

Annual Results 2022

18% organic turnover growth and 24% growth in EBITA

Record year driven by automation, digitalization, and electrification

Financial highlights 2022

- Record order intake of € 2,042 million (2021: € 1,842 million), resulting in all-time high order book of € 971.9 million (December 31, 2021: € 746.6 million).
- Turnover increased by 19.2% to € 1,816.6 million (2021: € 1,523.8 million). Adjusted for currency effects, turnover increased 18.0% organically, with price effects accounting for 7.6%.
- EBITA before one-off income and expenses € 234.8 million up 23.9% (2021: € 189.6 million), with Smart Vision systems being the largest contributor to EBITA.
- Net profit before amortization and one-off income and expenses increased by 26.1% to € 143.6 million (2021: € 113.9 million); at upper end of communicated outlook (€ 136 - € 144 million).
- Increase in ROS to 12.9% (2021: 12.4%).
- Full-year dividend proposal: € 1.65 (per depository receipt for) ordinary share (2021: € 1.50), a pay-out of 49.4% of net profit.

Financial highlights second half 2022

- Order intake increased by 20.0% to € 1,086.0 million (H2 2021: € 905.0 million).
- Turnover increased by 14.9% to € 916.9 million (H2 2021: € 797.9 million).
- EBITA before one-off income increased by 13.4% to € 119.2 million (H2 2021: € 105.2 million).
- ROS 13.0% (H2 2021: 13.2%), with ROS reaching 13.7% in the fourth quarter.

Strategic highlights 2022

- High innovative power, with innovations contributing 20.6% of turnover.
- Accelerate 2025 strategy program with focus on automation, digitalization, and electrification contributed to strong growth performance.
- Strategic Investment Program of approximately € 200 million initiated, of which € 150 million is related to support growth for new electrification initiatives.
- ESG progress supported by high-priority investments to reduce the CO₂ footprint.
- Execution of divestment program on track, closing divestment of CCG completed.
- Share buyback of € 25 million initiated based on our strong financial foundation.

**Key figures** (in € million unless otherwise stated)

H2 2022	H2 2021	Change in %		FY 2022	FY 2021	Change in %
916.9	797.9	+ 14.9%	Turnover	1,816.6	1,523.8	+ 19.2%
119.2	105.2	+ 13.4%	EBITA before one-off income ¹⁾	234.8	189.6	+ 23.9%
73.1	64.5	+ 13.3%	Net profit before amortization and one-off income and expenses attributable to shareholders ^{1, 2, 3)}	143.6	113.9	+ 26.1%
67.1	55.0	+ 21.9%	Net profit	137.1	95.2	+ 44.0%
1.63	1.33	+ 22.4%	Net earnings per ordinary share attributable to shareholders (in €)	3.34	2.31	+ 44.4%
13.0%	13.2%		ROS	12.9%	12.4%	
			ROCE	23.2%	20.5%	
			Dividend proposal (in €)	1.65	1.50	

1) One-off income in 2022 amounted to € 10.4 million, of which € 1.0 million in H2 2022.

2) Amortization of intangible non-current assets related to acquisitions (after taxes).

3) For further details, see the 'Overview of alternative performance indicators' included after the financial statements.

Alexander van der Lof, CEO of technology company TKH: “We were able to deliver excellent results in 2022, with turnover growing by 18.0% organically and EBITA growing by 23.9%. All segments contributed to these strong results. We are excited to see how the execution of our Accelerate 2025 strategy program is progressing.

Our strong high-end technologies and our focus on three important megatrends – automation, digitalization, and electrification – have created a strong foundation for growth. The order intake during 2022 reached record levels across all segments and the fourth quarter in particular. Worth noting is the all-time high intake of € 695 million achieved in Smart Manufacturing systems, mainly driven by Tire Building systems.

TKH's transformation over the past decade is paying off. The Simplify and Accelerate program launched in 2019 has enabled us to divest cyclical businesses and focus investment on businesses with high-growth prospects.

In 2022, we introduced a substantial Strategic Investment Program of which the main part is geared towards electrification. This will further support our organic growth and provide our customers with the necessary capacity, enabling them to realize their goals. During the year, we continued to prioritize investments to meet our ESG targets and made particularly good progress in reducing our carbon footprint. Supply-chain constraints required close cooperation with our suppliers and creativity of our procurement teams to find solutions to material and component shortages. The right entrepreneurial spirit within our organization to cope with these challenges was again a key success factor in the results we achieved in 2022.

A special word for our team in Ukraine, who managed to work under exceptionally difficult circumstances. We have great respect for how they are coping with the challenges in their daily lives.

We look to the future with confidence, as we have a record order book, a strong foundation with our Accelerate 2025 strategy program, and an entrepreneurial workforce of more than 6,600 people around the world, who, together with our customers, are looking for ways to drive growth by bringing further innovations to the markets in which we operate. Based on our confidence in the future and our strong financial foundation we have decided to initiate a share buyback program of € 25 million.”

Strategic developments

We have made considerable strategic progress, and are generally ahead of our original plan as communicated during the Capital Markets Day on November 17, 2021. The outlook for the megatrends we are focusing on has improved significantly. In particular, the priority for investments for automation and electrification has improved considerably.

In 2022, we launched our Strategic Investment Program to further increase our global production capacity to respond to the increased market demand in the fields of automation, digitization, and electrification. The execution of these expansions started in the second half of the year and is progressing on schedule. In total, we expect these investments to generate an additional € 250 - € 300 million annual turnover in the coming years, the majority of which will be realized by Smart Connectivity systems. The investments specifically target:

- Onshore and offshore power cables. The market outlook has further strengthened, as investment plans for infrastructure have picked up significantly due to the increased focus on renewable energy and the reduction of dependency on oil and gas. In 2022, we decided to invest € 150 million to meet the additional demand for onshore and offshore connectivity. The expansion of our existing facilities in Lochem for the production of medium and high voltage cables is expected to become operational in Q3 2023. The investment in a new plant for inter-array cables in Eemshaven is progressing well and is expected to start serial production in Q2 2024.
- Fibre optic cables: We began constructing a new plant in Poland, which will increase our EU cabling capacity to eliminate the € 10 million import duties incurred in 2022. The plant will be operational as of Q3 2023.
- A new plant in Poland specializing in connectivity systems. This plant will increase capacity by 25% and reduce current lead times. The plant will be operational in Q3 2023.
- The construction of additional capacity for Tire Building systems in Poland, which will be operational early Q2 2023.
- Out of the total amount of € 200 million allocated for strategic investments, € 41 million has been spent in 2022.

Besides the accelerated strategic investments to support the organic growth, we also execute a divestment program as part of our Accelerate 2025 program. In Q1 2023, we closed the divestment of our minority share in CCG with a one-off profit of € 36 million. We are making good progress in realizing our Accelerate 2025 divestment target of € 150 - € 200 million turnover.

The organic turnover growth of 18% was well above the average annual Accelerate 2025 organic growth of 7%. We achieved strong organic growth of 12.5% in our Smart Vision systems segment, with ROS increasing from 17.2% in 2021 to 19.1% in 2022 and accounting for 41% of the operating result. The megatrend of “eyes-off, hands-off” manufacturing is supporting this success, and the recent inflationary development in labor costs and the shortage of manufacturing employees have increased the sense of urgency for automation. Past investments in R&D have proven to be the right choice and have supported the high organic growth.

EBITA grew by a strong 23.9%. The progress in ROS to 12.9% does not fully reflect the progress made towards our Accelerate 2025 target of >17%, as ROS was impacted by price effects on turnover and temporary effects. The temporary effects consist of € 10 million in import duties on fibre optic cables and of shortages of critical components within Smart Manufacturing systems, which led to operational inefficiencies due to delayed deliveries shifting € 30 million of turnover. We expect these temporary effects to be eliminated by the initiated construction of a fibre optic cable plant in Poland and the easing of component shortages at Tire Building systems in the course of 2023. The improvement of the ROCE to 23.2% is within our Accelerate 2025 targeted bandwidth of 22% - 25%.



In early October we opened a Solution Center for TKH Vision Technologies in Germany, which enables us to offer the full scope of TKH's vision systems and solutions. By selling smart systems and solutions we are better positioned to serve the customer demands and at the same time broaden the scope of supply, driving higher margins and turnover growth.

TKH continues to demonstrate a strong commitment to its ESG ambitions and made further progress in 2022 towards our key sustainability targets as set out in the Accelerate 2025 strategy program. Our net carbon footprint for scopes 1 and 2 decreased by 42.7% in 2022 compared with the reference year 2019 (2021: 29.8%). This does not include any acquired carbon offsets and was mainly driven by energy efficiency measures, a higher share of renewable energy and green certificates. The turnover related to the Sustainable Development Goals (SDG) stood at 68%.

In February 2023, TKH signed a new € 625 million multicurrency committed credit facility, consisting of a € 500 million revolving credit facility ("RCF") and a € 125 million term loan, linked to TKH's sustainability targets. The new RCF, which matures in February 2028 with two one-year extension options, replaces the € 500 million committed RCF in place since January 2017. Together with the term loan, the RCF will be used to finance strategic investments and working capital needs as TKH continues to grow.

Dividend

The 2023 General Meeting of Shareholders will be asked to approve the payment of a cash dividend of € 1.65 per (depository receipt for a) share (2021: € 1.50), amounting to a payout ratio of 47.1% of the net profit before amortization and one-off income and expenses attributable to shareholders and 49.4% of the net profit attributable to shareholders. The dividend will be payable on May 2, 2023.

Announcement of share buyback program

Based on the strong financial foundation, TKH has decided to start a share buyback program as of March 7, 2023 amounting to € 25 million. At present, TKH owns 2.8% of TKH shares, and the company will notify the Authority Financial Markets (AFM) as soon as this percentage surpasses the notification obligation of 3%. The intention is to execute the program within a period of four months, within the conditions set by the 2023 General Meeting of Shareholders, with a maximum purchasing volume of 10% of the trading volume. TKH will report on the progress of the program on a weekly basis.

Financial developments second half of 2022

Turnover increased by € 119.0 million (+14.9%), bringing the total for the second half of 2022 to € 916.9 million (H2 2021: € 797.9 million). Adjusted for currency effects, turnover grew organically by 13.7%, with price effects accounting for 8.1%. Smart Vision systems and Smart Connectivity systems were the largest contributors, both growing by 21.0%.

The operating result before amortization of intangible assets and one-off income and expenses (EBITA) increased by 13.4% to € 119.2 million in the second half of 2022 (H2 2021: € 105.2 million). The strongest growth came from Smart Vision systems (+49.0%), followed by Smart Connectivity systems (+12.3%), driven by high demand for automation and electrification. Smart Manufacturing systems experienced a decline (-21.6%) due to the component shortages at Tire Building systems. Overall, the ROS was 13.0% (H2 2021: 13.2%), and ROS in Q4 amounted to 13.7%.

Financial developments full year 2022

Turnover reached € 1,816.6 million in 2022, a 19.2% increase (2021: € 1,523.8 million). Adjusted for currency effects, turnover grew organically by 18.0%, with price effects accounting for 7.6% of turnover. All segments contributed to the organic growth in turnover, although the turnover growth at Tire Building systems was impacted by the delayed deliveries of near-finished products due to component shortages.

The geographical distribution of turnover remained broadly in line with 2022. The turnover share in the Netherlands grew to 25% of total turnover (2021: 22%), while the share in Europe, excluding the Netherlands, decreased to 44% (2021: 45%). In Asia, the share of turnover decreased to 15% (2021: 19%), partly due to the lockdowns and reshoring, while in North America turnover increased to 13% (2021: 11%). The turnover share of the other geographical areas remained unchanged at 3%.

The gross margin decreased to 47.2% in 2022 (2021: 48.3%) due to a shift in the product mix, with a larger share coming from Smart Connectivity systems combined with increased raw material and component prices and the inflationary price impact on margins.

The order intake remained strong in 2022, resulting in a record order intake of € 2,042 million (2021: € 1,842 million), and resulting in an order book at year-end of € 971.9 million (2021: € 746.6 million), an increase of 30.2% compared to last year. Whereas all segments benefitted from the increase in order intake, the order intake at Smart Manufacturing systems was exceptionally strong at € 694.5 million (2021: € 561.5 million). This increase was mainly driven by Tire Building systems, which further boosted its market share during the year and benefitted from the effects of reshoring and the capex programs of the tire manufacturers.

Operating expenses (excluding amortization and impairments) increased by 13.9% compared to last year. The relatively largest increase was in selling expenses, due to the return of travelling and higher freight costs. Operating expenses were impacted by component shortages at Tire Building systems, leading to operational inefficiencies. Furthermore, personnel expenses increased due to the expansion of the workforce and payroll increases. Currency changes had an upward impact of 1.7%, mainly due to the USD-EUR movement in the Smart Vision systems segment.

The operating result before amortization of intangible assets and one-off income and expenses (EBITA) increased by 23.9% to € 234.8 million in 2022, from € 189.6 million in 2021. All segments contributed to the increase in EBITA. In 2022, Smart Vision systems was the largest contributor to EBITA (€ 95.5 million, or 40.7% of EBITA).

ROS improved to 12.9% (2021: 12.4%) due to the turnover growth and lower relative cost levels. The upward price effects, higher raw material and components prices, the shift in product mix, the EU anti-dumping duties on fibre optic cables, and supply chain constraints at Tire Building systems all had a dampening effect on ROS.

Amortization increased by 6.7% due to the higher amortization of capitalized R&D, as a result of increasing investment levels in previous years, while the amortization on PPAs from acquisitions decreased.

The net financial expenses increased by € 0.9 million to € 8.9 million (2021: € 8.0 million) due to higher interest expenses and foreign exchange losses. However, this was partly offset by an improved result from associates and a lower impact from earn-out liabilities.

The normalized effective tax rate decreased to 24.8% in 2022 from 26.9% in 2021, primarily due to relatively higher profits at companies benefitting from R&D tax facilities and several settlements of prior year tax positions.

Net profit before amortization and one-off income and expenses attributable to shareholders increased by 26.1% to € 143.6 million (2021: € 113.9 million). Net profit rose by 44.0% to € 137.1 million (2021: € 95.2 million). Earnings per share before amortization and one-off income and expenses amounted to € 3.50 (2021: € 2.77). Ordinary earnings per share were € 3.34 (2021: € 2.31).

Net bank debt rose by € 101.7 million from the level at year-end 2021 to € 307.2 million at year-end 2022. The net debt/EBITDA ratio, calculated according to TKH's bank covenant, stood at 1.1, well within the financial ratio agreed with our banks. Solvency decreased to 38.0% (2021: 42.5%).

The cash flow from operating activities amounted to € 116.2 million in 2022 (2021: € 199.0 million) and was impacted by the increase in working capital of € 116.3 million. This was mainly due to higher activity levels, the (temporary) buildup of inventories to secure supply chains and higher price levels of most inventory items. The cash flow from net investments in property, plant, and equipment amounted on balance to € 91.8 million in 2022 (2021: € 31.0 million), of which € 41 million is attributable to the Strategic Investment Program.

Investments in intangible assets related to development costs, patents, licenses, and software increased slightly to € 45.9 million in 2022 (2021: € 40.5 million). TKH spent € 0.9 million on acquisitions (2021: € 0.5 million). In 2022, two properties classified as held for sale were sold for € 14.0 million (2021: € 0.2 million divestment of associates).

At year-end 2022, TKH employed a total of 6,607 FTEs (2021: 6,160), of which 409 were temporary employees (2021: 367 FTEs).

Developments per technology segment

Smart Vision systems

TKH creates state-of-the-art Vision systems, and Vision technology represents about 87% 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 allows us to create unique, smart, integrated plug-and-play systems, and one-stop-shop solutions.

Key figures (in € million unless otherwise stated)

H2 2022	H2 2021	Change in %		FY 2022	FY 2021	Change in %
264.9	218.8	+ 21.0%	Turnover	499.7	429.8	+ 16.3%
53.9	36.2	+49.0%	EBITA	95.5	73.8	+ 29.5%
20.3%	16.5%		ROS	19.1%	17.2%	

In 2022, turnover in Smart Vision systems increased by 16.3% to € 499.7 million, despite limitations in the supply of electronic components and lockdowns in China. In most cases, however, we either managed to secure the required components or we redesigned our products to include more widely available components. Adjusted for currency effects, turnover grew organically by 12.5%, with price effects accounting for 4.5% of turnover. The order book grew solidly by 14.3% to € 159.2 million

(2021: € 139.3 million). The added value increased slightly from 58.3% to 58.5%. As a result of the volume growth, EBITA increased to € 95.5 million (+29.5%) and ROS improved to 19.1%.

Vision Technology – Machine Vision technology, the strongest contributor to this segment in 2022, grew in most regions and end markets. Growth was especially strong in 2D Vision, where Alvium (embedded 2D vision platform) made a significant contribution, especially in factory automation. The turnover growth in 3D Vision was affected by the lockdowns in China, but was still double-digit. Turnover for Security Vision also achieved double-digit growth, mainly due to growth in (video) communication and security systems.

Smart Manufacturing systems

TKH leverages its unique expertise and deep understanding of automating production processes in specific industries to create superior manufacturing systems. TKH engineers complete manufacturing systems and machines that contribute to highly efficient processes. Tire Building systems account for 68% of the Smart Manufacturing systems segment turnover share.

Key figures (in € million unless otherwise stated)

H2 2022	H2 2021	Change in %		FY 2022	FY 2021	Change in %
235.2	234.0	+ 0.5%	Turnover	491.2	419.1	+ 17.2%
31.1	39.7	- 21.6%	EBITA	69.1	59.4	+ 16.3%
13.2%	17.0%		ROS	14.1%	14.2%	

Smart Manufacturing systems showed strong turnover growth, although this was impacted by the operational inefficiencies from delayed deliveries at Tire Building systems due to shortages of critical components. Adjusted for currency effects, turnover grew organically by 16.7%, with price effects amounting to 4.1%. The order book grew by 55.0% compared to the previous year-end and peaked at € 573.0 million on December 31, 2022 (2021: € 369.7 million) with a significant contribution from Tire Building systems. The added value increased slightly from 49.0% to 49.9%. EBITA was up 16.3% at € 69.1 million. The ROS was stable at 14.1% (2021: 14.2%).

Tire Building systems – Compared to 2021, there was a substantial increase in production output in this segment as a result of the high order intake in 2021, which led to improved results. The order intake for both passenger and truck tire systems in 2022 was significantly higher than in 2021 and included orders for new product launches such as the REVOLUTE (combination of fully automated tire component preparation and bead assembly) and UNIXX Beltmaker, a system based on UNIXX technology. Our groundbreaking UNIXX technology continues to gain traction in various modules and applications.

Other – The growth in Care was hampered by a delay in the rollout and series production of INDIVION orders due to component shortages and delays at customers. At the same time, increasing interest from other market parties in this technology resulted in new orders. We also achieved good turnover and profit growth in industrial automation.

Smart Connectivity systems

TKH manufactures advanced connectivity systems, and engineers complete Smart Connectivity systems with a unique, integrated system approach and sustainability proposition. Energy and Digitalization account for about 36% and 35% of the Smart Connectivity systems segment turnover share.

Key figures (in € million unless otherwise stated)

H2 2022	H2 2021	Change in %		FY 2022	FY 2021	Change in %
428.6	354.1	+ 21.0%	Turnover	848.6	692.3	+ 22.6%
42.7	38.0	+ 12.3%	EBITA before one-off income ¹⁾	87.3	73.2	+ 19.3%
10.0%	10.7%		ROS	10.3%	10.6%	

1) One-off income in 2022 amounted to € 10.4 million, of which € 1.0 million in H2 2022.

Turnover in Smart Connectivity systems increased significantly across almost all market segments by 22.6% to € 848.6 million in 2022. Adjusted for currency effects, turnover grew organically by 22.7%, with price effects amounting to 11.4%. The order book grew slightly to € 239.7 million (2021: € 237.6 million). Added value as a percentage of turnover decreased from 40.4% to 37.8% in 2022, mainly due to higher raw material prices and EU anti-dumping duties on the import of fibre optic cables that came into effect in November 2022. EBITA increased significantly by 19.3% to € 87.3 million. Impacted by price effects and import duties, ROS decreased to 10.3%.

Energy – The strong demand for renewable energy sources and the expansion of the energy network infrastructure are the main drivers for turnover growth. The expanded production capacity for medium-voltage energy cables became operational in Q3 2021 and contributed to the increase in production volumes in 2022.

Digitalization – Turnover increased due to the high investment priority for fibre optic networks in Europe. In Q4 of 2021, the European Commission imposed anti-dumping duties on imports of fibre optic cables from China into the European Union. This had a negative impact on the added value in 2022, which could only partly be offset by the increases in price levels for fibre optic cables. Growth was also achieved in data network cable systems and broadband products for data centers and offices in France, Germany, and the Netherlands.

Other – TKH benefitted from the strong demand for our specialized and customized connectivity systems for the machine-building, robotics, and medical industries, with a good contribution from our Ukrainian factory, which resumed production in April 2022. The activities in the building and construction market also grew in 2022.

Outlook

The favorable market conditions for our leading technologies, underlined by our strong order book and our capacity expansions, lead to a positive outlook for our businesses. We expect total capital expenditure in property, plant and equipment to be around € 200 million for 2023, of which approximately € 160 million relate to the Strategic Investment Program. Barring unforeseen circumstances, we anticipate organic growth in turnover and EBITA in 2023. TKH expects the following developments per business segment in 2023.

Smart Vision systems

- Turnover and EBITA are expected to grow in 2023 compared to 2022, thanks to a combination of a good order intake in 2022, expected growth of the main markets we are active in as well as a number of product launches and targeted programs in key markets.

Smart Manufacturing systems

- Turnover is expected to grow in 2023 compared to 2022, driven by the record high order book.



- We expect a continuing high order intake due to onshoring and initiated capex programs at the tire manufacturers. However, due to foreseen continuing supply-chain constraints, we expect full year EBITA to be in line with 2022, with a weak first half year that is compensated in the second half of 2023.

Smart Connectivity systems

- On balance, turnover and EBITA will grow organically, despite start-up costs for the new plants.
- We expect a strong order intake for offshore wind and onshore energy connectivity systems on the back of continuing growing demand related to the energy transition programs.
- The demand for our fibre optic and specialty cable is foreseen to be on a high level. The coming on stream of EU capacity in the second half year will support the improvement of margins.

As usual, TKH will provide a more specific outlook for the full year of 2023 at the presentation of its interim results in August 2023.

You can follow the presentation of the full-year results on March 7, 2023 at 10:00 CET via video webcast (www.tkhgroup.com).

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Calendar

April 24, 2023	Trading Update Q1 2023
April 25, 2023	General Meeting of Shareholders
April 27, 2023	Ex-dividend date
April 28, 2023	Dividend record date
May 2, 2023	Payment of dividend
August 15, 2023	Publication interim results 2023
November 14, 2023	Trading Update Q3 2023

About TKH

The TKH Group is a leading technology company. We specialize in the development of innovative, client-centric systems that drive success in automation, digitalization, and electrification.

By integrating hardware, software, and customer-focused insight, our smart technologies provide unique answers to client challenges. In doing so, we work to make the world better by creating ever more efficient and more sustainable systems.

Our more than 6,600 employees pursue sustainable growth in a culture of entrepreneurship, working closely with customers to create one-stop-shop, plug-and-play innovations for Smart Vision, Smart Manufacturing, and Smart Connectivity technology.

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

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

Consolidated profit and loss account

in thousands of euros	2022	2021
Total turnover	1,816,615	1,523,773
Raw materials, consumables, trade products and subcontracted work	958,694	787,253
Personnel expenses	435,097	378,267
Other operating expenses	140,009	123,526
Depreciation and result on divestment of property, plant, and equipment	37,640	45,166
Amortization	54,550	51,110
Impairments	472	1,564
Total operating expenses	1,626,462	1,386,886
Operating result	190,153	136,887
Financial income	562	191
Financial expenses	-10,307	-7,799
Exchange differences	-2,136	-680
Share in result of associates	3,075	2,074
Fair value changes of financial liability for earn-out and put options of shareholders of non-controlling interests	-105	-1,759
Result before tax	181,242	128,914
Tax on result	44,116	33,690
Net result	137,126	95,224
Attributable to:		
Shareholders of the company	137,083	95,212
Non-controlling interests	43	12
	137,126	95,224
Earnings per share attributable to shareholders		
Ordinary earnings per share (in €)	3.34	2.31
Diluted earnings per share (in €)	3.33	2.30
Ordinary earnings per share before amortization (in €)	3.65	2.66
Ordinary earnings per share before amortization and one-off income and expenses (in €)	3.50	2.77

Consolidated statement of comprehensive income

in thousands of euros	2022	2021
Net result	137,126	95,224
Items that may be reclassified subsequently to profit or loss (net of tax)		
Currency translation differences	1,659	16,883
Currency translation differences in other associates	-155	917
Effective part of changes in fair value of cash flow hedges (after tax)	-5,292	-870
	-3,788	16,930
Items that will not be reclassified subsequently to profit or loss (net of tax)		
Actuarial gains/(losses)	1,084	68
	1,084	68
Other comprehensive income (net of tax)	-2,704	16,998
Comprehensive income for the period (net of tax)	134,422	112,222
Attributable to:		
Shareholders of the company	134,396	112,254
Non-controlling interests	26	-32
Total comprehensive income for the period (net of tax)	134,422	112,222

Consolidated balance sheet

in thousands of euros	31-12-2022	31-12-2021
Assets		
Non-current assets		
Intangible assets and goodwill	533,845	537,062
Property, plant and equipment	294,945	222,487
Right-of-use assets	75,312	68,797
Associates	12,204	28,699
Other receivables	613	748
Deferred tax assets	13,271	15,277
Total non-current assets	930,190	873,070
Current assets		
Inventories	385,913	294,736
Trade and other receivables	249,338	185,318
Contract assets	204,142	150,131
Contract costs	3,480	4,566
Current income tax	2,315	1,310
Cash and cash equivalents	184,559	100,135
Total current assets	1,029,747	736,196
Assets held for sale	108,506	88,184
Total assets	2,068,443	1,697,450
Equity and liabilities		
Group Equity		
Shareholders' equity	786,773	721,930
Non-controlling interests	168	53
Total group equity	786,941	721,983
Non-current liabilities		
Interest-bearing loans and borrowings	503,008	333,804
Deferred tax liabilities	52,468	55,965
Retirement benefit obligation	3,765	4,716
Other non-current financial liabilities	919	2,160
Provisions	6,798	8,772
Total non-current liabilities	566,958	405,417
Current liabilities		
Interest-bearing loans and borrowings	70,419	47,589
Trade payables and other payables	384,914	324,696
Contract liabilities	186,473	127,044
Current income tax liabilities	15,498	7,845
Other financial liabilities	2,985	4,989
Provisions	20,798	20,687
Total current liabilities	681,087	532,850
Liabilities directly associated with assets held for sale	33,457	37,200
Total equity and liabilities	2,068,443	1,697,450

Consolidated statement of changes in group equity

in thousands of euros	Total shareholders' equity	Non- controlling interests	Total group equity
Balance on January 1, 2021	661,820	86	661,906
Net result	95,212	12	95,224
Other comprehensive income	17,042	-44	16,998
Total comprehensive income	112,254	-32	112,222
Dividends	-41,126	-1	-41,127
Share and option schemes	3,869		3,869
Purchased shares for share buyback program	-18,428		-18,428
Purchased shares for share and option schemes	-9,214		-9,214
Sold shares for share and option schemes	12,755		12,755
Balance on December 31, 2021	721,930	53	721,983
Net result	137,083	43	137,126
Other comprehensive income	-2,687	-17	-2,704
Total comprehensive income	134,396	26	134,422
Capital contribution	0	89	89
Dividends	-61,791		-61,791
Share and option schemes	3,539		3,539
Purchased shares for share and option schemes	-18,382		-18,382
Sold shares for share and option schemes	7,081		7,081
Balance on December 31, 2022	786,773	168	786,941

Consolidated cash flow statement

in thousands of euros	2022	2021
Cash flow from operating activities		
Operating result	190,153	136,887
Depreciation, amortization, and impairment	100,605	97,972
Share and option schemes not resulting in a cash flow	3,539	3,869
Result on disposals	-9,374	-72
Changes in provisions	-3,354	4,404
Changes in working capital	-116,347	-3,531
Cash flow from operations	165,222	239,529
Interest received	561	192
Interest paid	-9,197	-7,655
Income taxes paid	-40,424	-33,050
Net cash flow from operating activities (A)	116,162	199,016
Cash flow from investing activities		
Investments in intangible assets	-45,906	-40,692
Divestments in intangible assets	13	194
Purchases of property, plant, and equipment	-92,339	-33,551
Disposals of property, plant, and equipment	533	2,545
Dividends received from associates	196	31
Repayments on loans	135	630
Divestment of associates		-212
Divestments of assets held for sale	13,957	
Acquisition of subsidiaries less cash and cash equivalents acquired	-877	-495
Net cash flow from investing activities (B)	-124,288	-71,550
Cash flow from financing activities		
Dividends paid	-61,791	-41,127
Settlement of financial liabilities regarding put options of non-controlling interests and earn-out	-4,039	-4,032
Capital contribution non-controlling interests	89	
Purchased shares for share buyback program		-18,428
Purchased shares for share and option schemes	-18,382	-9,214
Sold shares for share and option schemes	7,081	12,755
Payment of lease liabilities	-14,746	-15,570
(Repayments)/proceeds from long-term debts	163,596	-71,501
(Repayments)/proceeds from other long-term debts	-53	2,782
Change in short-term borrowings	-51,186	15,884
Net cash flow from financing activities (C)	20,569	-128,451
Net increase/(decrease) in cash and cash equivalents (A+B+C)	12,443	-985
Exchange differences	-2,073	3,388
Change in cash and cash equivalents	10,370	2,403
Cash and cash equivalents at January 1	68,017	65,614
Cash and cash equivalents on December 31	78,387	68,017

Notes to the financial statements

Information by segment

In thousands euros	Smart Vision systems		Smart Manufacturing systems		Smart Connectivity systems		Other and eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
First half year										
Turnover	234,828	210,934	256,027	185,028	419,985	338,246	-11,109	-8,361	899,731	725,847
Added value	136,383	123,130	124,742	89,771	161,593	136,645	-33	148	422,685	349,694
Added value in %	58.1%	58.4%	48.7%	48.5%	38.5%	40.4%			47.0%	48.2%
EBITDA	49,290	44,792	42,049	23,610	55,794	45,766	-8,019	-7,668	139,114	106,500
EBITA	41,633	37,609	37,964	19,706	44,629	35,193	-8,659	-8,131	115,567	84,377
ROS	17.7%	17.8%	14.8%	10.7%	10.6%	10.4%			12.8%	11.6%
One-off income	0	0	0	0	7,078	0	2,258	0	9,336	0
Amortization	-19,472	-18,930	-5,717	-4,665	-1,927	-1,927	0	-41	-27,116	-25,563
Impairments	-27	-186	-25	46	16	0	0	-29	-36	-169
Operating result	22,134	18,493	32,222	15,087	49,796	33,266	-6,401	-8,201	97,751	58,645
Second half year										
Turnover	264,895	218,844	235,182	234,026	428,568	354,075	-11,761	-9,019	916,884	797,926
Added value	155,855	127,630	120,373	115,646	158,951	143,297	57	253	435,236	386,826
Added value in %	58.8%	58.3%	51.2%	49.4%	37.1%	40.5%			47.5%	48.5%
EBITDA	61,766	43,720	35,419	43,744	54,554	49,148	-8,037	-8,385	143,702	128,227
EBITA	53,903	36,182	31,132	39,685	42,702	38,014	-8,501	-8,697	119,236	105,184
ROS	20.3%	16.5%	13.2%	17.0%	10.0%	10.7%			13.0%	13.2%
One-off income	0	0	0	0	1,037	0	-1	0	1,036	0
Amortization	-20,022	-18,658	-5,680	-4,896	-1,733	-1,976	1	-17	-27,434	-25,547
Impairments	-405	-2,051	-14	5	-16	653	-1	-2	-436	-1,395
Operating result	33,476	15,473	25,438	34,794	41,990	36,691	-8,502	-8,716	92,402	78,242
Full year										
Turnover	499,723	429,778	491,209	419,054	848,553	692,321	-22,870	-17,380	1,816,615	1,523,773
Added value	292,238	250,760	245,115	205,417	320,544	279,942	24	401	857,921	736,520
Added value in %	58.5%	58.3%	49.9%	49.0%	37.8%	40.4%			47.2%	48.3%
EBITDA	111,056	88,512	77,468	67,354	110,348	94,914	-16,056	-16,053	282,816	234,727
EBITA	95,536	73,791	69,096	59,391	87,331	73,207	-17,160	-16,828	234,803	189,561
ROS	19.1%	17.2%	14.1%	14.2%	10.3%	10.6%			12.9%	12.4%
One-off income	0	0	0	0	8,115	0	2,257	0	10,372	0
Amortization	-39,494	-37,588	-11,397	-9,561	-3,660	-3,903	1	-58	-54,550	-51,110
Impairments	-432	-2,237	-39	51	0	653	-1	-31	-472	-1,564
Operating result	55,610	33,966	57,660	49,881	91,786	69,957	-14,903	-16,917	190,153	136,887
Other information										
Order book	159,174	139,307	572,988	369,689	239,744	237,566	1	1	971,907	746,563
ROCE	18.8%	15.3%	75.4%	59.4%	22.4%	22.0%			23.2%	20.5%

EBITDA and EBITA are before one-off income and expenses.

Order book

The following table shows the expected future revenue regarding contractual performance obligations that have not (or have only partially) been completed on the balance sheet date:

in thousands of euros	2022	2021
Expected to be recognized as revenue within 1 year	716,910	705,061
Expected to be recognized as revenue between 1 and 2 years	206,372	35,809
Expected to be recognized as revenue after 2 years	48,625	5,693
Total	971,907	746,563

Overview of alternative performance indicators

in thousands of euros (unless stated otherwise)	2022	2021
Net profit	137,126	95,224
Less: Non-controlling interests	-43	-12
Net profit attributable to the shareholders of the company	137,083	95,212
Amortization of intangible non-current assets from acquisitions	17,267	19,240
Taxes on amortization	-4,633	-5,045
Net profit before amortization from continuing operations attributable to the shareholders of the company	149,717	109,407
One-off income and expenses	-10,372	
Purchase price allocations in the result of associates	1,013	1,556
Impairments	472	1,564
Fair value changes of financial liability for earn-out and put options of shareholders of non-controlling interests	105	1,759
Tax impact on one-off expenses and benefits	2,661	-391
Net profit before amortization and one-off income and expenses attributable to the shareholders of the company	143,596	113,895

Other definitions used:

- Added value: total turnover less the cost of materials and subcontracted work for products sold and services delivered.
- Capital employed: group equity plus long-term debts plus short-term debts to credit institutions less cash and cash equivalents.
- Debt leverage ratio (Net Debt / EBITDA): long-term liabilities plus current liabilities to credit institutions less cash and cash equivalents divided by EBITDA.
- EBITA: earnings before financial income and expenses, taxes, impairments and amortization, and one-off income and expenses.
- EBITDA: earnings before financial income and expenses, taxes, impairments, depreciations and amortization, and one-off income and expenses.
- ROCE (Return on Capital Employed): EBITA over the last 12 months divided by capital employed at the beginning of the period plus capital employed at the end of the period divided by two.
- ROS (Return on Sales): EBITA divided by the total turnover as a percentage.

Annual report

The consolidated balance sheet, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in group equity, and consolidated cash flow statement included in this press release are based on the 2022 Financial Statements, which have not yet been published, in accordance with statutory requirements. The financial figures have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by



the European Union (EU) and are prepared in accordance with the principles that are applied in the Financial Statements for the year ended December 31, 2022. Further disclosures and a description of the accounting principles as required under IFRS are not included in these financial figures. For a full understanding, this press release should be read in conjunction with the 2022 Financial Statements of TKH Group N.V. The Annual Report will be published no later than March 14, 2023. The Annual Report will be submitted to the General Meeting of Shareholders on April 25, 2023 for approval.

In accordance with Section 2:293 and 395 of the Dutch Civil Code, we report that our auditor, Ernst & Young Accountants LLP has issued an unqualified auditor's report on the Financial Statements. For a proper understanding of the financial position of TKH Group N.V. and the results of its operations, and for a proper understanding of the scope of the audit by Ernst & Young Accountants LLP, this press release should be read in conjunction with the Financial Statements from which this press release has been derived, together with the auditor's report thereon issued by Ernst & Young Accountants LLP. The half-year figures included have not been audited.

Disclaimer

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

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