

# Strong performance from Q1 continued in Q2 leading to record results over H1 2022

Positive outlook supported by strong order book

Today, TKH Group N.V. (TKH), a leading technology company focused on advanced innovative technology systems in high-growth markets, publishes its interim results 2022.

## Highlights second quarter 2022

- All technology segments contributed to strong turnover growth (+17.8%).
- EBITA before one-off income grew to € 57.1 million (+8.7%), despite shortages of components and new lock downs in China.
- EBITA increased to € 66.4 million (+26.5%), including one-off income of € 9.3 million from divestments.

## Financial highlights first half 2022

- Strong turnover growth to € 899.7 million (+24.0%), with organic growth at 15.7%.
- EBITA before one-off income and expenses increased 37.0% to record level of € 115.6 million.
- ROS improved to 12.8% (H1 2021: 11.6%), despite negative impact from shortages in components and price increases of components and raw materials.
- Net profit before amortization and one-off income and expenses attributable to shareholders increased significantly by 42.7% to € 70.5 million.
- Order book shows a solid increase to € 803 million as at June 30, 2022 (+7.5%), compared to year-end 2021.

## Strategic highlights first half 2022

- Strength of innovative technology portfolio (with share of innovations at 18.7%) drove strong demand resulting in solid turnover growth in all technology segments.
- External environment:
  - Geopolitical situation, supply chain imbalances and lockdowns in China had limited negative impact on turnover.
  - Further increase priority and ambition of energy transition agenda in Europe – TKH well positioned to contribute.
- Strategically important capex programs launched to increase production capacity, especially related to energy transition.
- Factory in Ukraine restarted production in April; now running again at full capacity.
- Divestment program progress: properties held for sale divested in H1.

## Outlook

- Strong demand and orderbook give TKH a positive outlook for the second half of 2022.
- Current geopolitical uncertainties, combined with challenges in the supply chain, are expected to persist.
- Net profit before amortization and one-off income and expenses attributable to shareholders is expected to increase to between € 136 million and € 144 million, compared to € 114.1 million in 2021.



## Key figures

(in € million unless otherwise stated)

	H1 2022	H1 2021	Change in %
Turnover	899.7	725.8	+24.0%
EBITA before one-off income <sup>1</sup>	115.6	84.4	+37.0%
Net profit before amortization and one-off income and expenses attributable to shareholders <sup>1,2</sup>	70.5	49.4	+42.7%
Net profit	70.0	40.2	+74.2%
Net earnings per ordinary share attributable to shareholders	1.70	0.97	+74.7%
ROS <sup>1</sup>	12.8%	11.6%	
ROCE	21.5%	15.6%	

1 For further details, we refer to the 'Overview of net profit definitions' included in the notes to the interim financial statements.

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

**Alexander van der Lof, CEO of technology company TKH:** *"In executing our strategy, we continue to strengthen our positioning amid current megatrends. The demand for our technologies continues to grow, leading to a record high turnover as well as result in the first half of 2022. Demand remained high and further boosted our order book, with a positive outlook for the order intake in the second half of this year.*

*So far, we have managed supply-chain challenges well, even though we did see a negative impact on our turnover and result and we expect this to sharpen in the second half of the year. This particularly applies to Smart Manufacturing systems, where we expect it to affect the completion of projects in the coming six months.*

*The execution of our Accelerate 2025 program is well on track and our capex program is in full execution. We are targeting additional production capacity in Smart Connectivity systems and Smart Manufacturing systems to become operational in the second half of 2023 to respond to the increased market demand for our technologies. With these investments, we are well positioned to benefit from and to contribute to the megatrends like the energy transition, digitalization, and automation."*

## Strategic developments first half 2022

We continue to be well positioned to benefit from the longer term growth opportunities related to mega trends, supporting our future organic growth. The share from innovations in our turnover was again high at 18.7%. The markets in which TKH operates are still impacted by geopolitical uncertainties, renewed lock-downs in China and supply chain challenges, leading to shortages of components and price increases of components and raw materials. Our strong market positioning allows us to pass on a large part of the price increases to customers. Although the ROS in the first half year was negatively impacted by these shortages and price increases, our continued focus on its improvement led to a ROS of 12.8%.

During the first half of 2022, TKH has made significant progress with the execution of the Accelerate 2025 program and is well on track to reach its targets. We made progress with our divestment program, and further strengthened our leading position in Machine Vision with the acquisition of Nerian Vision GmbH, a small German niche player in 3D Vision (July 2022).

We are pleased to announce that our Ukrainian connectivity-assembly factory, which had been closed since the start of the war in Ukraine, has reopened in April. We have resumed full production with our 130 employees. We have great respect for our employees who have to deal with difficult circumstances on a daily basis.



We have launched strategically important capex programs to further increase our global production capacity to respond to the increased market demand in the fields of Energy, Digitalization, Industrial Automation and Tire Building systems. The capital investments specifically target:

- Subsea connectivity systems (new factory at a Dutch sea harbor)
- Medium- and high-voltage cables (expansion in the Netherlands)
- Fibre optic cables (new factory in Poland)
- Specialized connectivity systems (new factory in Poland)
- Tire building systems (expansion in Poland)

In Q2 2022, we finalized the scope of the investments and started executing the expansions. These capex programs will involve related investments in property, plant, and equipment of around € 160 million, spread over 2022 and 2023. The various programs will be commissioned in the second half of 2023.

## Financial developments first half 2022

The turnover in the first half of 2022 increased by € 173.9 million (+24.0%) to a record level of € 899.7 million. Price effects had an upward impact of 7.0% on turnover, while exchange rates had an upward impact of 1.3%. On balance, TKH recorded a 15.7% organic increase in turnover. Geopolitical situation, supply chain imbalances and lockdowns in China had a limited negative impact on turnover of approximately € 10 million, mainly in the second quarter.

The gross margin decreased to 47.0% (H1 2021: 48.2%) due to a shift in the product mix with a smaller share for Smart Vision systems, combined with increased raw material and component prices. Although price increases had a negative effect, we were able to minimize this, as we pass on most price increases.

Operating expenses increased by 15.8%, of which 1.5% was related to foreign exchange rates. Selling expenses were almost back to pre-COVID-19 levels, partly due to the increase of travel and outgoing freight costs. As a percentage of added value, operational costs decreased from 75.9% in H1 2021 to 72.7% in H1 2022 due to economies of scale. Depreciation came in at € 23.5 million, € 1.4 million above the level in the first half of 2021, mainly due to investments in our production capacity during recent years.

The operating result before amortization of purchase price allocations (intangible assets) and one-off income and expenses (EBITA) increased by 37.0% to € 115.6 million in H1 2022, from € 84.4 million in H1 2021. All technology segments positively contributed to the increase in EBITA: Smart Vision systems (+10.7%), Smart Manufacturing systems (+92.7%), and Smart Connectivity systems (+26.8%).

ROS increased to 12.8% in the first half of 2022 (H1 2021: 11.6%) due to the turnover growth and a lower relative cost level. The strongest ROS increase was noted in Smart Manufacturing systems.

One-off income of € 9.3 million was realized from the divestment of two properties that were held for sale.

Amortization increased by 6.1% due to higher amortization of capitalized R&D, as a result of increasing investment levels during prior years, whereas the amortization on PPAs from acquisitions is declining.

The financial result was stable at € 3.5 million expense. The improved result from associates was



offset by foreign exchange losses in H1 2022.

The normalized effective tax rate decreased to 26.3% in the first half of 2022, from 28.4% in the first half of 2021, primarily due to relatively higher profits at companies benefitting from R&D tax facilities. Net profit before amortization and one-off income and expenses attributable to shareholders increased significantly by 42.7% to € 70.5 million (H1 2021: € 49.4 million). Total net profit amounted to € 70.0 million, showing an increase of 74.2% compared to the same period a year earlier (H1 2021: € 40.2 million).

Net debt, calculated in accordance with the bank covenants, increased compared to year-end 2021 by € 196.3 million to € 401.8 million. The increase is mainly related to the dividends paid, combined with higher working capital. On June 30, 2022, working capital as a percentage of turnover stood at 20.4%, substantially higher than on June 30, 2021 (11.5%). This was mainly due to a higher activity level, the (temporary) buildup of inventories to secure supply chains, the higher price level of most inventory items, and higher contract assets due to higher production volumes. Working capital was also impacted by the delays in the completion of projects related to the shortage of essential components. In comparison, working capital was lowered last year due to temporary deferrals of VAT and wage tax payments.

The net-debt/EBITDA ratio stood at 1.6 as at June 30, 2022, well within the financial ratio agreed with the banks. Solvency amounted to 38.5% (H1 2021: 40.3%).

The number of permanent employees (FTEs) grew to 6,028 as at June 30, 2022 (end of 2021: 5,784 FTEs). In addition, TKH had 462 temporary employees as at June 30, 2022 (end of 2021: 376).

## Developments per technology segment

### Smart Vision systems

TKH creates state-of-the-art Vision systems, and Vision technology represents about 88% 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)

	H1 2022	H1 2021	Change in %
Turnover	234.8	210.9	+11.3%
EBITA	41.6	37.6	+10.7%
ROS	17.7%	17.8%	

In H1 2022, turnover in Smart Vision systems increased by 11.3% to € 234.8 million. Price effects and currency exchange rates had an upward impact of 3.2% and 3.7%. The organic turnover growth was 4.4%. Limitations in the supply of electronic components and lockdowns in China resulted in delayed revenues. The order book saw a strong growth of 16.0% compared to December 31, 2021 to € 161.6 million.

The added value slightly decreased from 58.4% to 58.1%. Higher purchase prices on secured components had a negative impact on the added value as a percentage of turnover, though this was compensated by the volume growth. As a result, EBITA rose to € 41.6 million (+10.7%) and a realized ROS of 17.7%.



**Vision Technology** – Machine Vision technology, the strongest contributor to this segment in H1 2022, showed growth in most regions and end markets. Growth was especially high in 2D Vision, where Alvium (embedded 2D vision platform) contributed substantially, mainly in factory automation. The turnover in 3D Vision was affected by the lockdowns in China. In most cases, we managed to either secure most of the required components or we redesigned our products to include more widely available components. Nevertheless, shortages delayed deliveries and, as a result, some turnover will shift from the first half to the second half of 2022.

### 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 represent about 71% of the turnover in the Smart Manufacturing systems segment.

#### Key figures

(in € million unless otherwise stated)

	H1 2022	H1 2021	Change in %
Turnover	256.0	185.0	+38.4%
EBITA	38.0	19.7	+92.7%
ROS	14.8%	10.7%	

Smart Manufacturing systems showed substantial turnover growth. Price effects and currency exchange rates had an upward impact of 3.4% and 0.8%, while organic turnover growth was 34.2%. The order book remained at a high level of € 362.0 million. The added value increased slightly from 48.5% to 48.7%.

EBITA grew strongly and was up 92.7% to € 38.0 million. The ROS improved significantly to 14.8% compared to H1 2021, mainly due to the high order intake and production output.

**Tire Building** – There was a substantial increase in turnover in this segment compared to H1 2021. We increased our production output as a result of the record order intake from 2021, which helped to substantially improve results. The order intake for both passenger and truck tire systems remained at a high level in H1 2022. The REVOLUTE (combination of fully automated tire component preparation and bead assembly) received excellent market response, resulting in new booked orders. Industrialization of UNIXX technology is progressing well and on track for commercial launch by the end of this year.

**Other** – Turnover in care grew at a high rate, driven by the rollout and series production of our INDIVION technology in North America. We also achieved good growth in turnover and result 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 represent about 34% and 36% of the turnover in the Smart Connectivity systems segment.

#### Key figures

(in € million unless otherwise stated)

	H1 2022	H1 2021	Change in %
Turnover	420.0	338.2	+24.2%
EBITA before one-off income <sup>1</sup>	44.6	35.2	+26.8%
ROS <sup>1</sup>	10.6%	10.4%	

<sup>1</sup> One-off income in 2022 of € 7.1 million due to the sale of property.



Turnover in Smart Connectivity systems increased across almost all market segments and grew by 24.2% to € 420.0 million in H1 2022. Price effects had an upward impact of 11.2% on turnover, whereas foreign exchange only had a slight impact of -0.1%. On balance, turnover increased organically by 13.1%. The order intake was high with the order book growing by 17.5% to € 279.2 million compared to December 31, 2021.

Added value as a percentage of turnover decreased from 40.4% to 38.5% in H1 2022, mainly due to higher raw material prices, and EU anti-dumping duties on the import of optical fibre cables.

EBITA significantly increased by 26.8% to € 44.6 million, driven by strong turnover growth and higher production utilization. This resulted in an increased ROS to 10.6%.

**Energy** – The strong demand for renewable energy sources and the expansion of the current network infrastructure are the main drivers for turnover growth. The extended production capacity for medium-voltage energy cables became operational during Q3 2021 and contributed to the increase in production volumes in H1 2022.

**Digitalization** – Turnover increased due to the high investment priority for fibre networks in Europe. In Q4 of 2021, the European Commission imposed anti-dumping duties on imports of optical fibre cables from China into the European Union. This had a negative impact on the added value in H1 2022, in spite of the starting increase in price levels of optical fibre. Substantial growth was also realized in data network cable systems and broadband products for data centers and offices, especially in France and Germany.

**Other** – There was substantial growth in specialized connectivity systems for the machine-building and robotics industry. The building and construction market also grew in H1 2022, even though there were limitations on production capacity.

## Outlook

The demand for our technologies remains high, supported by a strong order book. The impact of supply-chain challenges will be more severe in the second half year.

In Smart Vision systems, we expect turnover and EBITA in H2 2022 to be higher than in H1 2022. Part of this growth will come from delayed revenues from the first six months due to component shortages and lockdowns, which are already reflected in the increased order book.

In Smart Manufacturing systems, turnover and EBITA is expected to be lower in H2 compared to H1 2022, because temporary delays in completion of projects are expected due to missing parts from a stressed supply chain. Market demand is high and the order intake in H2 2022 is expected to continue at a high level with a very good start in Q3.

In Smart Connectivity systems, turnover and EBITA in H2 2022 are expected to be comparable to H1 2022. Growth will be limited, because of the short-term capacity constraints.

On balance and barring unforeseen circumstances, TKH expects net profit before amortization and one-off income and expenses attributable to shareholders to increase to between € 136 million and € 144 million (2021: € 114.1 million) for the full year of 2022.



Haaksbergen, August 16, 2022

Executive Board

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## Webcast

A webcast will take place on August 16, 2022, starting at 10:00 am CET. The webcast and presentation can be accessed via <https://www.tkhgroup.com/en/news/webcast-interim-results-2022-august-16-2022/>

## Financial calendar

November 15, 2022	Market Update Q3 2022
March 7, 2023	Publication Annual results 2022
April 24, 2023	Market Update Q1 2023
April 25, 2023	General Meeting of Shareholders
August 15, 2023	Publication interim results 2023
November 14, 2023	Market Update Q3 2023

## About TKH

TKH Group N.V. (TKH) is a leading technology company focused on advanced innovative technology systems in high-growth markets.

Our mission is to create best-in-class technologies in the field of Smart Vision systems, Smart Manufacturing systems and Smart Connectivity systems. TKH aims to create sustainable value for all its stakeholders and provides disruptive technologies that improve efficiency, sustainability, safety, and security.

The technologies are combined with internally developed software to create Smart Technologies and one-stop-shop solutions with plug-and-play integrated systems. TKH employs over 6,000 FTE employees and operates globally, with its growth concentrated in Europe, North America, and Asia.

TKH is listed on Euronext Amsterdam with the ticker symbol TWEKA. TKH reports in three segments: Smart Vision systems, Smart Manufacturing systems, and Smart Connectivity systems.



## Consolidated profit and loss account

in thousands of euros	1st half year 2022	1st half year 2021
<b>Total turnover</b>	<b>899,731</b>	<b>725,847</b>
Raw materials, consumables, trade products and subcontracted work	477,046	376,153
Personnel expenses	215,551	185,825
Other operating expenses	68,019	57,369
Depreciation and result on divestment of property, plant, and equipment	14,212	22,123
Amortization	27,116	25,563
Impairments	36	169
<b>Total operating expenses</b>	<b>801,980</b>	<b>667,202</b>
<b>Operating result</b>	<b>97,751</b>	<b>58,645</b>
Financial income	120	90
Financial expenses	-3,524	-3,972
Exchange differences	-2,168	364
Share in result of associates	2,144	1,326
Fair value changes of financial liability for earn-out and put options of shareholders of non-controlling interests	-76	-1,344
<b>Result before tax</b>	<b>94,247</b>	<b>55,109</b>
Tax on result	24,228	14,915
<b>Net result</b>	<b>70,019</b>	<b>40,194</b>
Attributable to:		
Shareholders of the company	69,996	40,178
Non-controlling interests	23	16
<b>Net result</b>	<b>70,019</b>	<b>40,194</b>
<b>Earnings per share attributable to shareholders</b>		
Ordinary earnings per share (in €)	1.70	0.97
Diluted earnings per share (in €)	1.70	0.97
Ordinary earnings per share before amortization of purchase price allocations and one-off income and expenses (in €)	1.72	1.20



## Consolidated statement of comprehensive income

in thousands of euros	1st half year 2022	1st half year 2021
<b>Net result</b>	<b>70,019</b>	<b>40,194</b>
<b>Items that may be reclassified subsequently to profit or loss (net of tax)</b>		
Currency translation differences	12,201	6,654
Currency translation differences in other associates	398	329
Effective part of changes in fair value of cash flow hedges (after tax)	-7,647	-249
	<b>4,952</b>	<b>6,734</b>
<b>Items that will not be reclassified subsequently to profit or loss (net of tax)</b>		
Actuarial gains/(losses)	10	-52
	<b>10</b>	<b>-52</b>
<b>Other comprehensive income (net of tax)</b>	<b>4,962</b>	<b>6,682</b>
<b>Comprehensive income for the period (net of tax)</b>	<b>74,981</b>	<b>46,876</b>
<b>Attributable to:</b>		
Shareholders of the company	74,967	46,873
Non-controlling interests	14	3
<b>Total comprehensive income for the period (net of tax)</b>	<b>74,981</b>	<b>46,876</b>

## Consolidated balance sheet

in thousands of euros	June 30, 2022	December 31, 2021
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets and goodwill	536,385	537,062
Property, plant, and equipment	236,713	222,487
Right-of-use assets	65,146	68,797
Associates	31,174	28,699
Other receivables	634	748
Deferred tax assets	18,212	15,277
<b>Total non-current assets</b>	<b>888,264</b>	<b>873,070</b>
<b>Current assets</b>		
Inventories	358,156	294,736
Trade and other receivables	258,497	185,318
Contract assets	178,940	150,131
Contract costs	3,210	4,566
Current income tax	924	1,310
Cash and cash equivalents	108,978	100,135
<b>Total current assets</b>	<b>908,705</b>	<b>736,196</b>
Assets held for sale	88,314	88,184
<b>Total assets</b>	<b>1,885,283</b>	<b>1,697,450</b>
<b>Equity and liabilities</b>		
<b>Group Equity</b>		
Shareholders' equity	725,550	721,930
Non-controlling interests	67	53
<b>Total group equity</b>	<b>725,617</b>	<b>721,983</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	474,338	333,804
Deferred tax liabilities	55,044	55,965
Retirement benefit obligation	4,836	4,716
Other non-current financial liabilities	1,035	2,160
Provisions	8,267	8,772
<b>Total non-current liabilities</b>	<b>543,520</b>	<b>405,417</b>
<b>Current liabilities</b>		
Interest-bearing loans and borrowings	109,073	47,589
Trade payables and other payables	345,478	324,696
Contract liabilities	82,621	127,044
Current income tax liabilities	13,464	7,845
Other financial liabilities	2,175	4,989
Provisions	22,166	20,687
<b>Total current liabilities</b>	<b>574,977</b>	<b>532,850</b>
Liabilities directly associated with assets held for sale	41,169	37,200
<b>Total equity and liabilities</b>	<b>1,885,283</b>	<b>1,697,450</b>

## Consolidated cash flow statement

in thousands of euros	First half year 2022	First half year 2021
<b>Cash flow from operating activities</b>		
Operating result	97,751	58,645
Depreciation, amortization and impairment	50,799	47,985
Share and option schemes not resulting in a cash flow	1,460	1,364
Result on disposals	-9,448	-84
Changes in provisions	720	-1,816
Changes in working capital	-197,314	791
<b>Cash flow from operations</b>	<b>-56,032</b>	<b>106,885</b>
Interest received	120	87
Interest paid	-3,524	-3,860
Income taxes paid	-22,078	-13,838
<b>Net cash flow from operating activities (A)</b>	<b>-81,514</b>	<b>89,274</b>
<b>Cash flow from investing activities</b>		
Investments in intangible assets and goodwill	-21,821	-19,562
Divestments in intangible assets and goodwill		12
Purchases of property, plant and equipment	-28,182	-15,676
Disposals of property, plant and equipment	326	663
Dividends received from associates	66	31
Repayments on loans	114	407
Divestment of associates		128
Divestments of assets held for sale	13,958	
Acquisition of subsidiaries less cash and cash equivalents acquired		-398
<b>Net cash flow from investing activities (B)</b>	<b>-35,539</b>	<b>-34,395</b>
<b>Cash flow from financing activities</b>		
Dividends paid	-61,564	-41,124
Settlement of financial liabilities regarding put options of non-controlling interests and earn-out	-4,016	-4,020
Purchased shares for share buy-back program		-17,856
Purchased shares for share and option schemes	-18,460	-8,770
Sold shares for share and option schemes	7,217	6,791
Payment of lease liabilities	-7,756	-8,923
(Repayments)/proceeds from long term debts	144,351	-19,841
(Repayments)/proceeds from other long-term debts	-478	428
Change in short-term borrowings	60,353	37,112
<b>Net cash flow from financing activities (C)</b>	<b>119,647</b>	<b>-56,203</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>2,594</b>	<b>-1,324</b>
Exchange differences	4,900	3,865
<b>Change in cash and cash equivalents</b>	<b>7,494</b>	<b>2,541</b>
Cash and cash equivalents at 1 January	68,017	65,614
<b>Cash and cash equivalents at 30 June</b>	<b>75,511</b>	<b>68,155</b>
Cash and bank balances as included in the cash flow statement	75,511	68,155
Cash at companies' assets held for sale	-726	-700
Cash and bank balances in cash and interest pools	34,193	15,184
<b>Cash and bank balances</b>	<b>108,978</b>	<b>82,639</b>

## Consolidated statement of changes in group equity

in thousands of euros	Shareholders' equity	Non- controlling interests	Total group equity
<b>Balance at 1 January 2021</b>	<b>661,820</b>	<b>86</b>	<b>661,906</b>
Net result	40,178	16	40,194
Other comprehensive income	6,695	-13	6,682
<b>Total comprehensive income</b>	<b>46,873</b>	<b>3</b>	<b>46,876</b>
Dividends	-41,124		-41,124
Share and option schemes	1,364		1,364
Purchased shares for share buy-back program	-17,856		-17,856
Purchased shares for share and option schemes	-8,770		-8,770
Sold shares for share and option schemes	6,791		6,791
<b>Balance at 30 June 2021</b>	<b>649,098</b>	<b>89</b>	<b>649,187</b>
<b>Balance at 1 January 2022</b>	<b>721,930</b>	<b>53</b>	<b>721,983</b>
Net result	69,996	23	70,019
Other comprehensive income	4,971	-9	4,962
<b>Total comprehensive income</b>	<b>74,967</b>	<b>14</b>	<b>74,981</b>
Dividends	-61,564		-61,564
Share and option schemes	1,460		1,460
Purchased shares for share and option schemes	-18,460		-18,460
Sold shares for share and option schemes	7,217		7,217
<b>Balance at 30 June 2022</b>	<b>725,550</b>	<b>67</b>	<b>725,617</b>

## Notes to the interim financial report

### Accounting principles for financial reporting

The accounting policies for the valuation of assets and liabilities and determination of the result (hereafter 'valuation principles') are the same as the accounting principles applied for the consolidated financial statements 2021. Annual accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Section 2: 362 sub 9 of the Dutch Civil Code (Dutch Civil Code).

The interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. It does not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements 2021 of the group.

### Judgments

The preparation of the consolidated interim financial statements requires management to make judgments and estimates and assumptions that affect the application of accounting policies and the reported value of assets and liabilities, and income and expenses. Actual results may differ from these estimates. The main sources for estimates used by management are the same as those used in preparing the 2021 consolidated financial statements.

### Assets and directly associated liabilities held for sale

TKH decided in 2021 to start an active program to divest certain activities engaged in the distribution of connectivity solutions. Accordingly, the associated assets and liabilities have been reclassified to assets and liabilities held for sale. Besides working capital, goodwill is also an important part of this value. Barring unforeseen circumstances, a sale is highly probable within the upcoming twelve months.

The main categories of assets and liabilities classified as held for sale are as follows:

in thousands of euros	June 30, 2022	December 31, 2021
<b>Assets</b>		
Intangible assets and goodwill	34,102	34,394
Property, plant, and equipment	1,289	5,806
Right-of-use assets	10,324	11,130
Other receivables	573	494
Deferred tax assets	635	738
Inventories	27,507	25,383
Trade and other receivables	13,158	9,503
Cash and cash equivalents	726	736
<b>Assets held for sale</b>	<b>88,314</b>	<b>88,184</b>
<b>Liabilities</b>		
Non-current interest-bearing loans and borrowings	8,909	9,693
Deferred tax liabilities	671	711
Retirement benefit obligation	1,165	1,105
Other long-term provisions	5	10
Current interest-bearing loans and borrowings	2,058	2,075
Trade payables and other payables	28,204	20,372
Current income tax liabilities	157	3,234
<b>Liabilities directly associated with assets held for sale</b>	<b>41,169</b>	<b>37,200</b>
<b>Net assets directly associated with held for sale</b>	<b>47,145</b>	<b>50,984</b>



## Statutory capital

The number of outstanding (depository receipts of) shares as per December 31, 2021 amounted to 41,177,544. Due to the exercise of options rights and share schemes, a balance of 170,012 (depository receipts of) shares were purchased in the first half of 2022. As a result, the number of (depository receipts of) shares outstanding with third parties as per June 30, 2022 was 41,007,532.

## Dividend

At the General Meeting of Shareholders 2022, the dividend over 2021 was declared at € 1.50 per (depository receipts of) ordinary share. The dividend on the priority shares was declared at € 0.05 per share. The total amount in dividends paid in the first half of 2022 was € 61,563,806 and this amount was charged to the other reserves (H1 2021: € 41,123,613).

## Order book

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

in thousands of euros	June 30, 2022	December 31, 2021	June 30, 2021
Expected to be recognized as revenue within 1 year	779,779	705,061	603,033
Expected to be recognized as revenue between 1 and 2 years	18,419	35,809	33,919
Expected to be recognized as revenue after 2 years	4,568	5,693	2,528
<b>Total</b>	<b>802,766</b>	<b>746,563</b>	<b>639,480</b>

## Segmented information

Operating segments in thousands of euros (unless stated otherwise)	Smart Vision systems		Smart Manufacturing systems		Smart Connectivity systems		Other and eliminations		Total	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
<b>Total turnover</b>	<b>234,828</b>	<b>210,934</b>	<b>256,027</b>	<b>185,028</b>	<b>419,985</b>	<b>338,246</b>	<b>-11,109</b>	<b>-8,361</b>	<b>899,731</b>	<b>725,847</b>
<b>Added value</b>	<b>136,383</b>	<b>123,130</b>	<b>124,742</b>	<b>89,771</b>	<b>161,593</b>	<b>136,645</b>	<b>-33</b>	<b>147</b>	<b>422,685</b>	<b>349,693</b>
<i>Added value in %</i>	<i>58.1%</i>	<i>58.4%</i>	<i>48.7%</i>	<i>48.5%</i>	<i>38.5%</i>	<i>40.4%</i>			<i>47.0%</i>	<i>48.2%</i>
EBITDA	49,290	44,792	42,049	23,610	55,794	45,766	-8,019	-7,668	139,114	106,500
EBITA recurring	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					-7,078		-2,258		-9,336	0
Amortization	19,472	18,930	5,717	4,665	1,927	1,927		41	27,116	25,563
Impairments	27	186	25	-46	-16			29	36	169
<b>Segment operating result</b>	<b>22,134</b>	<b>18,493</b>	<b>32,222</b>	<b>15,087</b>	<b>49,796</b>	<b>33,266</b>	<b>-6,401</b>	<b>-8,201</b>	<b>97,751</b>	<b>58,645</b>
<b>Other information</b>										
Order book	161,573	114,693	362,009	332,116	279,184	192,671			802,766	639,480
Employees (FTE)	1,939	1,841	1,752	1,613	2,251	2,113	86	80	6,028	5,647

## Overview of net profit definitions

in thousands of euros (unless stated otherwise)	H1 2022	H1 2021
Net profit	70,019	40,194
Less: Non-controlling interests	-23	-16
<b>Net profit attributable to the shareholders of the company</b>	<b>69,996</b>	<b>40,178</b>
Amortization of intangible non-current assets from acquisitions	9,158	9,813
Taxes on amortization	-2,459	-2,643
<b>Net profit before amortization from continuing operations attributable to the shareholders of the company</b>	<b>76,695</b>	<b>47,348</b>
One-off income from divestment of properties that were held for sale	-9,336	
Result from divestments and purchase price allocations in the result of associates	608	608
Impairments	36	169
Fair value changes of financial liability for earn-out and put options of shareholders of non-controlling interests	76	1,344
Tax impact on one-off expenses and benefits	2,444	-42
<b>Net profit before amortization and one-off income and expenses attributable to the shareholders of the company</b>	<b>70,523</b>	<b>49,427</b>

## Contingent liabilities

The contingent liabilities which are not reflected in the balance sheet, as reported in the consolidated financial statements for 2021, have not essentially changed in the first half 2022.

## Events after balance sheet date

There have been no events in the past interim period that are material to the understanding of this interim report.

## Risks

The 2021 annual report describes in detail certain risk categories and risk factors that could have a (negative) impact on TKH's financial position and results. On June 30, 2022, the risk categories and risk factors were re-analyzed and it was concluded that they still apply.

## Executive Board declaration

This report contains the interim financial report of TKH Group NV. The interim financial report ended June 30, 2022 consists of the condensed consolidated interim financial statements, the interim director's report and Executive Board declaration. The information in this interim financial report is unaudited. The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements of TKH for the year ended December 31, 2021.

The Executive Board hereby declares that to the best of their knowledge, the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and the interim director's report gives a fair review of the information required pursuant to section 5:25d (8)/(9) of the Dutch Financial Markets Supervision Act ('Wet op het financieel toezicht').





## Signature of interim report

Haaksbergen, August 16, 2022

Executive Board

J.M.A. van der Lof, MBA, chairman

E.D.H. de Lange, MBA

H.J. Voortman, Msc

*The figures in the interim financial report 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.