

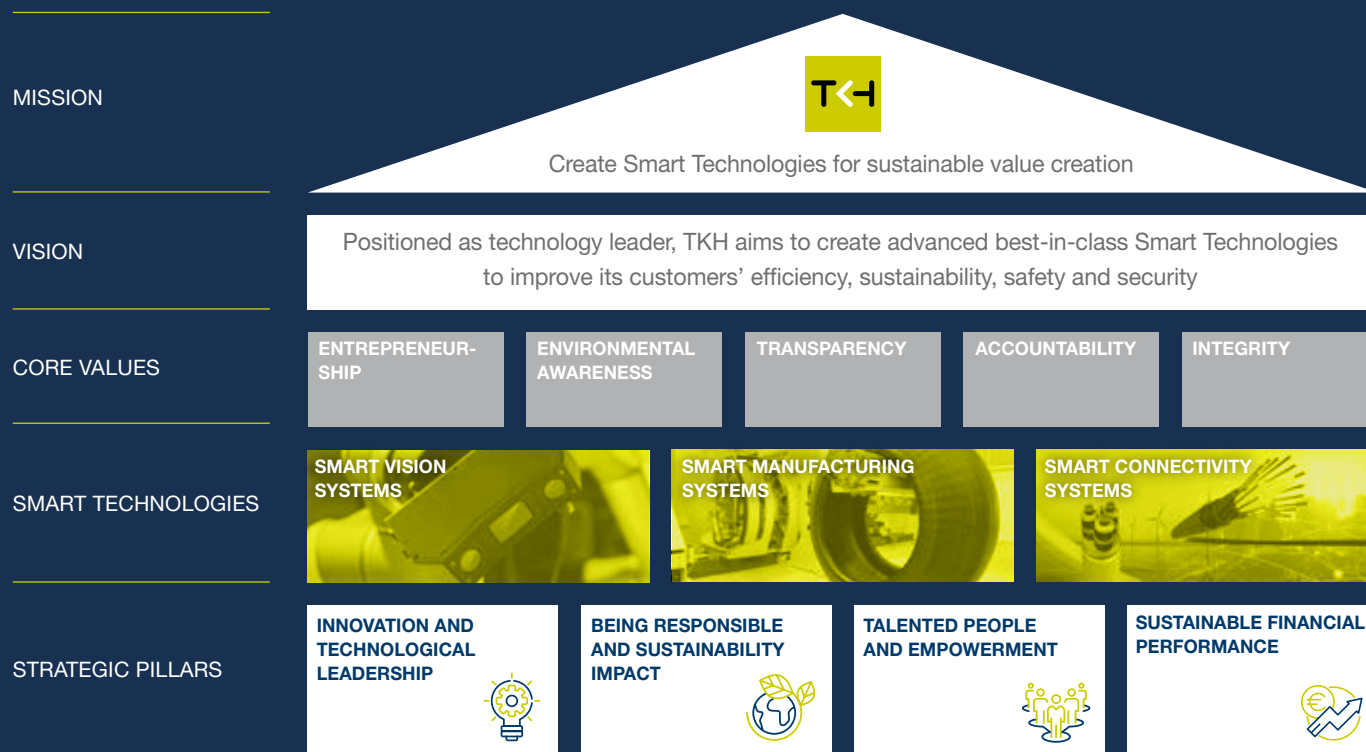
TECHNOLOGY COMPANY TKH

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WHO WE ARE AND WHAT WE DO

STRATEGIC MODEL

TKH is a leading innovative technology company. We create best-in-class technologies for Smart Vision systems, Smart Manufacturing systems, and Smart Connectivity systems. These technologies are combined with in-house developed software to provide one-stop-shop solutions and integrated plug-and-play technology systems.



KEY TARGETS

TURNOVER
> € 2 billion by 2025

RETURN ON SALES (ROS)
> 17% by 2025

RETURN ON CAPITAL EMPLOYED (ROCE)
22-25% by 2025

CARBON FOOTPRINT (CO₂ EMISSIONS)
100% carbon neutrality in own operations by 2030 (scopes 1 & 2) - reduction of CO₂ footprint compared to reference year 2019

% OF FEMALE EXECUTIVE AND SENIOR MANAGEMENT
> 25% by 2030

ACCIDENT RATE (LTIFR)
< 1.0

MISSION & VISION

Positioned as a technology leader, TKH strives to create advanced best-in-class technologies in the areas of Smart Vision, Smart Manufacturing, and Smart Connectivity, both to maximize sustainable value creation and to improve our customers' efficiency, sustainability, safety, and security.

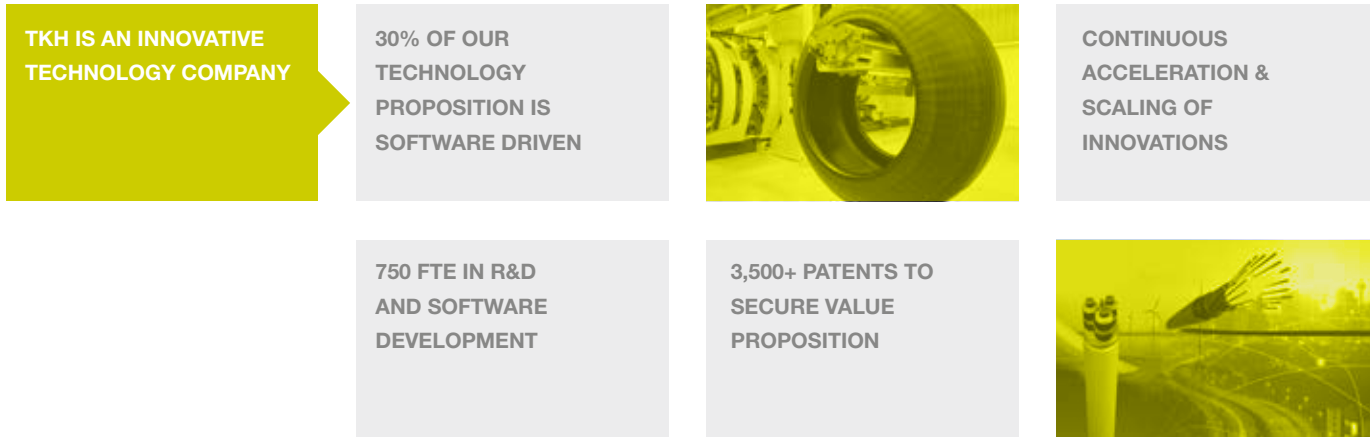
TKH is well positioned in high-growth markets, where we focus on megatrends related to industrial automation, the energy transition, digitalization and safety & security.

TKH aims to be an attractive employer and a solid investment for its shareholders by keeping socially responsible business practices at the center of its activities.

INNOVATIVE TECHNOLOGY PLAYER

Innovation is key to the success of TKH. Investing in disruptive technologies is vital to maintaining our position as a leading technology company and maximizing sustainable value creation for our stakeholders and the world around us. Our innovations are focused on the creation of advanced Smart Vision systems, Smart Manufacturing systems, and Smart Connectivity systems.

More than 15% of our turnover is realized by innovations that have been introduced in the last two years. About 30% of our technology proposition is software-driven, developed by in-house engineers. In total, there are 750 employees active within R&D and software development, and we have registered more than 3,500 patents to secure our value proposition. The continuous acceleration and scaling of our innovations is essential to maintaining our leading position and fostering growth.

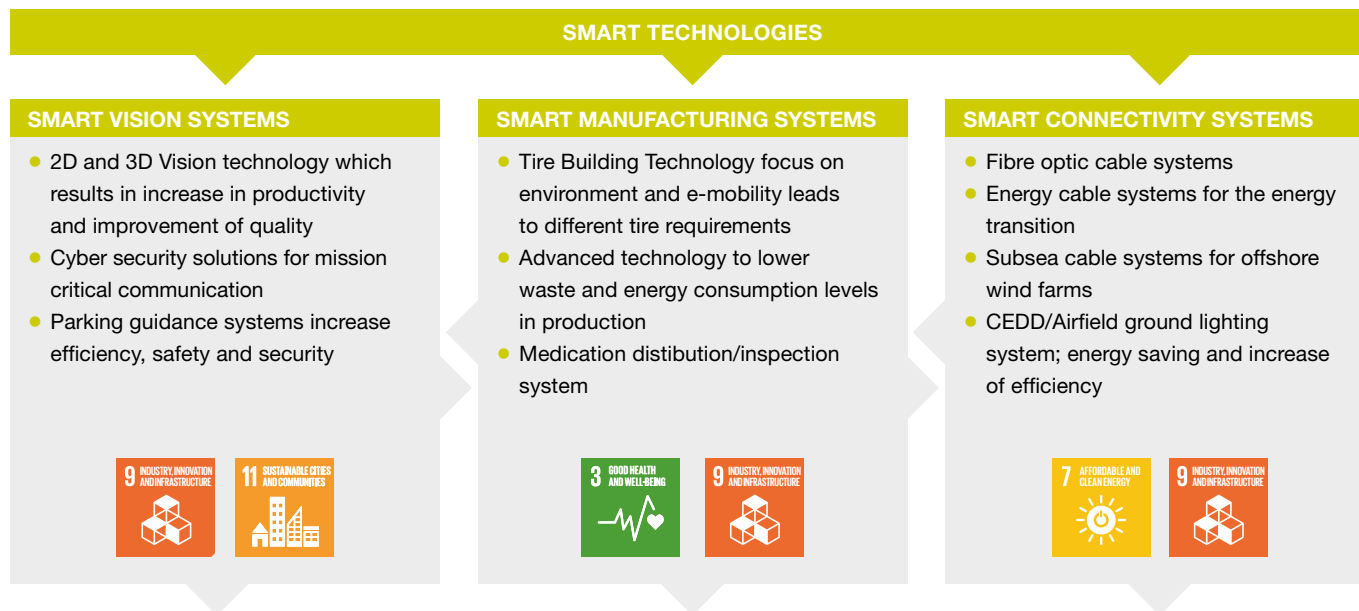


STRONG SUSTAINABLE PORTFOLIO

TKH has chosen six Sustainable Development Goals (SDGs) to guide our approach to sustainability. Two of these focus on our internal operations and business practices, with the remaining four focusing on our innovative product portfolio. TKH's innovative products make a significant contribution to the SDGs: approximately 70% of our portfolio's total

turnover is linked to one of the SDGs that we have defined as relevant. In this way, we support our customers in achieving their sustainability goals and simultaneously provide a clear direction for our own company's sustainable development.

SELECTED SUSTAINABLE PORTFOLIO EXAMPLES



±70% OF OUR TURNOVER IS LINKED TO ONE OR MORE OF THESE FOUR SDGs

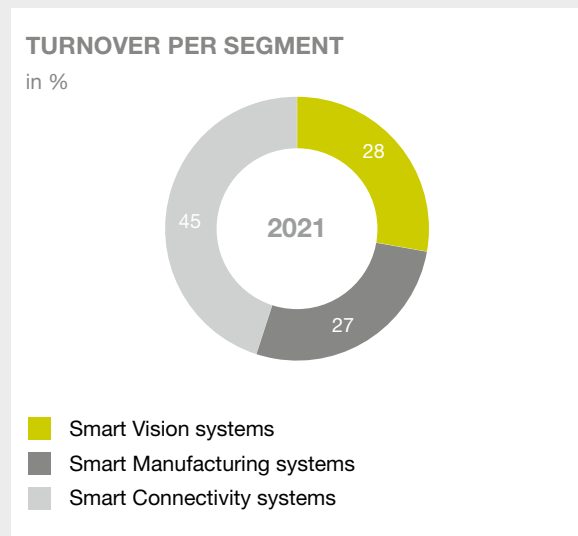
CORE VALUES

TKH creates its technologies in a sustainable and socially responsible manner, using the expertise of our talented people. Our employees stay true to our key corporate values of entrepreneurship, environmental awareness, transparency, accountability, and integrity.

- > **ENTREPRENEURSHIP** – we take ownership of observing new opportunities and we are driven to excel in our roles and responsibilities.
- > **ENVIRONMENTAL AWARENESS** – we foster a focus on sustainability and we are keen to contribute positively to the environment and society.
- > **TRANSPARENCY** – we strive for an open culture and we act transparently.
- > **ACCOUNTABILITY** – we make the appropriate choices after careful consideration and we take responsibility for our decisions.
- > **INTEGRITY** – we value honesty and we act respectfully to colleagues, customers, and other stakeholders.

SMART TECHNOLOGIES

TKH creates Smart Vision systems, Smart Manufacturing systems, and Smart Connectivity systems. Our technologies are combined with in-house developed smart software to provide one-stop-shop solutions and integrated plug-and-play technologies.



TKH creates state-of-the-art Vision technology, which represents about 86% of the turnover of the Smart Vision systems segment. This technology encompasses 2D and 3D Machine Vision and Security Vision systems. Combining these technologies with in-house software development leads to unique, Smart, and integrated plug-and-play systems and one-stop-shop solutions.

We aim to create value for our customers by optimizing and further automating their processes using Vision technology. TKH's Machine Vision technology systems are used to improve quality inspections, operations, and object monitoring in numerous industries, such as consumer electronics, factory automation, logistics, wood industry, intelligent transport systems (ITS), and medical and life sciences. Meanwhile, our Security Vision systems, combined with advanced communication technologies, enable customers to efficiently manage and control the urban environment. They also improve sustainability, safety & security in various markets, such as infrastructure, parking and building security.



TKH leverages its unique expertise to create superior manufacturing systems, capitalizing on our deep understanding of automating production processes in different industries. Our systems and machines contribute to highly efficient manufacturing and processing.

There are four building blocks at the foundation of our unique Smart Manufacturing systems:

- High-level system and assembly engineering skills and know-how.
- Advanced in-house software development and engineering.
- Integration of TKH Smart Vision and Smart Connectivity technologies.
- Development of advanced control and analytical functions.

TKH aims to create value for its customers with its Smart Manufacturing systems by optimizing and further automating customers' processes, reducing inventories, increasing flexibility, and fostering highly efficient manufacturing. Our Smart Manufacturing systems serve industries from tire production for cars and trucks to factory automation and medicine distribution.

Our Tire Building systems represent a share of around 68% of turnover within the Smart Manufacturing systems segment.



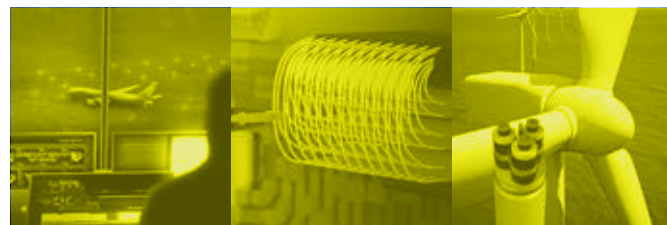
SMART CONNECTIVITY SYSTEMS

TKH creates advanced Smart Connectivity systems, engineering complete, unique solutions that bring together our integrated system approach with our sustainability proposition. Our solutions are developed for on-shore and off-shore energy distribution.

At TKH, we aim to add value for our customers thanks to our increased focus on sustainability, our combination of hardware technology with intelligent software (creating Smart Technologies), and our integrated system approach.

Energy and Digitalization represent, respectively, around 33% and 38% turnover share of the Smart Connectivity systems segment. Another important area is Fibre Optic connectivity systems for data and communication networks. In addition, TKH produces specialized cable systems for industrial automation applications in high-tech environments.

TKH also provides a unique connectivity technology for airfield ground lighting systems: contactless energy and data distribution (CEDD). This connectivity system consists of hardware components and intelligent software, to improve the efficiency and safety of specific airfield applications.



GROUP SYNERGIES

With our decentralized operating model, we strive for a high level of entrepreneurship and a winning culture. We stimulate and incentivize group synergies, which are important for our value creation strategy, allowing us to support our companies in offering distinctive solutions to our customers at attractive cost levels.

Our group synergies are realized mainly in the following areas:

- Integrated and combined technology systems across our three technology segments.
- Large-scale in-house software development through a centralized competence center, which serves

operating entities in each segment with building blocks that can be applied to multiple entities and segments.

- Cooperation between operating companies, to utilize synergies for example related to supply chain.
- Centralized software development leadership.
- A unique pool of talent that enables the transfer of skills and knowledge.
- Group functions that foster cooperation, innovation, and growth.
- Group management, resources, and competencies to scale up initiatives to sizable business units.
- Strong TKH branding and reputation, market access, and global footprint.

GOVERNANCE MODEL

OPERATING MODEL

- Decentralized operating model.
- Organizations close to customers – high level of customer intimacy.
- Delegated P&L responsibility and authority.
- SMART targets and strong monitoring system to control output.

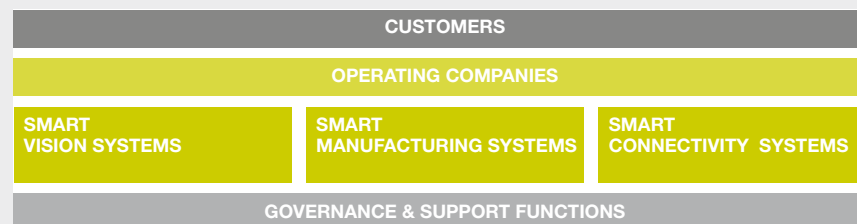
ENTREPRENEURIAL CULTURE

- Drive to win.
- Strong capitalization on new business opportunities.
- High-performance execution.
- Short lines of communication.
- Management development program and meetings.
- Inspiring environment.
- Diverse workforce.

PLAN AND REWARDS

- Strategy based on innovation and business opportunities.
- Clear business plan with SMART goals and road map.
- Compensation aligned with performance.
- Key employees participate in share-based compensation plans.

OPERATING MODEL






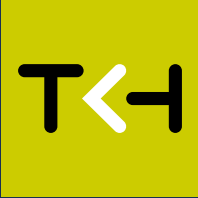









THE WORLD AROUND US

TKH operates in a dynamic environment. Trends and developments are key indicators for defining our corporate-level strategy, while national and international situations can impact our day-to-day operations. In a review of our current environment, we identified a number of external factors and grouped them into relevant trends.

EXTERNAL ENVIRONMENT

<p>HEALTHY & SAFE LIVING ENVIRONMENT Promoting health</p> 	<p>SMART CITIES Safe & secure living environment</p> 	<p>TALENT Scarcity of human resources</p> 	<p>AUTOMATION Industry 4.0 and Smart Manufacturing</p> 	<p>TRANSPARENCY Requirements for openness</p> 
<p>GOVERNANCE Transparency and law & regulations</p> 	<p>IT & DATA SECURITY Preventing cyber attacks</p> 		<p>DIGITALIZATION Higher-speed bandwidth networks</p> 	<p>LIFE SPAN Aging</p> 
<p>CLIMATE The climate is rapidly changing</p> 	<p>PANDEMIC COVID-19</p> 	<p>ESG Increased focus on ESG drivers & targets</p> 	<p>MATERIALS Scarcity of natural resources</p> 	<p>LAW & REGULATIONS Increase in regulation</p> 

MEGATRENDS

Based on the external environment and trends and developments we have selected certain megatrends that are relevant as important growth drivers and shape the future of our strategy and Smart Technologies.

AUTOMATION & DIGITALIZATION

- Industry 4.0 is driving “hands-off, eyes-off” manufacturing – shortage of personnel.
- Technology systems are increasingly complex, which drives demand for larger-scale technology partners.
- Cloud computing, big data, artificial intelligence, machine learning, and Internet of Things (IoT) demand the continuous development of higher-speed bandwidth networks.

SUSTAINABILITY

- Increased focus on environment, social, and governance (ESG) drivers and targets drive public and private ESG ambitions and investments.
- Strong governmental ambitions and focus on existing policies (e.g. the United Nations Sustainable Development Goals (SDGs), the Paris Agreement, the EU Green Deal).
- Global attention on the reduction of greenhouse gas emissions is accelerating the energy transition.

SAFETY & SECURITY

- Boom in data acquisition applications with integrated smart technologies brings high demand for cyber security aligned with privacy regulations.
- Greater security focus owing to geopolitics and globalization, coupled with a lack of surveillance officers.
- Smart Cities and infrastructure play a growing role in safe and secure environments.

MARKET DRIVERS AND POSITION WITHIN TECHNOLOGY SEGMENTS

MARKET DRIVERS WITHIN TECHNOLOGY SEGMENTS

SMART VISION SYSTEMS

- High demand for automation due to movement toward Industry 4.0 and “hands-off, eyes-off” manufacturing.
- Continued increase in demand for more productivity and improved quality.
- Lack of human resources and rising labor costs drive demand for automation.
- Progression of cloud computing, big data, artificial intelligence, and machine learning leads to demand for new technology systems.
- Greater complexity of technology systems drives demand for trusted technology partners.
- Increased need for safe and secure buildings and infrastructure.
- Rise in advanced IoT-based products leads to automation becoming a high priority.
- Trend toward advanced mobility technologies that support the increased need for enforcement and monitoring.

SMART MANUFACTURING SYSTEMS

- Trend toward more local manufacturing to reduce inventories ask for integrated tire manufacturing systems and enable highly efficient production of small batch sizes.
- Support manufacturing through automation closer to end-customers, reducing carbon footprints, inventories, and delivery times.
- Scarcity of human resources and rising labor costs drive demand for automation.
- Increased volume and types of tires requires more flexibility in production.
- Greater focus on road safety and security drives demand for high-quality tires.
- Demand for reduced waste and energy consumption in production fuels the need for advanced technologies.

SMART CONNECTIVITY SYSTEMS

- Energy transition requires more power generation from renewable sources.
- Public and private ESG ambitions, budgets, and targets drive investments.
- Scarcity of natural resources drives the energy transition.
- Growth in demand for electricity, both in general and as an alternative energy source to fossil fuels.
- Global need for high-speed bandwidth and data traffic.
- Increased demand for connected assets (IoT).
- Need for advanced mobility – such as autonomous driving and ITS – leads to an increased need for data connections.
- Greater demand for monitoring of essential network elements.
- Growth and increased speed of automation technology require reliable connectivity systems.

MARKET POSITION WITHIN TECHNOLOGY SEGMENTS

SMART VISION SYSTEMS

- Unique positioning thanks to our full range of Vision Technology for customized, one-stop-shop solutions and integrated systems based on Smart Technologies.
- A global market and technology leader within 3D Machine Vision technology.
- Strong global position in high-growth markets with superior 2D Vision and Security Vision technologies.

SMART MANUFACTURING SYSTEMS

- Unique positioning thanks to our integrated manufacturing systems, including advanced control and analytical functions.
- Global market leader in the Tire Building industry with > 70% market share.
- Differentiation, innovation and technological leadership in Tire Building are all higher than the competition.
- Integrated proprietary Vision Technology is a key driver for success in Smart Manufacturing systems.

SMART CONNECTIVITY SYSTEMS

- Unique positioning thanks to our integrated system approach and one-stop-shop offering combined with 24-hour deliveries.
- Market leader in Benelux and strong position in North and Western Europe in Fibre Optics technologies.
- Advanced robotics and software engineering in fiber-to-the-home (Ftth) solutions differentiate TKH from competitors.
- Market-leading position in the Netherlands in energy connectivity technology.
- Strong ESG focus leads to unique positioning within energy segments.
- Market leader in the high-end industrial automation market and high-end medical market.

COMPETITIVE LANDSCAPE

Developments in the industry in general and our competitive landscape in particular are important for TKH's positioning in the market. Customer patterns are changing, technological developments are accelerating, and there is an increased demand for sustainable solutions, as well as the consolidation of (industrial) sectors. Our geographical spread, high-quality proprietary technologies, and distinctive technological capabilities determine our competitive strength.

GENERAL MARKET POSITION

- TKH's market is spread geographically, with our growth primarily focused in Europe, North America, and Asia. This allows us to make targeted investment choices and to work more actively in specific niche markets.
- We are differentiated by our combination of core technologies into unique, comprehensive, and one-stop-shop solutions.
- Because of the distinctive character of our proprietary technologies, we operate mainly in niche markets. In most of these markets, competition is fragmented to a range of competitors who do not offer the same integrated solutions or high-quality, one-stop-shop, logistics services.
- The barriers for entry into the market are high because of the advanced technology levels and expertise needed in combination with significant capital requirements.

Our strategic transformation program has integrated several of TKH's operating companies, which leads to economies of scale and a more efficient organization with short communication lines. We can respond quickly to geopolitical and social developments, for example when they lead to a reluctance to invest or to a shift in focus.

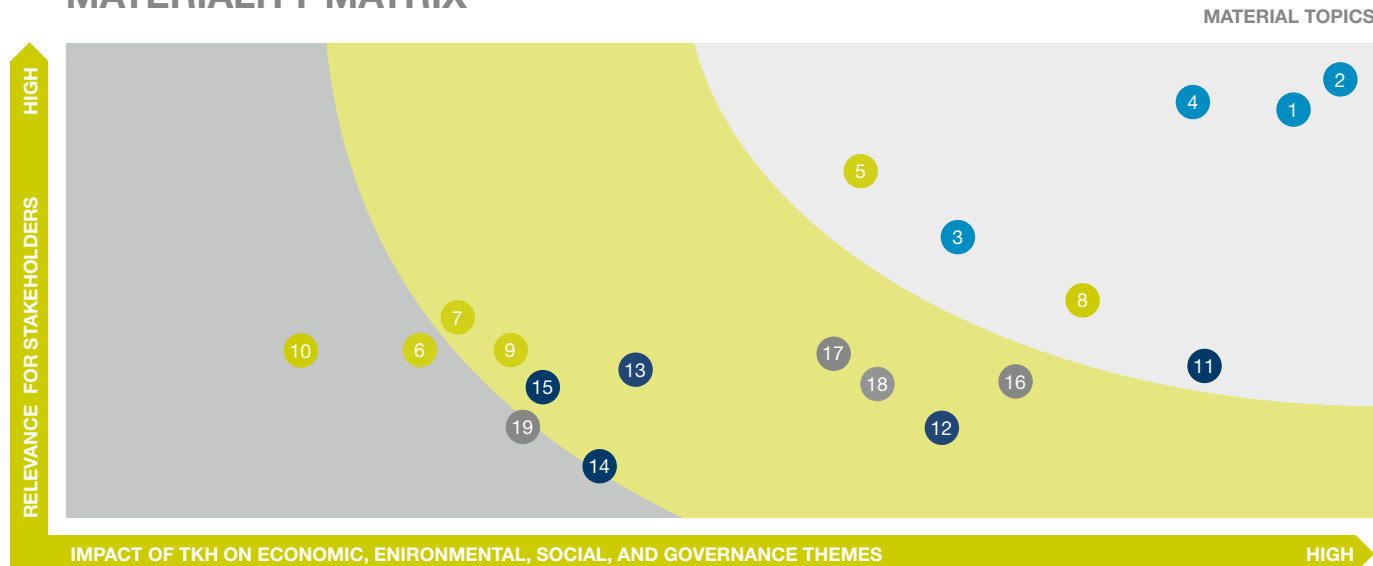
AUTOMATED TEMPERATURE AND MASK DETECTION SOLUTION



STAKEHOLDER ANALYSIS

Our stakeholders are those groups and individuals who directly or indirectly influence the activities of TKH and its operating companies. To further sharpen our strategy and objectives, we maintain regular dialogs with our stakeholders. We often work together with our operating companies when conducting stakeholder dialogs. We conducted a survey to determine material topics, from stakeholders' perspective as well from TKH's perspective. The results of the survey are integrated in the materiality matrix on the right. Based on our stakeholder dialogue and survey we identified which material topic is relevant for which stakeholder group.

MATERIALITY MATRIX



	SHARE-HOLDERS	BANKS	ANALYSTS	CUSTOMERS	SUPPLIERS	EMPLOYEES	SOCIETY
ECONOMIC							
1 Financial stability, track record & performance	•	•	•	•	•	•	
2 Technological innovations	•	•	•	•	•	•	
3 Sustainable capital allocation (in alignment with SDGs)		•	•				•
4 Customer satisfaction	•		•	•	•	•	
ENVIRONMENT							
5 Responsible production			•	•	•	•	•
6 Resource efficiency (incl. waste management)		•					
7 Climate change							•
8 CO ₂ neutral	•	•			•		
9 Responsible procurement							•
10 Circularity				•			•
SOCIAL							
11 Good & responsible employment						•	•
12 Health & safe work environment				•	•	•	
13 Employee satisfaction	•					•	
14 Personal development opportunities						•	
15 Diversity & inclusiveness	•					•	
GOVERNANCE							
16 Integrity & compliance	•	•	•	•	•	•	•
17 Risk management	•	•	•	•	•	•	•
18 Privacy & IT Security	•	•	•	•	•	•	•
19 Ethical tax	•	•	•	•	•	•	•

STAKEHOLDERS' DIALOG

	RELEVANCE FOR TKH	RELEVANCE FOR THE STAKEHOLDER / MOST IMPORTANT EXPECTATIONS	MEANS OF COMMUNICATION	KEY TOPICS IN 2021	SUPPORTIVE TO OUR STRATEGY
EMPLOYEES	<ul style="list-style-type: none"> Crucially important for the success of TKH. The company's ambassadors. Most important 'authorized capital'. 	<ul style="list-style-type: none"> Good employment practices. Development opportunities and a good package of primary and secondary employment benefits. A safe and healthy working environment. 	<ul style="list-style-type: none"> Internet and intranet. Staff magazine. Employee satisfaction survey. Staff meetings. Conferences and seminars. Webinars. Performance reviews. 	<ul style="list-style-type: none"> Health and safety. Diversity. Sustainable employability. SDGs. IT & Security / Privacy. Strategic program. 	<ul style="list-style-type: none"> Commitment to the diversity of the workforce. Learning organization. Boost innovative capacity. Leadership and entrepreneurship. Integrity & zero tolerance.
SHAREHOLDERS	<ul style="list-style-type: none"> Investment through a shareholding in TKH, thereby strengthening our capital position. 	<ul style="list-style-type: none"> Good return on investment with good dividend policy and long-term value creation. 	<ul style="list-style-type: none"> Internet. Financial reporting and annual reports. General meeting of shareholders. Investor days. Capital Markets Day. 	<ul style="list-style-type: none"> ESG. SDGs. Diversity. Strategic program. 	<ul style="list-style-type: none"> Long-term shareholdings.
CUSTOMERS	<ul style="list-style-type: none"> Buy products and services. Develop sustainable package of products and services through collaboration. 	<ul style="list-style-type: none"> Offer innovative, high-tech technologies and comprehensive solutions. Good ROI for customers. 	<ul style="list-style-type: none"> Internet. Events, symposia and trade fairs. Customer satisfaction survey. 	<ul style="list-style-type: none"> Sustainable product portfolio. SDGs. Customer satisfaction. 	<ul style="list-style-type: none"> Technological developments. Growth targets.
SUPPLIERS	<ul style="list-style-type: none"> Supply of services and products for our business operations. 	<ul style="list-style-type: none"> Fair business practices and doing good business at market rates. 	<ul style="list-style-type: none"> Business associates. Negotiations. Code of supply and site visits. 	<ul style="list-style-type: none"> Sustainable product portfolio. SDGs. 	<ul style="list-style-type: none"> Technological developments. Sustainable procurement.
ANALYSTS	<ul style="list-style-type: none"> With the aid of analysis and research, prepare profiles and ratings on the basis of which investors can make a selection for their investments. 	<ul style="list-style-type: none"> Honest and transparent communication about developments. 	<ul style="list-style-type: none"> Internet. Financial reporting and annual reports. IR meetings. Capital Markets Day. Reporting. 	<ul style="list-style-type: none"> Financial ratios. Sectoral developments. Strategic program. 	<ul style="list-style-type: none"> Long-term value creation and transparency.
BANKS	<ul style="list-style-type: none"> Financial service providers with the aid of which TKH is able to achieve its growth targets. 	<ul style="list-style-type: none"> Creditworthy enterprise that is appropriately balancing risks against returns and complies with contractual agreements. 	<ul style="list-style-type: none"> Internet. Financial reporting and annual reports. Half-yearly discussions. 	<ul style="list-style-type: none"> Financial ratios. Risk analysis. 	<ul style="list-style-type: none"> Sustainable funding policy.
PUBLIC BODIES	<ul style="list-style-type: none"> Act as initiator, facilitator of supply chain and other projects, and driver of sustainable initiatives. 	<ul style="list-style-type: none"> Boost the economic appeal in the region with respect to business office location and employment. Supply chain initiatives with a significant contribution to sustainability. 	<ul style="list-style-type: none"> Internet. Network and thematic meetings. 	<ul style="list-style-type: none"> Sustainable and other developments in the region. 	<ul style="list-style-type: none"> Strategic investment decisions.
EDUCATION AND KNOWLEDGE INSTITUTIONS	<ul style="list-style-type: none"> Influx of new talent in order to compensate for such things as a shortage of technical personnel. 	<ul style="list-style-type: none"> Providing a challenging work environment with ample development opportunities. Providing traineeships – work experience. 	<ul style="list-style-type: none"> Internet. Trade fairs and seminars. Social media. 	<ul style="list-style-type: none"> Relevance of education (in relation to the relevant discipline). Profiling TKH as an interesting employer. 	<ul style="list-style-type: none"> Sustainable workforce. Learning organization.
COMMUNITY AND SECTORAL ORGANIZATIONS (INCLUDING NGOS)	<ul style="list-style-type: none"> Possess an extensive network and knowledge of the positions in the supply chain. Expertise in specific sectors. 	<ul style="list-style-type: none"> Contribute ideas to and start up joint ventures. 	<ul style="list-style-type: none"> Internet. Reporting and reports. Annual reports. 	<ul style="list-style-type: none"> SDGs. Climate change. 	<ul style="list-style-type: none"> Sustainable business operations. Consolidate social initiatives.

CORPORATE STRATEGY

TKH's strategy focuses on technology leadership with our cohesive core technologies in three business segments. As part of the strategy process, four strategic pillars have been identified: Innovation and technical leadership, Being responsible and sustainability impact, Talented people and empowerment, and Sustainable financial performance. Based on these pillars, the megatrends, and the confrontation matrix, we have determined our strategic direction and have defined specific objectives incorporated in our new strategy program Accelerate 2025.

CONFRONTATION MATRIX

STRENGTHS

- Creation of advanced proprietary technologies and innovative systems.
- Leading positions in many markets where we operate.
- High pricing power due to smart technologies, system integration, and services.
- Risk spread across various product/market combinations.
- Organizations close to customers giving a high level of customer intimacy.
- Entrepreneurship is one of our core values.
- Sustainability proposition.
- Strong brand and reputation in active markets.
- Financial strength and high-quality capital.
- Optimal use of R&D resources and investments in markets with largest potential.

OPPORTUNITIES

- High demand for automation due to movement toward Industry 4.0.
- Development and integration of technologies that contribute to the improvement of sustainability.
- Lack of human resources and rising labor cost drive demand for automation.
- Demand for reduced waste and energy consumption in production fuels need for advanced technologies.
- Energy transition requires a boost in power generation from renewable sources.
- Global need for high-speed bandwidth and data traffic infrastructure, escalated by COVID-19.
- Greater focus on intelligent security owing to geopolitics and globalization.
- Technological developments enabling improved customer services and technologies.

WEAKNESSES

- Execution of market share growth opportunities in relation to innovations.
- Time-to-market for innovations.
- Brand awareness in conservative markets where TKH is looking to expand its position with disruptive, innovative technologies.
- Conversion ratio of added value to EBITA.

THREATS

- Shorter product life cycles due to higher level of innovation.
- Disruption by new entrants and technologies.
- The risk of COVID-19 or a future pandemic developing or emerging.
- Protectionism of internal markets by governments.
- Shortage of qualified staff.
- Supply chain challenges, with shortages in the availability of raw materials and components.
- Cost inflation.
- Cyber-attacks.









ACCELERATE 2025

TKH has made significant steps to transform its organization and increase its focus on value creation, following the successful implementation of its Simplify & Accelerate program introduced in 2019.

On Capital Markets Day in November 2021, TKH launched a new program: Accelerate 2025. This program underlines the strong foundation and value potential of TKH by introducing new and higher targets for 2025. In addition, TKH unveiled a new technology-focused segmentation, centered around Smart Technologies.

Accelerate 2025 includes actions to boost turnover and ROS by unlocking the full potential of our innovations and disruptive technologies. Benefiting from current market positions and megatrends, such as automation and digitalization, sustainability, and safety and security, we will take full advantage of the expected market growth. In addition, TKH will increase its focus on sustainability within its strategy, with strong ambitions and new non-financial targets.

PRIORITIES ACCELERATE 2025

Areas	Bandwidth expected turnover	Bandwidth ROS improvement Target > 17% ¹	Commentary
ORGANIC GROWTH COST EFFICIENCY	> € 300 mln 	> 2.5% 	Scale effect -due to organic growth- on opex and cost of good sold, productivity & yield improvement programs
INNOVATIONS	> € 200 mln 	> 2.0% 	Acceleration of our innovations in terms of turnover, benefit from learning curve and economies of scale, capital light future innovations
ACQUISITIONS	+ € 100-150 mln 		Acquisitions that strengthen our portfolio of proprietary technologies in the area of software, and/or strengthen our sales network
PORTFOLIO MANAGEMENT	- € 150-200 mln 	> 0.5% 	Divestments that do not contribute towards achieving our long-term strategy & targets

¹ ROS improvement is based on Latest Estimate 2021: ROS >12%

ACCELERATE ORGANIC GROWTH

Increase our market share by unlocking the full potential of our innovations and disruptive technologies, taking advantage of market growth driven by relevant megatrends.

SUSTAINABILITY

Deliver a strong performance with regard to our ESG targets, especially CO₂ neutrality by 2030 (scopes 1 & 2), and further develop a sustainable portfolio based on SDG principles.

COST EFFICIENCY

Focus on leveraging organic growth into an added value conversion ratio of > 35%. Translate the increase in gross margin into a further increase in results with more focus on return and cost ratio as a percentage of added value.

INNOVATIONS

Exploit our technological leadership by leveraging and accelerating growth from innovations and using the R&D pipeline. Bring key innovations to maturity with targeted profitability and limit the number of new “start-up” projects.

ACQUISITIONS

Accelerate growth by acquiring € 100 – € 150 million turnover.

PORTFOLIO MANAGEMENT

Exit activities that offer limited potential for value creation, such as those with limited strategic fit or low ROS and organic growth potential.

TKH BRANDING

Strengthen and expand TKH branding and transition to an efficient external communication structure.

TALENT EMPOWERMENT

Ensure our workforce is an accurate reflection of our society with respect to diversity and inclusiveness. Continue to ensure the health and safety of our employees. Engage and retain employees. Promote transparency and openness.

STRATEGIC PILLARS AND TARGETS

INNOVATION AND TECHNOLOGICAL LEADERSHIP

TKH aims to position itself as a technological leader in various niche growth markets. Innovation is essential to this, enabling us to stay at the forefront of the creation of best-in-class and innovative technologies. In addition, TKH is an established technology player with a proven track record of developing advanced and disruptive Smart Technologies that respond to market trends.

TKH combines its Smart Technologies to create innovative and comprehensive technology systems. Investments in R&D and the acceleration and scaling of innovations are vital for future growth, and to remain a technology leader.

Our target is for at least 15% of our turnover to be generated through innovations introduced in the previous two years. As a result, a major part of TKH's technology portfolio is always in the early stages of the product life cycle, which is an essential strategic foundation for securing future growth. Alongside investments in our technological development, we also invest in partnerships for specific specialisms and speed up the time-to-market for selected technology systems.

TKH generated € 301 million turnover in 2021 from innovations across its three core technology segments.



BEING RESPONSIBLE AND SUSTAINABILITY IMPACT

TKH does business in a socially responsible manner with great awareness of our environment. We continuously seek to strengthen our contribution to a sustainable society by creating a sustainable product portfolio and business proposition; for example, around 70% of our turnover is related to one of the SDGs. In addition, our focus on sustainability also improves TKH's commercial position, as it supports customers in achieving their set sustainability criteria.

Furthermore, TKH continues to increase the importance of sustainability in its business decision-making processes. We attach a great deal of importance to the principles of good governance, including integrity, transparency, accountability, and adequate oversight. In addition, we follow a zero-tolerance policy concerning matters such as fraud, bribery, and corruption. Risk awareness is a constant and integral part of our culture at TKH, and we apply different systems to deeply embed risk awareness in our organization and avoid and manage risks.



KPIs	OBJECTIVES	REALIZATION 2021
Portfolio at an early stage of the life cycle	At least 15% of turnover generated by portfolio introduced in the previous two years	19.8%
Technical innovations with impact on sustainability (SDGs)	At least 70% of turnover linked to SDGs	68%

KPIs	OBJECTIVES	REALIZATION 2021
Carbon footprint (CO ₂ emissions)	100% carbon neutrality in own operations by 2030 (scopes 1 & 2) – reduction of CO ₂ footprint compared to reference year (2019)	29.8%
% waste of most relevant raw materials, compared to total relevant material consumption	< 5% waste	5.2%
Recycling most relevant raw materials	> 80% recycling (copper, aluminum, and plastics)	83.2%
Customer satisfaction	Average score above benchmark (7.8)	8.4
Code of Supply signed by suppliers	> 90% strategic suppliers signed up	92.4%

TALENTED PEOPLE AND EMPOWERMENT

TKH aims to be an attractive and responsible employer. An important pillar of our corporate level strategy is investing in human capital and building a strong, diverse workforce of talented people. Working together with talented and qualified people is vital to achieving our mission of creating best-in-class Smart Technologies.

Being an attractive and responsible employer is an important duty and one we take seriously. TKH offers an inspiring, safe, and healthy working environment for all its employees, while always seeking to make further improvements. TKH has an open business culture with a high level of entrepreneurship and short lines of communication. Our organization is also characterized by delegated authority, trust, and transparency.

TKH strongly believes that the diversity of its workforce will further bolster the success of its defined strategy. One of our priorities is therefore to boost and safeguard diversity within our organization. In addition, TKH continues to build on its strong employer brand in order to keep attracting the right talents and fill vacancies rapidly, especially in times of scarcity in human resources.



KPIs	OBJECTIVES	REALIZATION 2021
% of female members in Executive and Senior Management teams	> 25% by 2030	17.7%
Accident rate (LTIFR)	< 1.0	0.7
Illness rate	< 4.0%	3.56%
Employee satisfaction grade	> 7.5	7.4
Employees act in accordance with Code of Conduct	No breaches of the Code of Conduct	0
Number of employees with disabilities and/or disadvantages on the labor market	Maintain at least current number	107

SUSTAINABLE FINANCIAL PERFORMANCE

Creating added value for all key stakeholders while, at the same time, being a solid investment for shareholders is a key pillar of TKH's strategy. We do this with healthy balance sheet ratios and a strong cash flow from our operating activities, with a focus on the development of the company. We aim to achieve an annual increase in earnings per share, and a net debt/EBITDA ratio of no more than 2.0. Cash generated will be reinvested in businesses with above-average growth potential and/or distributed to shareholders. Structural excess cash can be used for share buyback programs, dividends, and/or strategic investments with an attractive return on investment.

TKH will expand through organic growth and acquisitions, with a geographical focus on Europe, North America, and Asia. In the case of acquisitions, the emphasis is on structurally healthy companies that strengthen our portfolio of proprietary technologies or enhance our sales network. We aim to acquire a turnover of € 100 million to € 150 million in the medium term, while continuing to manage our portfolio to decrease activities with lower margin and growth potential.

Due to our focus on activities with higher margin potential, organic growth combined with cost efficiency, acquisitions, and divestments, the medium-term target for our ROS exceeds 17%. The range for the medium-term ROCE target is 22–25%.

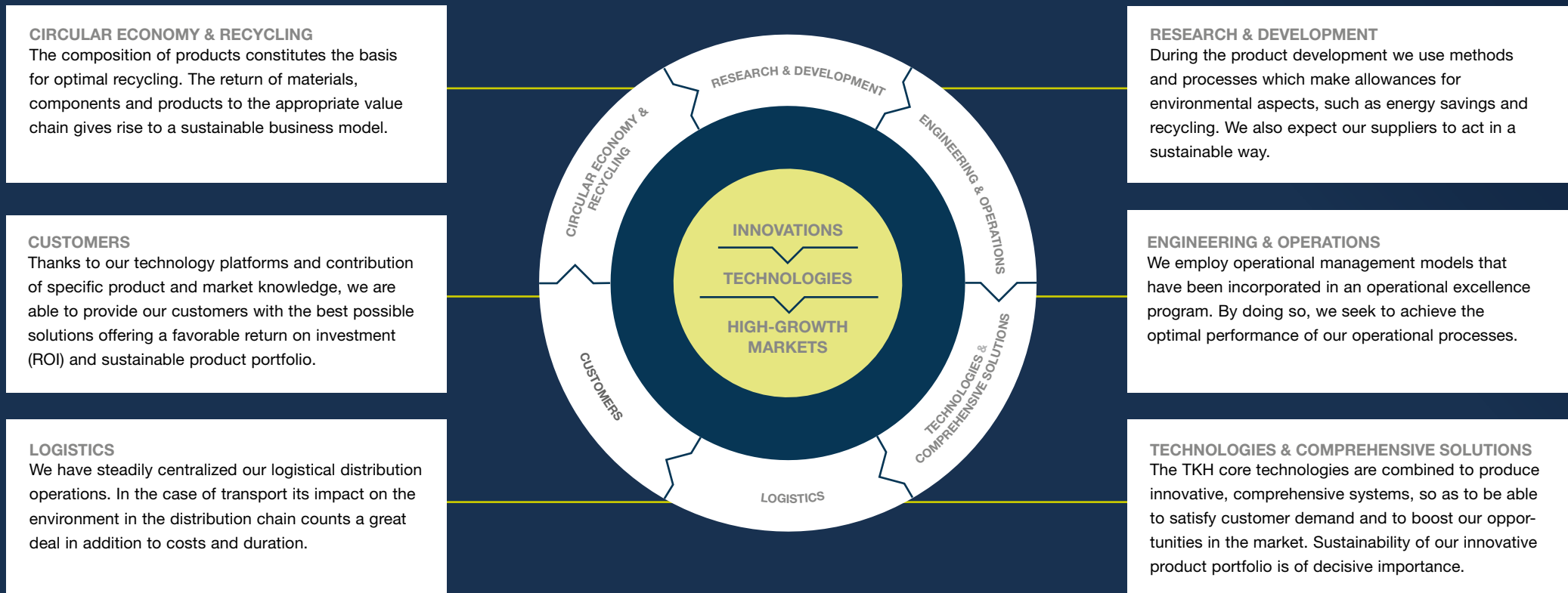


KPIs	OBJECTIVES	REALIZATION 2021
Turnover	> 2 billion by 2025	€ 1.5 billion
Return On Sales (ROS)	> 17% by 2025	12.4%
Return On Capital Employed (ROCE)	22-25% by 2025	20.5%
Net debt / EBITDA	< 2.0 annual target	0.9

LONG-TERM VALUE CREATION

TKH's value creation process is dynamic and ongoing. It aims to use our business processes to respond to the needs of our stakeholders, and to identify at an early stage any opportunities or risks driven by economic, geopolitical, environmental, sustainability, social, and technological trends. Using detailed R&D road maps, we focus on development within core technologies and, by effectively integrating these technologies, we create unique, innovative, and comprehensive solutions suitable for multiple markets. Entrepreneurship and talent development are also key areas of focus within our group to ensure that we continually improve our value creation (long-term or otherwise).

TKH IN THE VALUE CHAIN



INPUT

INTELLECTUAL

R&D road map and technology and software development for a high-quality, innovative product portfolio.

PRODUCTS

Integrated technologies and software that create innovative, sustainable, and comprehensive solutions, both capitalizing on market trends and ensuring efficiency, safety, security, and sustainability for customers.

ENVIRONMENT

For each decision we take in our business, we consider its potential environment impact. TKH enters into active dialog with its strategic suppliers in order to improve the sustainability of their products and processes.

FINANCIAL

Equity and loans to invest in proprietary technologies, our employees, and the growth of our business.

HUMAN

Talented and skilled employees who reflect a diverse society. Providing a safe and inspiring workplace with opportunities for professional development.

SOCIAL & RELATIONS

Close cooperation with stakeholders based on honesty, integrity, and openness. Making a contribution to, and investing in, the society around us.

BUSINESS OPERATIONS

CORE VALUES AS A GUIDELINE FOR OUR ACTIONS

- ENTREPRENEURSHIP
- ENVIRONMENTAL AWARENESS
- TRANSPARENCY
- ACCOUNTABILITY
- INTEGRITY

STRATEGIC PILLARS

INNOVATION AND TECHNOLOGICAL LEADERSHIP

A leading innovative technology player (operating in niche markets) that creates comprehensive best-in-class solutions.



BEING RESPONSIBLE AND SUSTAINABILITY IMPACT

Doing business in a socially responsible manner.



BUSINESS OPERATIONS

- Service
- Assembly
- Outsourced & in-house manufacturing
- R&D and system engineering

TALENTED PEOPLE AND EMPOWERMENT

An attractive and responsible employer.



SUSTAINABLE FINANCIAL PERFORMANCE

Creating added value for all stakeholders while also being a solid investment for shareholders.



CORE TECHNOLOGIES

SMART VISION SYSTEMS

SMART MANUFACTURING SYSTEMS

SMART CONNECTIVITY SYSTEMS

OUTPUT

KNOWLEDGE SHARING & DEVELOPMENT

- New technologies and innovations.
- Protected technologies and IP rights through patents.
- Solid R&D road map.

SAFE & SUSTAINABLE PRODUCT PORTFOLIO

- Innovative, reliable and sustainable solutions.
- Contributing to a safe environment and efficient processes for our customers.
- Broad geographical distribution.

BUSINESS AND OPERATIONS

- Sustainable use of energy and raw materials.
- Operation in accordance with LEAN and Six Sigma principles, and ISO 14001 and 45001.
- Implementation of energy-saving and waste reduction programs.

FINANCIAL VALUE

- A healthy balance sheet ratio and strong operational cash flow.
- An annual increase in earnings per share.

ATTRACTIVE & RELIABLE EMPLOYER

- Investment in health and safety.
- Investment in training and development opportunities.
- Attention to diversity and inclusion.
- Ensuring honesty and openness.

SOCIAL & RELATIONS

- Good relationships with stakeholders.
- Social engagement.

OUTCOME

INNOVATION AND TECHNOLOGICAL LEADERSHIP

- Turnover: € 1.5 billion
- Innovations: 19.8%
- R&D expenditure: € 64.4 million



SUSTAINABLE FINANCIAL PERFORMANCE

- ROS: 12.4%
- ROCE: 20.5%
- Net earnings per share: € 2.31
- Debt-leverage ratio: 0.9
- Dividend pay-out ratio: 64.9%



TALENTED PEOPLE AND EMPOWERMENT

- Number of training hours/FTE: 21
- Employee satisfaction: 7.4
- LTIFR: 0.7
- Illness rate: 3.56%
- Diversity: 17.7%



BEING RESPONSIBLE AND SUSTAINABILITY IMPACT

- CO₂ footprint reduction: 29.8% (compared to 2019)
- Recycling: 83.2%
- Customer satisfaction: 8.4
- Breaches of the code of conduct: 0

