbH, Profipatch GmbH, Schneider Intercom GmbH, SVS-Vistek GmbH, Texim Europe GmbH, TKD Immobilien GmbH, TKH Airport Solutions GmbH, TKH Deutschland GmbH, TKH Deutschland Verwaltungs GmbH, TKH Grundstücksverwaltungs B.V. & Co KG, TKH Deutschland Service GmbH, TKH Technologie Deutschland AG.

The listed subsidiaries below based in the UK are controlled and consolidated by the group, where the Directors have taken the exemption from having an audit of its financial statements for the year ended December 31, 2022. This exemption is taken in accordance with the UK Companies Act, S479A.

Commend UK Ltd., TKH Security UK Ltd., TKH Security Ltd.

TKH SMART VISION		TKH SMART MANUFACTURING		TKH SMART CONNECTIVITY		TKH GROUP SUPPORT
Alphatronics	Allied Vision	Dewetron	Texim Europe	CAE	Isolectra	TKH Group
C&C Partners	Chromasens	EKB	VMI	E&E	TFO	TKH Finance
Commend	LMI Technologies	HE System Electronic		EFB	TKF	TKH Logistics
Mextal	Mikrotron			Intronics	TKH Airport Solutions	
TKH Security	Net					
Techno Specials	SVS-Vistek					
Tattile						

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2022 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements for the financial year ended 31 December 2022 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 2022 and of its result and its cash flows for 2022 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 2022 and of its result for 2022 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 2022
- the following statements for 2022: the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in group equity and the 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 2022

- the company statement of profit and loss for 2022
- 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. (hereinafter also referred to as the company or the group) 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.

INFORMATION IN SUPPORT OF OUR OPINION

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

TKH Group N.V. is an internationally operating technology company and heads a group of operating companies and we have tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud 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.

Materiality

Materiality	EUR 9.3 million (2021: EUR 7.6 million)
Benchmark applied	4% of Earnings before interest, taxes, impairments and amortization (EBITA) (2021: 4% of EBITA)
Explanation	Based on our professional judgment we consider an earnings-based measure as the most appropriate basis to determine materiality. TKH Group N.V. primarily uses earnings before interest, taxes, impairments and amortization (EBITA) to report on its financial performance.

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 EUR 400,000, 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.

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.

Following our assessment of the risk of material misstatement to the consolidated financial statements, we have selected sixteen components which required an audit of the complete set of financial information (Full Scope components). Furthermore, we selected eleven components requiring audit procedures on specific account balances or specified audit procedures on significant accounts that we considered had the potential for the greatest impact on the group financial statements, either because of the size of these accounts or their risk profile (Specific- or Limited Scope components).

The audit of the Dutch operating companies within the scope of the group audit was 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 of our audit were performed by EY component 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. Component performance materiality was determined using professional judgment, based on the relative size of the component and our risk assessment. Component performance materiality did not exceed EUR 2.85 million and the majority of our component auditors applied a performance materiality that is

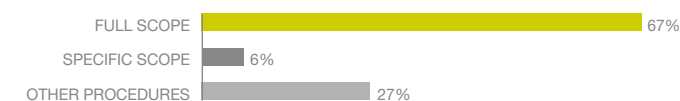
significantly less than this threshold. We performed audit procedures ourselves on certain accounting areas managed centrally, such as goodwill and other intangibles of acquired companies, and valuation of deferred tax assets arising from unused tax losses.

We have performed physical site visits to components in Canada, Germany, and Finland, where we have had sessions with local management and the component auditors. Through these discussions, we have discussed 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. In addition, we have had regular video teleconferencing calls with the component auditors in case we have not conducted a physical site visit. Furthermore we reviewed key working papers of EY component auditors in Canada, Italy and Germany using the EY electronic audit file platform.

For the remaining components, we performed selected other procedures, including analytical reviews and test of details to respond to potential risks of material misstatements to the financial statements that we identified.

As a result of our scoping of the consolidated financial statement, specific account balances and the performance of audit procedures at different levels in the organization, our actual coverage varies per financial statement account balance and the depth of our audit procedures per account balance varies depending on our risk assessment. Accordingly, our audit coverage, for selected account balances included in the key audit matters stated below and the measurement basis of our materiality, are summarized as follows:

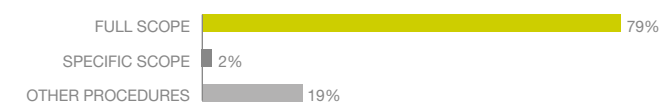
EBITA



OVER-TIME REVENUE



CAPITALIZED DEVELOPMENT COST



By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists

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 a listed client like TKH Group N.V.. We included specialists in the areas of IT audit (including cybersecurity), corporate governance (including remuneration), sustainability, IFRS accounting, valuation of goodwill and other intangible fixed assets of acquired companies, real estate, share based payments, taxes and forensics.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda. Issues such as CO₂ reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets ('stranded assets') and provisions

or the sustainability of the business model and access to financial markets of companies with a larger CO₂ footprint.

Management summarized TKH’s commitments and obligations, and reported in section ‘Being responsible’ of the management report how TKH is addressing climate-related and environmental risks.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition and TKH Group N.V.’s commitments and (constructive) obligations, are taken into account in estimates and significant assumptions. Furthermore, we read the management report and considered whether there is any material inconsistency between the non-financial information in section ‘Being responsible’ and section ‘Risk Management’ and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 December 2022.

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 we 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. 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.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our

audit we obtained an understanding of TKH Group N.V. and its environment and the components of the system of internal control, including the risk assessment process and management’s process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to section ‘Risk Management’ of the management report for management’s (fraud) risk assessment and section ‘Report of the Supervisory Board’ in which the supervisory board reflects on this (fraud) risk assessment. We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic and legal specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in note 1 ‘Accounting Principles’ to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties. These risks did however not require significant auditor’s attention in addition to the fraud risk identified below.

Fraud risk related to revenue recognition	
Fraud risk	When identifying and assessing fraud risks we presume that there are risks of fraud in revenue recognition. We evaluated that the over-time revenue from contracts with customers in particular give rise to such risks, including the risk of management override of controls through inappropriate estimations around the percentage of completion and the cost to come.
Our audit approach	We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter “Over-time revenue recognition, and related valuation of contract assets and contract liabilities”.

We considered available information and made enquiries of relevant executives, directors (including internal audit, head legal affairs, and compliance officer) and the supervisory board. The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

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

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, 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 management board, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

Given the company is a global organization, operating in multiple jurisdictions, in our assessment of the risk of non-compliance with laws and regulations, we also considered the potential risk from TKH Group N.V.'s interactions with third-party distributors. We refer to section 'Risk Management' in the management board report. Our audit approach included the following steps:

- Obtain an understanding of the environment and the Company to enable the detection of non-compliance with laws and regulations related to bribery and corruption;
- Obtain an understanding of the internal control environment and the measures for mitigating those risks (by the company) in the light of applicable anti-corruption laws and regulations;
- Executed substantive audit procedures in order to obtain adequate evidence for the mitigation of the risk of non-compliance with laws and regulations related to bribery and corruption.

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 that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section 'Going concern' in note 1 to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the executive board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the executive board exercising professional judgment and maintaining professional skepticism. We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of

the financial statements or otherwise, contains all relevant 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.

Based on our procedures performed, we did not identify material uncertainties about going concern. 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.

Over-time revenue recognition, and related valuation of contract assets and contract liabilities	
Risk	<p>TKH Group N.V. manufactures products, which vary from special cable systems to integrated systems for the manufacturing of car and truck tires, whereby revenues have a fixed contract price and are recognized over-time. This results in the recognition of contract assets and liabilities per reporting date and prompting management to make estimates of the percentage of completion of the projects, as well as the cost to come and the expected result of the projects. This process involves relative complex estimations and requires judgment.</p> <p>There is a risk of management override of controls over accelerating revenues through inappropriate estimations around the percentage of completion and the cost to come.</p> <p>Based on the above mentioned risk factors we considered this a key audit matter.</p> <p>Further reference is made to note 1, 'Accounting principles', and note 23, 'Information by segment', to the consolidated financial statements.</p>
Our audit approach	<p>We have obtained and updated our understanding of the revenue recognition process within the different segments. Over-time revenue is recognized in all three segments, being Smart Vision systems, Smart Connectivity systems and Smart Manufacturing systems. Our procedures included, among others, auditing the application of the revenue recognition standard (IFRS 15 'Revenue from Contracts with Customers') and identification of control measures taken by the company with regard to revenue recognition and correspondingly the valuation of contract assets and contract liabilities. Furthermore, we have conducted the following substantive audit procedures with respect to the identified risks:</p> <ul style="list-style-type: none"> • We evaluated management's assessment in relation to over-time revenue recognition of projects recorded over-time, by challenging the assumptions, performing back-testing procedures on previous assessments, evaluating the percentage of completion and auditing the adequacy of capitalized costs on projects; • We have performed margin analyses per significant revenue stream and product line; • We have performed test of details on individual revenue transactions in which we tested the proper identification of contractual arrangements, allocation of revenue to the specific arrangements and cut-off; • We have evaluated the adequacy of revenue-related disclosures, including the disclosures related to contract assets and contract liabilities.
Key observations	<p>We consider management's assumptions relating to determine the percentage of completion of the projects, as well as the cost to come and the expected result of the projects to be within an acceptable range. In addition, we evaluated the revenue disclosures are reasonable.</p>

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.

In comparison with previous year, our key audit matters did not change.

Valuation of capitalized development costs related to new innovation projects in development	
Risk	<p>TKH Group N.V. is investing in the development of new technologies. At 31 December 2022, the total carrying value of capitalized product development cost amounted to EUR 127.7 million. As such, TKH Group N.V. has capitalized a significant amount of product development costs, in accordance with IAS 38 'Intangible assets'. Management is required, for projects which are in development, to test these capitalized development costs for impairment at least annually, or more frequently if there is an indication for impairment. We focused on the development projects related to new innovation projects which are in development as these do not yet generate sales and as such there is a higher level of judgment involved in setting the significant assumptions in determining the value in use to support the carrying value.</p> <p>Based on the above mentioned risk factors we consider this a key audit matter.</p> <p>Further reference is made to note 1, 'Accounting principles', and note 3, 'Intangible assets and goodwill', to the consolidated financial statements.</p>
Our audit approach	<p>As part of our audit we assessed and tested the assumptions, methodology (discounted cash flow model) and data used by the company in calculating the value in use of the investments in new innovation projects in development. Our audit procedures included, among others, the following substantive audit procedures:</p> <ul style="list-style-type: none"> • We performed a sensitivity analysis by stress testing key assumptions, among others, discount rate and expected growth rates, to consider the degree to which the assumptions would need to change before an impairment would have to be recognized. Based on these sensitivity analysis, our main focus was on those development projects in new innovations with limited headroom; • We gained a more in-depth understanding of the development stage of these projects in new innovations as well as the projected financial information used in management's assessment of whether the value in use exceeds the carrying value; • We assessed and tested the key assumptions with our main focus on discount rate, market size and share and expected development costs by comparing to historical or market information; • We performed backtesting procedures on previous impairment analysis on the key assumptions in management's forecast; • We evaluated the adequacy of the company's disclosures relating to capitalized development costs.
Key observations	<p>We consider management's assumptions to be within a reasonable range. We agree with management's conclusion that the carrying value of the development cost related to new innovation projects in development is reasonable.</p> <p>In addition, we evaluated the disclosures of capitalized development costs and related impairments as included are reasonable.</p>

Report on other information included in the annual report
The annual report contains other information in addition to the financial statements and our auditor's report thereon. 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 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report.

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.

The executive board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The executive board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AND ESEF

Engagement

We were engaged by the general meeting 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.

European Single Electronic Reporting Format (ESEF)

TKH Group N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in the XHTML format, including the (partially) marked-up consolidated financial statements as included in the reporting package by TKH Group N.V. complies in all material respects with the RTS on ESEF.

The executive board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the executive board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:

- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

The executive board 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, the executive board is responsible for such internal control as the executive board 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, the executive board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the executive board should prepare the financial statements using the going concern basis of accounting unless the executive board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The executive board 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 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

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
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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 of the supervisory board 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, March 6, 2023
Ernst & Young Accountants LLP
signed by F.J. Blenderman

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON TKH GROUP N.V.'S SELECTED NON-FINANCIAL KPIS

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

OUR CONCLUSION

We have performed a limited assurance engagement on selected non-financial key performance indicators (hereinafter: the selected non-financial KPIS) in the annual report for the year 2022 of TKH Group N.V. at Haaksbergen.

Based on our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the selected non-financial KPIS are not prepared, in all material respects, in accordance with the reporting criteria as included in the 'Reporting criteria' section of our report.

The selected non-financial KPIS consist of the following KPIS as included in the table on page 28 of the annual report:

- Carbon footprint (CO₂e emissions)
- % waste of most relevant raw materials, compared to total relevant material consumption
- Recycling most relevant raw materials
- Customer satisfaction score
- Employees acting in accordance with Code of Conduct
- Code of Supply signed by suppliers
- % of female members in executive and senior management teams
- Accident rate (LTIFR)
- Illness rate
- Employee satisfaction score
- Number of employees with disabilities and/or disadvantages on the labor market

BASIS FOR OUR CONCLUSION

We have performed our limited assurance engagement on the selected non-financial KPIS in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities under this standard are further described in the 'Our responsibilities for the assurance engagement on the selected non-financial KPIS' section of our report.

We are independent of TKH Group N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence).

This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch code of ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

REPORTING CRITERIA

The reporting criteria used for the preparation of the selected non-financial KPIS include topic specific disclosures of the Global Reporting Initiative (GRI) and own developed supplemental reporting criteria as disclosed in chapter "Non-financial reporting process and methods" of the annual report.

The absence of an established practice on which to draw, to evaluate and measure the selected non-financial KPIS allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Consequently, the selected non-financial KPIS need to be read and understood together with the reporting criteria used.

UNASSURED CORRESPONDING INFORMATION

No assurance engagement has been performed on the selected non-financial KPIS for the period up to 2020. Consequently, the corresponding selected non-financial KPIS and thereto related disclosures for the period up to and including 2020 is not assured.

LIMITATIONS TO THE SCOPE OF OUR ASSURANCE ENGAGEMENT

Our assurance engagement is restricted to the selected non-financial KPIS. We have not performed assurance procedures on any other information as included in the annual report in light of this engagement.

The selected non-financial KPIS include prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to this prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the selected non-financial KPIS.

Our conclusion is not modified in respect of these matters.

RESPONSIBILITIES OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD FOR THE SELECTED NON-FINANCIAL KPIS

The executive board is responsible for the preparation of the selected non-financial KPIS in accordance with the reporting criteria as included in the 'Reporting criteria' section of our report. The executive board is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting. In this context, the executive board is responsible for the identification of the intended users and the criteria being applicable for their purposes. The choices made by the executive board regarding the scope of the selected non-financial KPIS and the reporting policy are summarized in section 'Non-financial reporting process and methods' of the annual report.

Furthermore, the executive board is responsible for such internal control as it determines is necessary to enable the preparation of the selected non-financial KPIS that are free from material misstatement, whether due to error or fraud.

The supervisory board is responsible for overseeing the reporting process of the selected non-financial KPIS of TKH Group N.V.

OUR RESPONSIBILITIES FOR THE ASSURANCE ENGAGEMENT ON THE SELECTED NON-FINANCIAL KPIS

Our responsibility is to plan and perform our limited assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore

substantially less than the assurance obtained in a reasonable assurance engagement.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

The procedures of our limited assurance engagement included among others:

- Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant sustainability themes and issues, relevant laws and regulations and the characteristics of the company as far as relevant to the selected non-financial KPIS
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures on the selected non-financial KPIS. This includes the evaluation of the reasonableness of estimates made by the executive board
- Obtaining through inquiries a general understanding of internal control, reporting processes and information systems relevant to the preparation of the selected non-financial KPIS, without testing the operating effectiveness of controls
- Identifying areas of the selected non-financial KPIS with a higher risk of misleading or unbalanced information or material misstatements, whether due to error or fraud. Designing and performing further assurance procedures aimed at determining the plausibility of the selected non-financial KPIS responsive to this risk analysis. These further assurance procedures consisted amongst others of:
 - Interviewing management and relevant staff at corporate and business level responsible for the strategy, policy and results relating to the selected non-financial KPIS
 - Interviewing relevant staff responsible for providing the

information for, carrying out internal control procedures on, and consolidating the data in the selected non-financial KPIS

- Obtaining assurance information that the selected non-financial KPIS reconcile with underlying records of the company
- Reviewing, on a limited test basis, relevant internal and external documentation
- Performing an analytical review of the data and trends in the information submitted for consolidation at corporate level
- Evaluating the consistency of the selected non-financial KPIS with the information in the annual report which is not included in the scope of our assurance engagement

Amsterdam, March 6, 2023

Ernst & Young Accountants LLP

signed by J. Niewold

STICHTING ADMINISTRATIEKANTOOR TKH GROUP

The objective of the Stichting Administratiekantoor TKH Group (“TKH Trust Foundation Office”) is to acquire and hold in trust ordinary shares in TKH Group N.V. (“TKH”), a public company with 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 7.1.3 of the Terms and Conditions of the TKH Trust Foundation Office governing the shares of TKH, the TKH Trust Foundation Office reports on the activities during the year under review, 2022, exclusively in relation to the administration of shares for which depositary receipts were issued. The total nominal value of the ordinary shares of TKH held in administration amounted to € 10,520,678.00 on December 31, 2022, in exchange for which 42,082,712 depositary receipts for shares¹, with a nominal value of € 0.25 each, were issued.

MEETINGS OF THE BOARD

The Board of TKH Trust Foundation Office met three times during the financial year. The topics discussed in the meeting of March 23 were the Annual General Meeting of Shareholders (“AGM”) 2022 and the TKH Annual Report 2021. The retirement schedule for 2022 was also discussed. During the meeting, the procedure was confirmed for the vacancy due to arise in mid-2022, following Mr. H.L.J. Noy’s end of term (who is not available for reappointment). The Board appointed Mr. C.M. Jaski as a member of the Board of TKH Trust Foundation Office for a period of four years commencing on July 1, 2022. Mr. G.W.Ch. Visser was appointed as Chairman of the Board of TKH Trust Foundation Office commencing on July 1, 2022.

During the meeting of April 26, the agenda items of the AGM 2022 were discussed and the Board decided on its preliminary voting intentions, prior to the actual deliberations of the meeting. Those who hold depositary receipts for shares in the capital of the company were given the opportunity to vote independently

on the agenda items voted on at the AGM, regarding the shares corresponding with their depositary receipts and subject to the relevant statutory provisions. Holders of depositary receipts of shares collectively representing 60.0% of the capital entitled to vote requested a proxy from the TKH Trust Foundation Office to vote independently on the shares in question by giving voting instructions to the TKH Trust Foundation Office. TKH Trust Foundation Office voted for the remaining 32.8% of the capital entitled to vote. The Board of TKH Trust Foundation Office noted that the majority of depositary receipt holders, who gave voting instructions to the TKH Trust Foundation Office, voted against AGM agenda item 2b “Remuneration report for the 2021 financial year (advisory vote)”. The Board of TKH Trust Foundation Office was given to understand that the reason for this was that the remuneration report provides insufficient insight into what has been measured under the non-financial performance measures and insufficient detail on the performance assessment of the financial criteria under both the short-term and the long-term incentive. The Board of TKH Trust Foundation Office has discussed this with the Chairman of both the Executive Board and Supervisory Board and with the Chairman of the Remuneration Committee. The Board of TKH Trust Foundation Office concluded that the company takes this issue very seriously and promises to improve transparency on these items in the remuneration report 2022. Therefore, the Board of TKH Trust Foundation Office decided to vote in favor of the agenda items for those shares for which no voting instructions have been received.

In the meeting of September 23, 2022, the company gave an explanation of the published interim figures in 2022. The retirement schedule for 2023 was also discussed, as well as the procedure to be followed in respect of the vacancy due to arise in mid-2023, following Mr. J.S.T. Tiemstra’s end of term (who is available for reappointment).

THE BOARD OF TKH TRUST FOUNDATION OFFICE

The Board of TKH Trust Foundation Office has currently three independent members:

- Mr. G.W.Ch. Visser, *Chairman*
- Mr. J.S.T. Tiemstra
- Mr. C.M. Jaski

Personal details of the members of the Board and the retirement schedule can be found on the TKH Trust Foundation Office website.

CONTACT DETAILS

Address: Spinnerstraat 15, 7481 KJ Haaksbergen (the Netherlands)

Website: www.stichtingadministratiekantoorstk.com

Email: stak@tkhgroup.com

Haaksbergen, March 3, 2023

TKH Trust Foundation Office

The Board

STATEMENT OF INDEPENDENCE

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

Haaksbergen, March 3, 2023

TKH Group N.V.

The Executive Board

Haaksbergen, March 3, 2023

TKH Trust Foundation Office

The Board

¹ The number of depositary receipts for shares has decreased by 3,505 compared to December 31, 2021, due to the conversion of 3,505 depositary receipts for shares into ordinary shares.

STICHTING CONTINUÏTEIT TKH

The objective of Stichting Continuïteit TKH (“Continuity Foundation”) is to look after the interests of TKH Group N.V. (“TKH”) and all the businesses affiliated with TKH, in such a way that those interests are safeguarded to the greatest possible extent and that any influences which could undermine the independence, continuity, or identity of TKH and its affiliated companies in conflict with those interests are averted to the greatest possible extent, as well as avoid any activities related to or conducive to the above.

By means of a call option TKH has granted the Continuity Foundation 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 the placement of the protective shares, or 100% should the limitation on conversion of depositary receipts cease to apply. The protective shares should not be left on issue longer than is strictly necessary. In the event that TKH shareholders acquire a degree of control that is considered undesirable, and is not in the interests of TKH and its affiliated companies, or there is a danger of them doing so, TKH’s Executive and Supervisory Board will be at liberty – among other things – to determine their degree of control, to consider and explore possible alternatives, and to elaborate on these if necessary. The Continuity Foundation did not acquire any cumulative protective preference shares in TKH in 2022.

TKH has also conferred on the Continuity Foundation the right to initiate an inquiry procedure in the event that the Continuity Foundation believes there are grounds to doubt the policy pursued by, and state of affairs prevailing in, TKH and by invoking this right it would be acting in the interests of TKH and the businesses associated with it.

THE BOARD OF THE CONTINUITY FOUNDATION

The Board of the Continuity Foundation consists of:

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

Haaksbergen, March 3, 2023

Continuity Foundation

The Board

STATEMENT OF INDEPENDENCE

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

Haaksbergen, March 3, 2023

TKH Group N.V.

The Executive Board

Haaksbergen, March 3, 2023

Continuity Foundation

The Board

NON-FINANCIAL REPORTING PROCESS AND METHODS

REPORTING CRITERIA: GRI STANDARDS

The non-financial information included in this annual report has been prepared with reference to the Global Reporting Initiative (GRI) standards. We focus on topics that have been an integral part of our Environmental, Social, and Governance (ESG) policy. An overview of the GRI disclosures covered in this report is available on TKH's website (www.tkhgroup.com/en/csr). This overview provides more information on the nature and scope of reporting per GRI disclosure (e.g. quantitatively or qualitatively). The content and definition of the non-financial information included in this report are based on the materiality analysis whereby TKH focuses on the most material topics that are closely linked to TKH's strategy and business operations. The GRI guidelines have been used to define and set our KPIs. These guidelines stress the need to make an accurate assessment of the issues that are sufficiently important for a company to report on. The significance (materiality) of the issues that are ultimately selected is determined by analyzing the impact of the key data on people, the environment, and society, in relation to the value stakeholders attach to these issues. The results are presented in the materiality matrix included in the chapter stakeholder analysis. We monitor our objectives using a dashboard in our internal reporting system and evaluate the results every quarter during meetings with our operating companies. ESG is also part of the annual budgeting process.

REPORTING PERIOD AND REPORTING FREQUENCY

In the Report of the Executive Board (which is part of the TKH Annual Report 2022), we provide an overview of, among other things, our sustainability performance during the year under review from December 1, 2021 up to and including November 30, 2022. KPIs related to HR data are based on the calendar year 2022. This report presents both quantitative and

qualitative data. TKH uses a different reporting period for some of the KPIs because the process requires more time as a result of the operating and reporting structure. This ensures that the reported data are reliable and adequate.

REPORTING PROCESS

The Annual Report 2022, including all material aspects, is prepared by the Executive Board and discussed with the Supervisory Board. TKH uses the Cognos reporting system for non-financial information (including CO₂e, waste, safety, and HR), which is the same system used for the financial reporting. The reporting processes and definitions used by TKH have been formalized in our Sustainability Reporting Manual, which provides guidance on how to collect, consolidate, and report data.

SCOPE AND CHANGES COMPARED TO LAST YEAR

The ESG policy was updated in 2022. The policy changes, mainly related to updates of the GRI standards and our CO₂e footprint calculation, are described below for each specific topic. There are no material changes to the measurement processes compared to past reporting. For some sustainability criteria, the divestment of activities or the integration of companies has impacted our sustainability performance. Where relevant, these effects are explained. There have been no material changes in structure or ownership either. Unless otherwise stated, the data are based on all our domestic and international operating companies. We explicitly mention it when this is not the case. The acquired operating companies will start reporting on ESG in accordance with the TKH reporting structure in the year following the acquisition. Companies in which TKH has a minority ownership stake, including joint ventures, are not included in the report. We consolidated data for the

non-financial report using the same system as for the consolidated financial data.

REPORTING NON-FINANCIAL KEY PERFORMANCE INDICATORS

This chapter provides further information on TKH's main non-financial key performance indicators. Other quantitative indicators, disclosures on the reporting scope, and methods used are given elsewhere in this report.

CO₂E EMISSIONS

To measure and report the CO₂e emissions, we use the different scopes of the Greenhouse Gas (GHG) Protocol.

- Scope 1 covers the direct CO₂e emissions caused by the fuels that we purchase and consume, and mainly concerns gas, gasoline, and diesel (including company cars).
- Scope 2 covers the indirect CO₂e emissions from electricity consumption.
- Scope 3 covers the indirect CO₂e emissions from business travel by plane, waste generated from operations, and the transportation of goods.

We continue to focus primarily on Scopes 1 and 2, because these are within our direct control. We have expanded our internal dashboard and calculation model with components from Scope 3. TKH calculates the energy consumption and CO₂e emissions associated with our energy consumption using conversion factors from reputable and authoritative sources (www.co2emissiefactoren.nl). TKH uses tank-to-wheel emission factors. All conversion factors are reviewed annually and updated if necessary. The energy consumed by forklifts is considered negligible and is therefore not included in TKH's overall energy consumption and related CO₂e emissions. The consolidated energy consumption and CO₂e

emissions are based on activity data, which in turn are based mostly on meter readings, invoices, and data provided by suppliers. Where reliable data are not available, TKH uses calculations or estimates based on reliable methods and input data. TKH is satisfied that the estimates are reliable in all material respects. The reported CO₂e emission reductions for Scopes 1 and 2 are compared to the reference year 2019. The EU Energy Efficiency Directive (2012/27/EU) requires member states to ensure that large companies undergo an energy audit. The energy audit is a systematic, four-yearly approach to gathering information about a company's current energy consumption. We use input from those TKH operating companies that fall within the defined scope and are required to carry out a mandatory energy audit for our reporting on energy reductions and future improvement plans.

WASTE AND RECYCLING

The scope of waste and recycling reporting covers the main raw materials leaving TKH's production sites, mainly based on waste tickets and data provided by suppliers. We use reliable methods to either measure, calculate, or estimate waste in our reporting. The main raw materials we use are copper, plastic, and aluminum.

SUPPLIERS

The products supplied by TKH comply with the European REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulation and RoHS (Restriction of Hazardous Substances in Electrical and Electronic Equipment) directive. 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 the use of certain hazardous substances in electrical and electronic devices.

TKH reports the percentage of strategic suppliers that agree to comply with TKH's Code of Supply. Strategic suppliers are defined as external suppliers with an annual purchase volume of over € 1 million a year.

CUSTOMER SATISFACTION

The customer satisfaction score reported (maximum 10) is based on the outcome of the most recent customer satisfaction surveys conducted by an external research company. Each year, a number of operating companies conduct the survey. A survey reflects the customer base of the respective operating company. The customer satisfaction score reported in 2022 reflects surveys from the period 2019-2022 and is based on the weighted average of the responses from all customers in this period.

HUMAN RIGHTS

In the context of human rights, TKH conducts its business activities in accordance with the Universal Declaration of Human Rights. We refer readers to our Code of Conduct and the Code of Supply (both of which can be downloaded from our website www.tkhgroup.com). We rely on the OECD Guidelines to steer us on issues such as supply chain responsibility, human rights, child labor, and the environment. We provide input to 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 ESG policies and activities. Through the Transparency Benchmark, the ministry sheds light on how the largest Dutch companies report on their ESG activities. We also consult the "spearhead letters" from advocates on issues related to sustainability and governance, such as those from VBDO, Eumedion, and VEB, as a guideline for further transparency.

BUSINESS CONDUCT AND TRANSPARENCY

TKH has selected the number of reported breaches of the Code of Conduct as a KPI for business conduct and transparency. The scope includes all employees on TKH's payroll. The Code of Conduct is published on our website. We have established a procedure, our published whistleblower procedure, that enables employees to report any suspicion of conduct that is unlawful and/or contrary to the Code of Conduct. Reports are reviewed and investigated by the local

Confidential Officer and/or the Group Compliance Officer. If deemed necessary, disciplinary and mitigating measures are taken. External parties can also report to the Group Compliance Officer.

HUMAN RESOURCES (HR)

HR data are obtained every quarter. HR data are derived from the HR accounts held by TKH's operating companies. The following methodology is used to calculate TKH's illness rate. All entities within TKH report the number of days of absence (at least one day) divided by the number of total working days, resulting in a percentage. All cases of absence are included except pregnancy leave. Following this, in order to calculate the illness rate at consolidated level, the reported percentage by each entity is multiplied by the number of FTE working at the entity as per 31 December of the reporting year. Next, the consolidated balance is divided by the total number of FTE at TKH as per 31 December of the reporting year. Through this, the weighted average illness rate is calculated at consolidated level. The reported illness rate covers all employees on TKH's payroll, excluding employees of third-party contractors and joint ventures. The illness rate is reported at group level and not specified by region or gender.

TKH reports on the number of employees with a disability and/or disadvantage in the labor market as per 31 December of the reporting year. Disability is an umbrella term that covers illnesses/disorders, activity limitations, and participation restrictions. An illness/disorder is a problem in the function or structure of the body. An activity limitation is a difficulty encountered by an individual in executing a task or action. A participation restriction is a problem experienced by an individual in participating in life situations that result in a disadvantage on the labor market.

The 2022 employee satisfaction score (maximum 10) is based on the outcome of the most recent employee satisfaction surveys conducted by an external research company. Each year, a number of operating companies conduct the survey.

The employee satisfaction score reported in 2022 reflects surveys from the period 2019-2022 among 3,903 FTEs, representing 63% of the total FTEs at our own payroll, and is based on the weighted average of the responses from all employees in this period.

The sustainability report contains data on the gender balance in executive and senior management positions.

These positions are defined as follows:

- Executive management: statutory management director level (reporting directly to the Executive Board).
- Senior management: managers who are members of organization's management team and responsible for specific business units or departments (e.g. finance, marketing, and production).
- Middle management: the link between the senior management and the lower operational levels of the organization.
- Operational workforce: other staff.

SAFETY

TKH defines its Lost Time Injury Frequency Rate (LTIFR) as the number of incidents resulting in at least one day's absence from work without the possibility of any replacement, per million hours worked. Reportable incidents are based on actual occurrences and are never extrapolated or estimated. Despite a range of measures and an open safety culture, there is an inherent risk of under-reporting accidents because of self-reporting of accidents (in most cases). Reported hours are measured, calculated, or estimated. The absolute number of serious accidents reported covers all employees on TKH's payroll, excluding employees of third-party contractors and joint ventures. The LTIFR is reported at group level and not specified by region or gender.

VERIFICATION AND INTERNAL CONTROL

The data have been audited for plausibility and progress by the responsible company officers using the Cognos financial reporting model. The data have been 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 Department carries out internal audits on the processes to be carried out and the accuracy of the data as a permanent part of its work program. Internal Audit has paid specific attention in its audit work to compliance with the Code of Conduct in our operating companies and the implementation of the Code of Supply at strategic suppliers. External expertise is sought for specific sustainability issues. TKH appointed Ernst & Young Accountants LLP (EY) to provide independent assurance on non-financial KPIs to provide assurance to TKH's stakeholders on TKH's non-financial information. TKH has obtained limited assurance for the KPIs included in the "Sustainability performance" section on page 28 of the Annual Report 2022.

TRENDS

In our business operations, we focus on external and internal environmental factors, analyzing trends that can affect our activities and operations. We then assess the opportunities and threats and see how we can add value for our stakeholders and society in general.

STAKEHOLDER DIALOGUES AND MATERIALITY MATRIX

TKH regularly engages in dialogue with various stakeholders on topical and social issues. The different backgrounds of our stakeholders and their knowledge of TKH and the environment in which we operate is a good starting point for engaging in dialogue. It provides useful insights into stakeholders' interpretations of current topics affecting TKH. We also use the dialogue to broaden our understanding of our stakeholders' needs and expectations. In addition, stakeholder engagement helps us to make better use of opportunities and identify risks in a timely manner. The dialogue is also useful to clarify specific issues and thus build support for them or, in certain cases, to create understanding when an issue is given less priority in our business operations. The results of these dialogues are also included in the review of the materiality matrix. The Executive Board is closely involved in determining which topics are material themes and how much weight they are ultimately given by TKH.

In 2021, we conducted a survey to identify material themes from both a stakeholder and a TKH perspective. To verify and discuss the results of the survey, we conducted several stakeholder dialogues in 2022. The results of the survey and the stakeholder dialogues are included in the materiality matrix in the stakeholder analysis part of this annual report. We have ranked the topics that were considered important to all stakeholder groups (vertical axis), those that have the greatest impact on TKH (horizontal axis), and those that are priorities in our strategic roadmap. We measure and report on material issues. Issues that are considered less or not material are managed in our organization without further numerical substantiation in the annual report.

The sources we consult to identify and review material aspects each year include:

- Strategic stakeholder dialogues
- Investor relations meetings on ESG
- General governance assumptions
- Topics suggested by civil society organizations such as VBDO, VEB, and Eumedion
- Guidelines from the Global Reporting Initiative (GRI) and international guidelines such as the OECD's Guidelines for Multinational Enterprises and the UN's Sustainable Development Goals
- Sustainability rating agencies such as the Carbon Disclosure Project (CDP), Vigeo, MSCI, and EcoVadis

TKH Group is an active member of industry and trade organizations.

- The FTTH Council in Europe, North America, the Middle East, North Africa, Latin America, and Asia-Pacific. This non-profit organization was established to accelerate Fibre to the Home (FTTH) technology. Members include manufacturers, system designers, consultancies, and academic institutions.
- The International Cablemakers Federation (ICF) represents most of the global manufacturing capacity of the wire and cable industry. As the federation of the world's leading wire

and cable producers, ICF provides a global forum for its members to increase the visibility of the industry by highlighting the relevance of its products and technologies, as well as its contribution to building a sustainable society.

- The European Machine Vision Association (EMVA) is represented by organizations in more than 20 countries. It aims to promote the development and use of machine vision technology and to support the interests of its members.
- The Retread Tire Association (RTA) represents suppliers in the renewal and tire repair industry.

EXTERNAL REPORTING

We have provided input to the CDP, MSCI, EcoVadis, Vigeo, and the S&P Dow Jones Indices. In terms of the circular economy, we endorse the objectives set by the Netherlands in the circular innovation program “Plastic and rubber in the underground infrastructure,” as well as the “Mission Statement Fair Infra” issued by Dutch infrastructure companies.

DILEMMAS

Various groups are developing an increasing number of sustainability initiatives that require a greater contribution from industry. We accept this responsibility but continue to link it to our business operations so we can also make a material contribution to the sustainability initiatives and thus create the necessary support. In some cases, this leads to a conscious decision not to focus on certain issues or to refrain from participating when asked. In certain markets, price is still a key driver, and there may be implicit reasons for reducing ESG efforts. In such situations, it is a challenge to convince stakeholders of the importance of sustainability, which may drive up the price. Reducing our energy consumption calls for the careful coordination of our manufacturing processes, and these processes, in turn, are dictated by current demand. Over the past few years, we have focused strongly on reducing energy consumption, as a result of which, we have successfully implemented several reduction plans. It is therefore becoming increasingly challenging to develop new

reduction plans to achieve greater savings. Furthermore, the expansion of our production facilities and the consolidation of our activities into one site have increased our energy consumption relative to the output produced, as this consumption is not yet fully offset by the return on these investments. The amount of waste we produce is also subject to a “learning curve” as our production equipment needs to be properly aligned with the production of innovative, high-quality new cable types. The quality requirements of the product are a priority in that respect, and this can tip the balance away from our waste reduction targets. Increasingly, we are being asked to provide data on external information platforms and portals. Due to price-sensitive (inside) information and competition-sensitive information, it is not always possible to honor all requests. We take a selective approach to lending our cooperation and make considered decisions about the information we publish. In the case of external ratings on sustainability, TKH is often rated by peers in the production/manufacturing industry. TKH's activities focus increasingly 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 require additional communication by our organization.

ESG IN THE ORGANIZATION

To safeguard the ESG policy, the Executive Board is directly involved in ESG developments in the TKH organization, and executive remuneration is linked to ESG and sustainability performance (see also “Remuneration Report”). TKH's Director of Sustainability is responsible for developing and implementing the ESG strategy and policies for the TKH Group. ESG is a standard item on the agenda at TKH's Management Board meetings, where the Director of Sustainability has a seat. There is close cooperation with the Director of Finance & Control, who is also a member of the Management Board. There is also close cooperation with TKH's Internal Audit Department in relation to the auditing of ESG issues during the internal audits. New ESG initiatives are preferably developed in working groups. This expedites the

building of support within the TKH Group and makes implementation more efficient and effective. Commercial managers are always involved in value chain Initiatives 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. Contact persons of the Confidential Officers rely on the operation of the TKH Code of Conduct and the associated whistleblower regulations. If a report is made to an operating company that identifies unacceptable behavior, the Confidential Officer of the operating company will immediately 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 desired, will consult the company Confidential Officer of the subsidiary in question. After reviewing report, the Executive Board will make a decision in consultation with the board of the operating company in question or a representative of that board. The whistleblower scheme can be downloaded from the TKH website.

We discuss issues concerning the Code of Supply with purchasing managers. If a supplier fails to meet one or more of the requirements in the code, action must be taken to ensure that the supplier will become compliant in an effective and efficient way as soon as possible. If the supplier refuses to cooperate 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 cases, we engage in dialogue to work towards a satisfactory solution. In such discussions, best practices are shared with the supplier in question to help them make improvements and share ideas. The purchase manager has a leading role in this. The Code of Supply and the assessment form can be downloaded from the TKH website.

The Executive Board discusses ESG and sustainability progress with the various operating companies at least once a quarter. This is based on financial and non-financial reports, both of which cover ESG. We have embedded the KPIs concerning ESG in our Cognos financial reporting system, making them an integral part of our information system. Progress on ESG is also discussed with the Supervisory Board at least once a year, and future developments and the appropriate follow-up steps are explained.

For more information on TKH's sustainability program, please contact TKH's Director of Sustainability Derk Postma (d.postma@tkhgroup.com). Please feel free to send any feedback on this report to this e-mail address. Up-to-date information on sustainability can also be found on our website: www.tkhgroup.com/csr.

10 YEARS OVERVIEW

In millions of euros	2022	2021	2020	2019	2018 ¹	2017 ²	2016	2015	2014	2013
Consolidated statement of profit and loss										
Turnover	1,817	1,524	1,289	1,490	1,458	1,485	1,341	1,375	1,346	1,198
Raw materials, consumables, trade products and subcontracted work	959	787	655	771	768	817	710	743	770	699
Added value	858	737	634	718	690	668	631	632	576	499
Personnel expenses	435	378	345	369	352	347	331	326	296	277
Other operating expenses	140	124	108	133	137	147	131	133	124	103
EBITDA	283	235	181	216	201	174	169	173	156	119
Depreciation ³	48	45	46	45	26	25	22	22	20	19
EBITA before one-off income and expenses	235	190	136	171	175	149	147	151	136	100
One-off income and expenses	-10	0	7	18	4	6			9	-7
EBITA	245	190	129	154	171	143	147	151	145	93
Impairments	0	2	4	5	2	2	1	1	1	0
Amortization	55	51	54	50	40	37	33	32	26	26
Operating result	190	137	71	99	129	104	113	118	118	67
Financial result	-9	-6	-14	-10	-4		-7	-7	-10	-13
Fair value changes of financial liability for earn-out and put options of holders of non-controlling interests	0	-2	0	0	0	4	1			
Result on ordinary activities before taxes	181	129	57	89	125	108	107	111	108	54
Taxes	44	34	15	20	27	20	20	23	22	12
Net result for the period from continued operations	137	95	42	69	98	88	87	88	86	42
Result after tax from discontinued operations			0	45	11					
Non-controlling interests	0	0	0	0	0	1	1	2	3	5
Attributable to shareholders	137	95	42	114	109	87	86	86	83	37
Key figures										
EBITA/Turnover (ROS) ^{3,4}	12.9	12.4	10.5	11.6	12.0	10.1	10.9	11.0	10.0	8.3
Net result before amortization and one-off income and expenses/Group equity ^{3,4}	19.9	15.8	10.6	14.9	17.6	16.1	16.5	19.3	17.8	13.7
EBITA/Average capital employed (ROCE)	23.2	20.5	14.0	17.4	21.3	19.7	20.1	22.1	21.2	15.9
Net debt/EBITDA ratio ^{3,4}	1.1	0.9	1.6	1.5	1.4	0.9	1.0	0.9	1.0	1.5
Net result before amortization and one-off income and expenses/Turnover ^{3,4}	7.9	7.5	5.5	7.1	7.8	6.5	7.2	7.4	6.6	5.0

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 for the years 2014 up to 2016.

4 Before one-off income and expenses. The one-off income in 2022 mainly concern book profit on sale of buildings. 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, impairments of € 1.5 million and impairment losses of € 5.0 million.

In millions of euros	2022	2021	2020	2019	2018 ¹	2017 ²	2016	2015	2014	2013
Consolidated balance sheet										
Intangible assets and goodwill	534	537	577	596	544	392	395	400	352	349
Property, plant and equipment ³	295	222	220	231	246	229	215	196	176	199
Right-of-use assets	75	69	77	81						
Financial non-current assets	26	45	42	52	31	28	46	34	28	30
Total non-current assets	930	873	916	960	821	649	656	630	556	578
Inventories	386	295	237	239	267	219	207	194	202	185
Trade and other receivables	459	341	286	300	356	327	295	248	288	234
Cash and Cash equivalents	185	100	122	79	83	88	88	179	145	80
Total current assets	1,030	736	645	618	706	634	590	621	635	499
Assets held for sale	109	88	5	39					3	
Total assets	2,068	1,697	1,566	1,617	1,527	1,283	1,246	1,251	1,194	1,077
Shareholders' equity ³)	787	722	662	705	647	594	574	521	483	378
Non-controlling interests	0	0	0	0	1	9	9	9	17	61
Group equity	787	722	662	705	648	603	583	530	500	439
Provisions ³	84	90	86	97	86	69	74	71	68	112
Non-current interest-bearing loans and borrowings	503	334	410	416	239	187	214	223	259	259
Current interest-bearing loans and borrowings	70	48	57	58	171	57	52	126	59	15
Other financial liabilities	4	7	8	9	5	15	23	27	14	
Other current liabilities	587	460	343	319	378	352	300	274	294	252
Liabilities directly associated with assets held for sale	33	37	0	13						
Total equity and liabilities	2,068	1,697	1,566	1,617	1,527	1,283	1,246	1,251	1,194	1,077
Other information in euros (unless stated otherwise)	2022	2021	2020	2019	2018¹	2017²	2016	2015	2014	2013
Solvency (in %)	38	43	42	44	42	47	47	42	42	41
Investments in property, plant and equipment	105	30	28	32	42	41	46	38	34	19
Depreciations of property, plant and equipment	32	30	30	29	28	24	23	23	20	19
Cash flow from operating activities	116	199	188	182	127	160	103	182	95	79
Number of shares outstanding and held by third parties at year end (x 1,000)	41,001	41,178	41,487	41,999	42,003	42,045	42,161	41,724	41,400	37,985
Net result per ordinary share of € 0.25	3.34	2.31	1.14	2.72	2.58	2.05	2.04	2.07	2.14	0.98
Net profit before amortization and one-off income and expenses from continued operations attributable to shareholders per ordinary share of € 0.25	3.50	2.77	1.69	2.51	2.72	2.27	2.25	2.40	2.23	1.48
Dividend per share	1.65	1.50	1.00	1.50	1.40	1.20	1.10	1.10	1.00	0.75
Highest share price	54.90	56.15	51.30	55.05	60.15	56.68	38.14	40.50	27.18	26.40
Lowest share price	31.24	37.88	23.42	38.82	38.36	36.45	28.47	25.35	22.13	18.55
Share price at year-end	37.16	55.50	39.54	49.90	40.70	52.93	37.59	37.44	26.36	25.40

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 for the years 2014 up to 2016.

ALTERNATIVE PERFORMANCE MEASURES

TKH uses alternative performance measures 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) has issued guidelines for the use and disclosure of alternative performance measures. The terms TKH believes are relevant to alternative performance measures are included in this chapter of the Annual Report. It also includes a definition, as required by the ESMA guidelines.

Capex (capital expenditure)

Investments in tangible and intangible non-current assets. Capex spending is a 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 borrowing less cash and cash equivalents divided by EBITDA.

Dividend payout ratio

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

EBITA

Earnings before interest, taxes, impairments, and amortization, and one-off income and expenses.

EBITDA

Earnings before interest, taxes, impairments, depreciation, and amortization, and one-off income and expenses.

Innovations TKH

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

Net earnings per share

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

Opex (operating expenses)

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

ROCE (return on capital employed)

Return on capital employed is the EBITA for the last 12 months divided by the capital employed at the beginning of the period plus the 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.

TCO (total cost of ownership)

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.

Editor and text

TKH Group NV, Haaksbergen

Design

Monter, Amsterdam

Photography

Maarten de Groot (page 4, 55)

For actual information about TKH Group and our sustainability developments please visit our website: www.tkhgroup.com.