TKH GROUP NV

2022 ANNUAL RESULTS INVESTOR PRESENTATION

MARCH 2023

Key messages

Record turnover (organically +18.0%), EBITA (+23.9%) and order intake (€ 2,042 million)

Focus on megatrends automation, digitalization, and electrification drives strong performance

Strong progress to achieve targets of our Accelerate 2025 strategy program

New € 625 million multicurrency committed credit facility linked to sustainability targets

Strategic Investment Program of € 200 million progressing according to plan

Proposed dividend of € 1.65 per share and initiating € 25 million share buyback

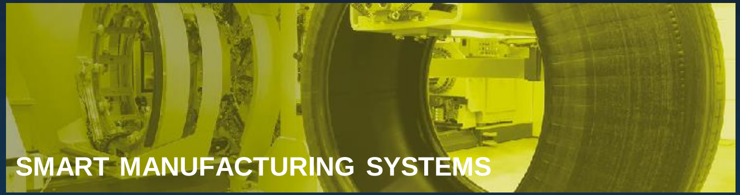
Content

PROFILE

TKH – Technology leader in high growth markets

SMART Technologies built on innovation

Together with our customers, we develop innovative technologies that make the world more efficient and more sustainable



TKH WORLDWIDE

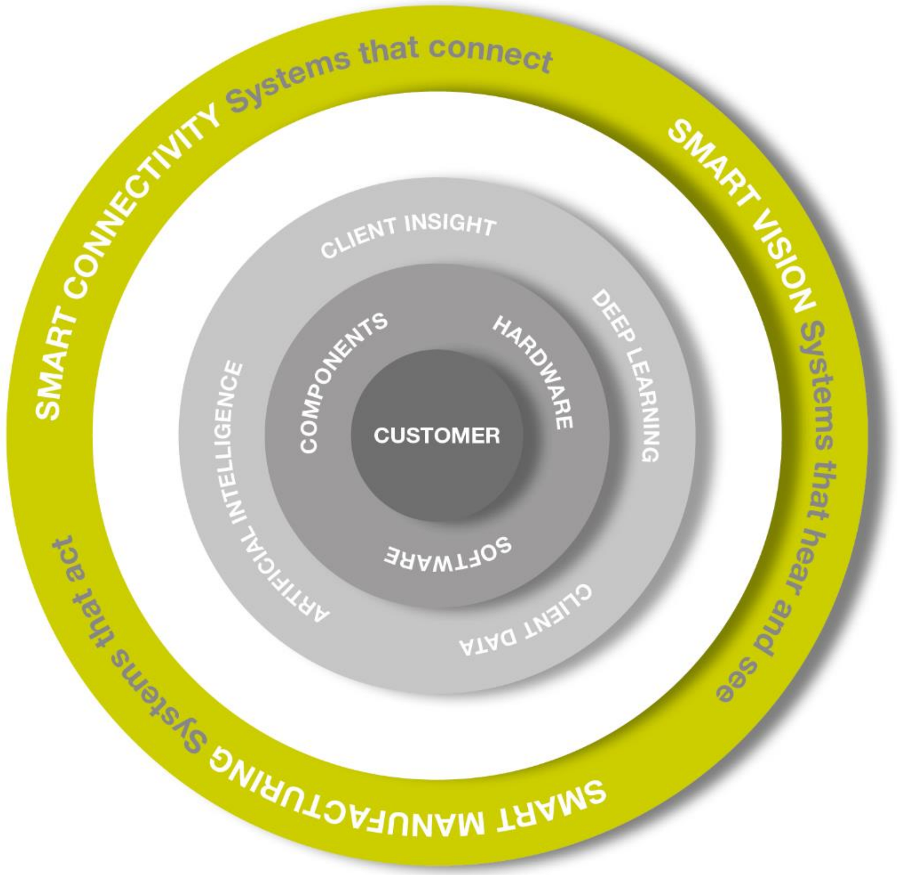
TOTAL FTE
> 6,600

TURNOVER
1,817 € mln

SDGs
68% of turnover linked to SDGs

ENTREPRENEURIAL
High level of customer intimacy

Smart Technologies



Specialized 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

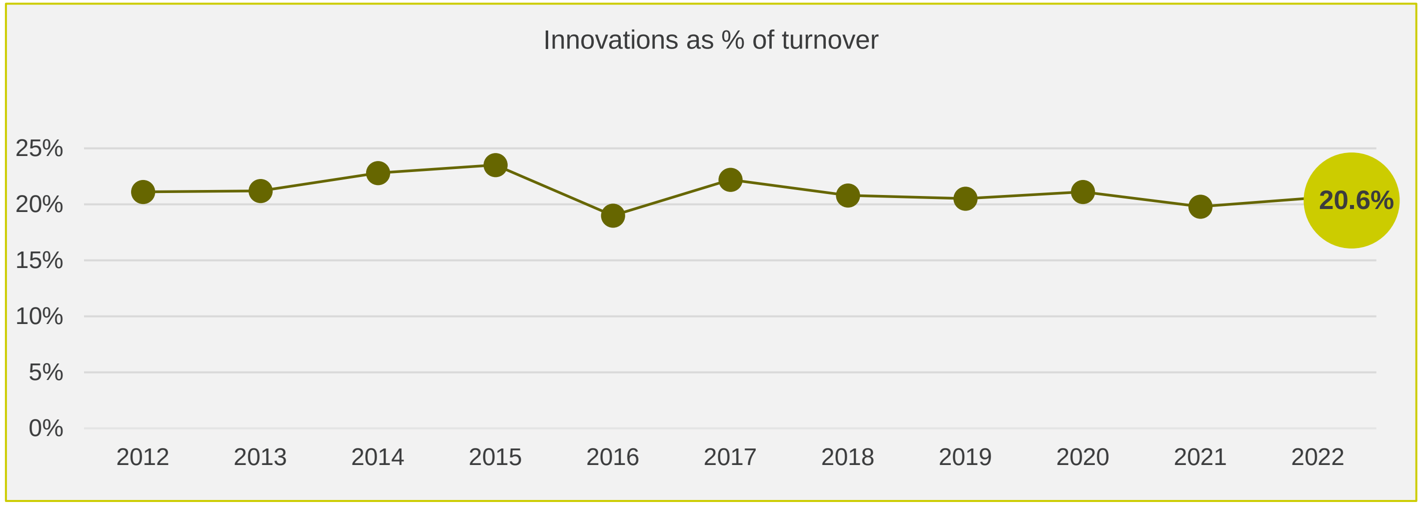
Creating one-stop-shop, plug-and-play innovations for Smart Vision, Smart Manufacturing and Smart Connectivity technology

Making the world more efficient and more sustainable

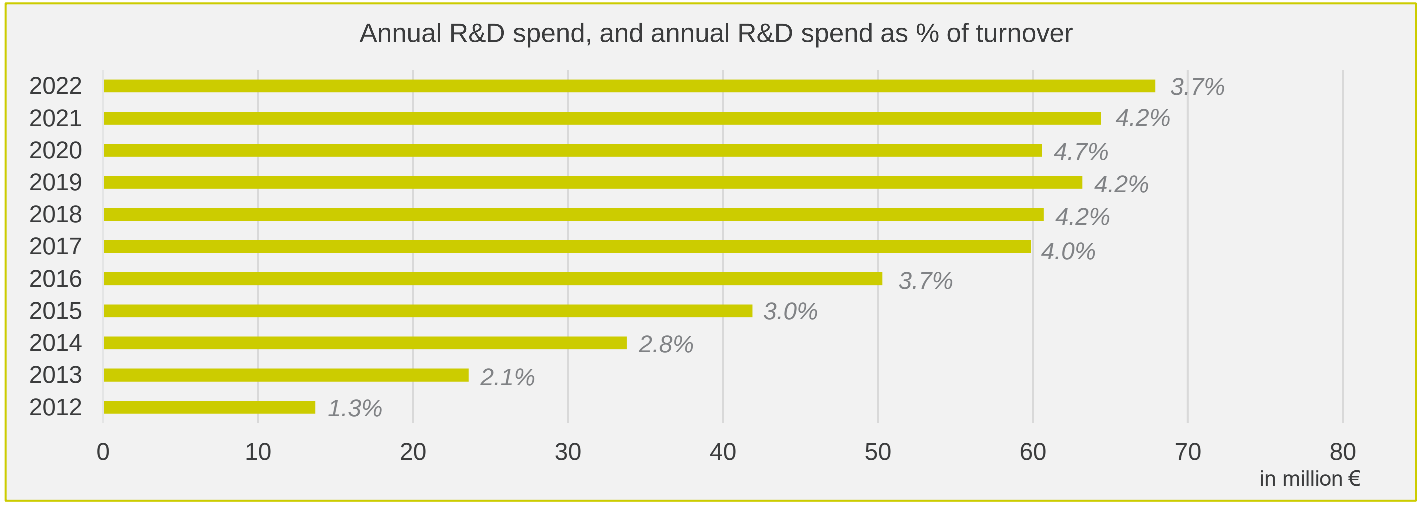
Built on innovation

MORE THAN 15% TURNOVER REALIZED BY INNOVATIONS

Innovations: defined as technologies introduced in last 24 months



MORE THAN € 67 MLN ANNUAL R&D SPEND



30% OF OUR TECHNOLOGY PROPOSITION IS SOFTWARE DRIVEN

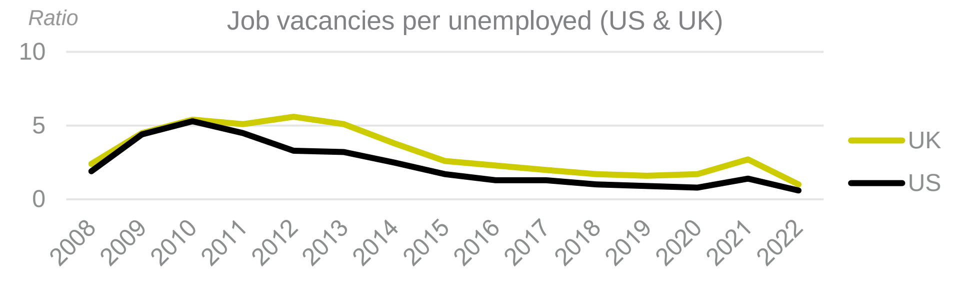
>750 FTE IN R&D AND SOFTWARE DEVELOPMENT

1,400+ PATENTS TO SECURE VALUE PROPOSITION

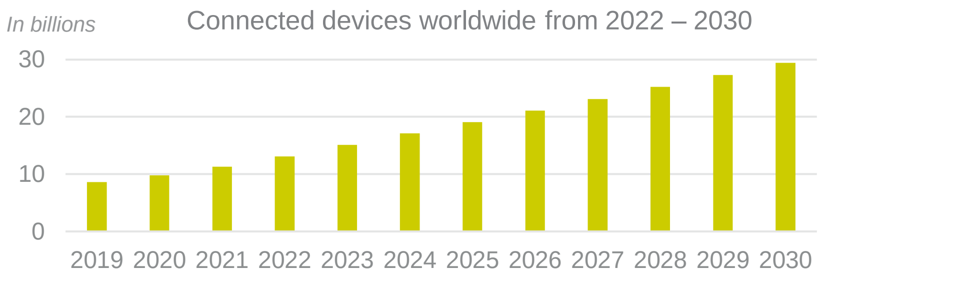
In high growth markets

INPUTS

LACK OF LABOUR
PRODUCTIVITY
RELIABILITY
ACCURACY

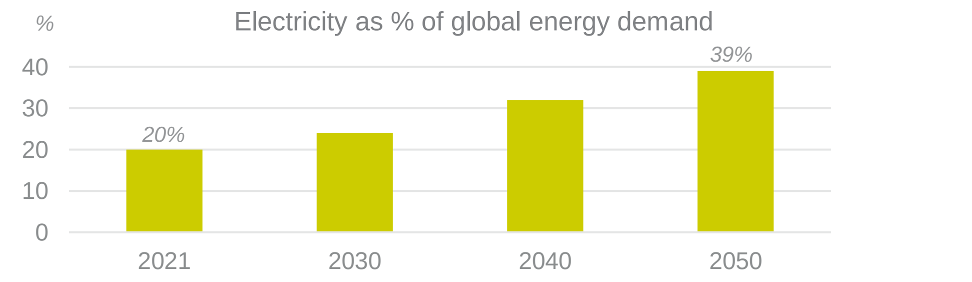


MOBILITY
SPEED
CLOUD COMPUTING



CLIMATE CHANGE

SCARCITY NATURAL RESOURCES



BENEFITTING FROM MEGATRENDS

AUTOMATION

Industry 4.0 - 'hands-off, eyes-off' manufacturing

DIGITALIZATION

Continuous development of higher speed bandwidth networks

ELECTRIFICATION

Acceleration of Energy Transition

Sources: US Bureau of Labour Statistics, UK Office for National Statistics & IAE 2022 report

Leading market positions

TKH SMART VISION SYSTEMS

VISION

GEOGRAPHICAL MARKETS

3D	2D	Security Vision
GLOBAL MARKET LEADER	STRONG MARKET POSITIONS	GLOBAL MARKET LEADER IN HIGH END MARKET

MAIN END MARKETS

3D	2D	Security Vision
Consumer Electronics	Factory Automation	Building & infrastructure
Factory Automation	Medical / Healthcare	Mobility
Battery Inspection		
Wood		

TKH SMART MANUFACTURING SYSTEMS

TIRE BUILDING

GLOBAL MARKET LEADER

Ttire manufacturers

TKH SMART CONNECTIVITY SYSTEMS

ENERGY

GROWING MARKET POSITIONS

MARKET LEADER

Offshore Utility companies

Onshore Utility companies

DIGITALIZATION

GROWING MARKET POSITIONS

MARKET LEADER

Network companies

Benefitting from

High barriers to entry: combination of advanced technology levels, patented technologies, expertise and capital required to enter market

ACCELERATE 2025 STRATEGY PROGRAM

Accelerate 2025: Roadmap to turnover and ROS target

Unlocking the full potential of our leading technologies

Areas	Contribution to turnover target > € 2 billion	Contribution to ROS improvement target > 17% [1)]	Commentary to 2025 targets
ORGANIC GROWTH/ COST EFFICIENCY	> € 300 million	> 2.5%	Scale effect -due to organic growth- on opex and cost of goods sold, productivity & yield improvement programs
INNOVATIONS	> € 200 million	> 2.0%	Acceleration of our innovations in terms of turnover, benefit from learning curve and economies of scale
ACQUISITIONS	€ 100 – 150 million		Acquisitions that strengthen our portfolio of proprietary technologies in the area of software, and/or strengthen our sales network
PORTFOLIO MANAGEMENT	- € 150 – 200 million	> 0.5%	Divestments that do not contribute towards achieving our long-term strategy & targets

1) ROS improvement is based on reference ROS of 12%

Priority on ESG

Key non-financial KPIs

BEING RESPONSIBLE	**CO_2e FOOTPRINT REDUCTION (scope 1 & 2)** Compared to 2019 **Target** 100% neutrality by 2030 **42.7%** **2021** 29.8%	**% WASTE** **Target** < 5% waste **5.3%** **2021** 5.2%	**RECYCLING** of most relevant raw materials **Target** > 80% recycling **88.0%** **2021** 83.2%	**SATISFACTION SCORE** Customers **Target** Average score above benchmark (7.8) **8.6** **2021** 8.4	**CODE OF SUPPLY** Signed by suppliers **Target** > 90% strategic suppliers signed up **91.9%** **2021** 92.4%
TALENTED PEOPLE & EMPOWERMENT	**DIVERSITY** Female Executive and Senior Management **Target** > 25% by 2030 **18.4%** **2021** 17.7%	**ACCIDENT RATE (LTIFR)** **Target** <1.0 **0.8** **2021** 0.7	**ILLNESS RATE** **Target** < 4.0% **4.04%** **2021** 3.56%	**SATISFACTION SCORE** Employees **Target** > 7.5 **7.6** **2021** 7.4	**Code of Conduct** Number of reported breaches **Target** 0 **0** **2021** No breaches

68% of turnover linked to SDGs

Executing on € 200 m Strategic Investment Program

Securing additional capacity to benefit from megatrends resulting in additional € 250 - € 300 million turnover in coming years

AUTOMATION

SMART MANUFACTURING SYSTEMS

Expansion **Tire Building Systems** factory
Leszno (Poland)
Operational in Q2 2023

SMART CONNECTIVITY SYSTEMS

Expansion **Specialized Connectivity Systems**
Rawicz (Poland)
Operational in Q3 2023

DIGITALIZATION

SMART CONNECTIVITY SYSTEMS

New **Fibre Optic Cable** factory
Rawicz (Poland)
Operational in Q3 2023

ELECTRIFICATION

New **Subsea Cable** factory
Eemshaven (Netherlands)
Operational in Q2 2024

Expansion **Medium & High Voltage**
Lochem (Netherlands)
Operational in Q3 2023

Investment of € 50 million

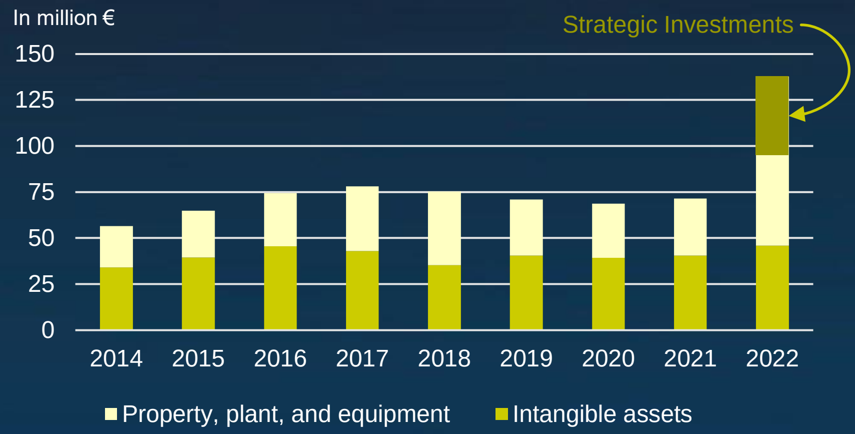
Investment of € 150 million

Capital allocation

New € 625m multicurrency committed credit facility (Feb-2023), linked to TKH's sustainability targets:

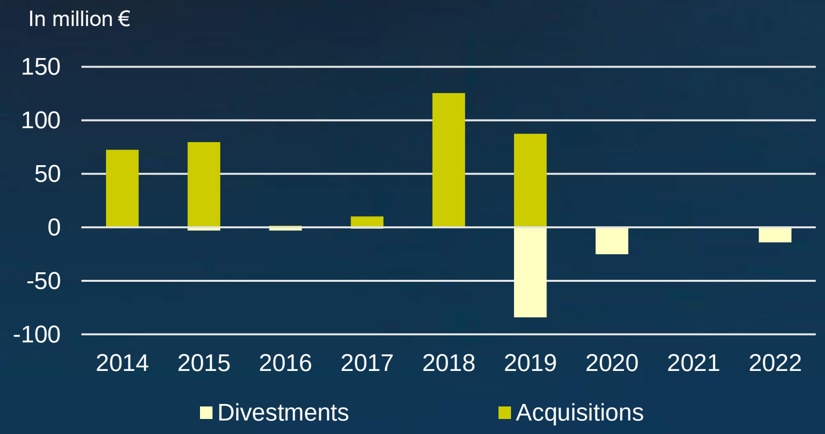
- € 500m Revolving Credit Facility, tenor Feb-2028 and two one-year extension options
- € 125m term loan, 3-year maturity

CAPITAL EXPENDITURE



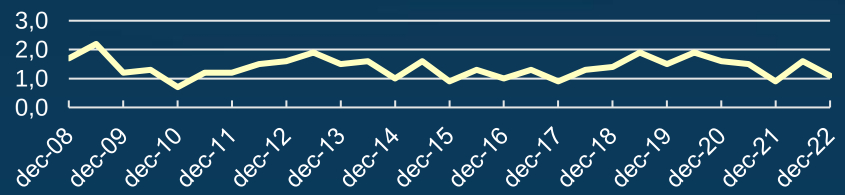
2023: Capex of € 200 million in PP&E of which € 160 from Strategic Investment Program

ACQUISITIONS & DIVESTMENTS



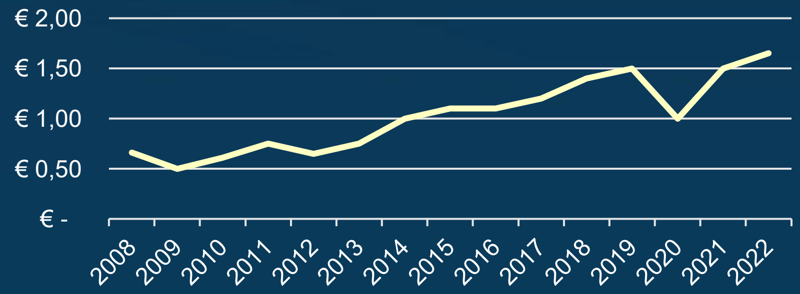
Acquisitions that strengthen our portfolio; divestments that do not contribute towards achieving long-term targets

DEBT LEVERAGE



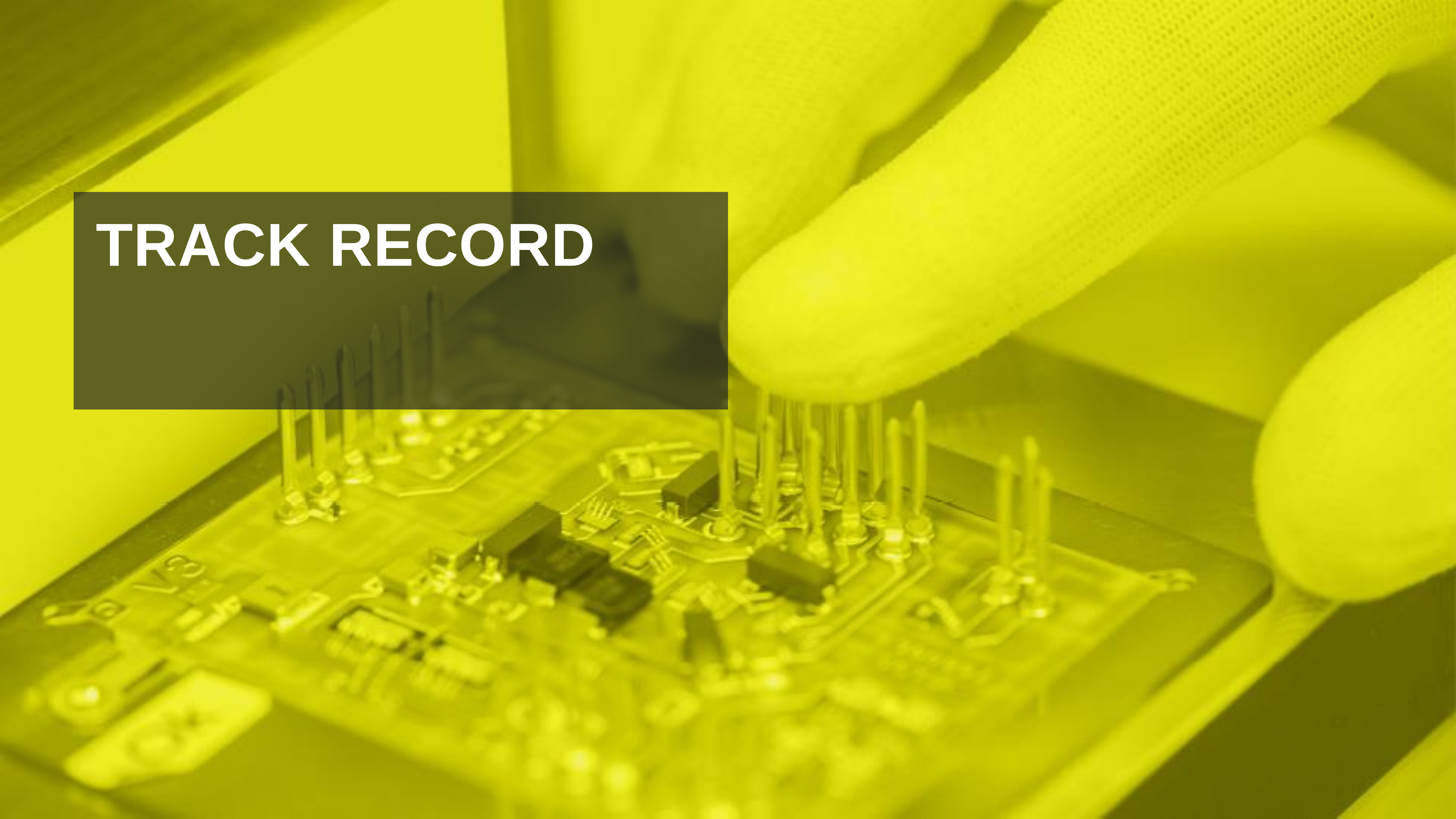
Target net debt/ EBITDA < 2.0

DIVIDEND



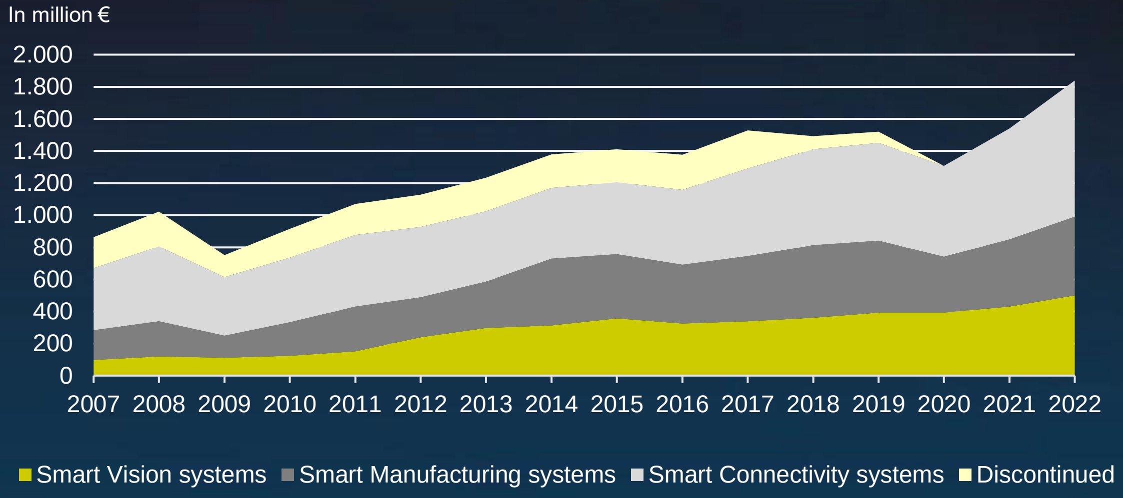
Aim for a dividend pay-out of between 40% and 70%

TRACK RECORD

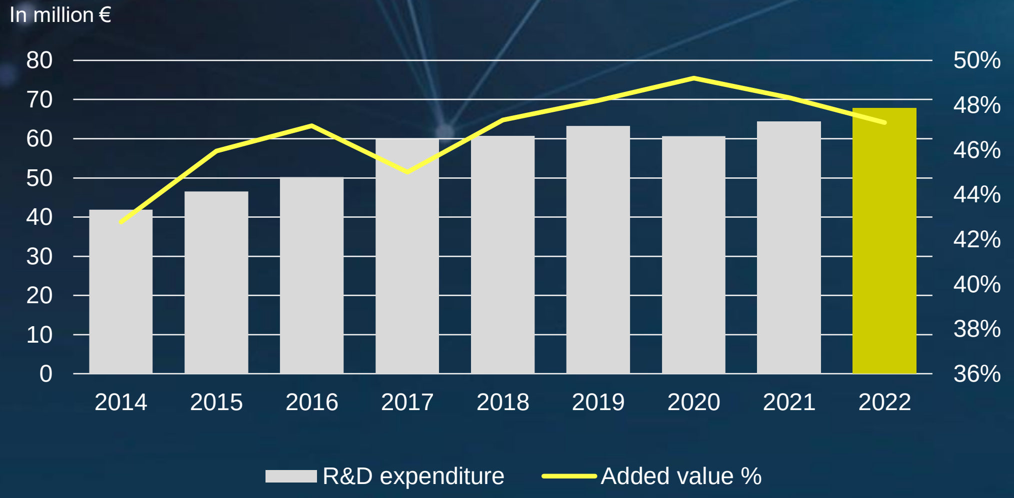


TKH's evolution into today's technology leader

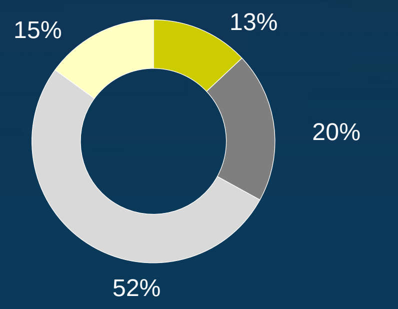
DEVELOPMENT OF TURNOVER



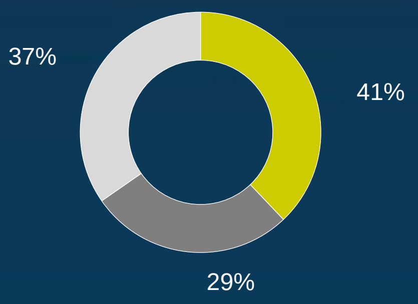
R&D EXPENDITURE



SEGMENT SPLIT EBITA 2008



SEGMENT SPLIT EBITA 2022

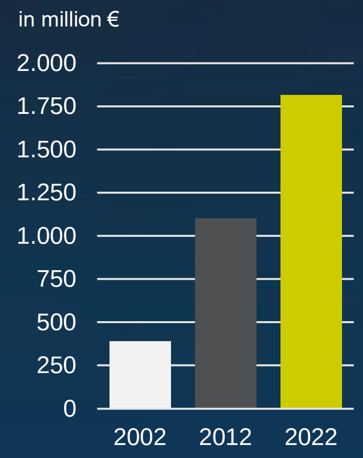


Smart Vision Smart Manufacturing Smart Connectivity Discontinued

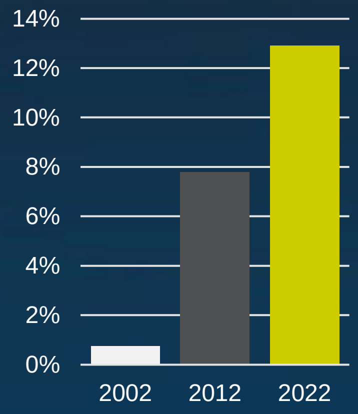
ORDER BOOK DEVELOPMENT 2007 – 2022

Our track record

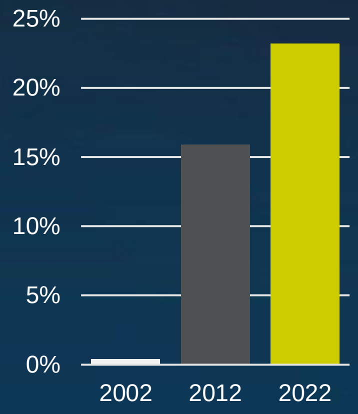
TURNOVER



ROS



ROCE



DIVIDEND PER SHARE

EARNINGS PER SHARE*

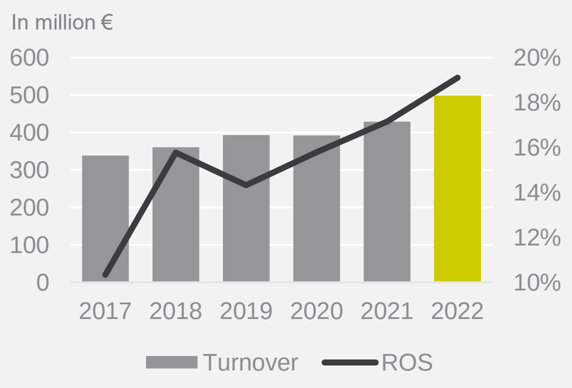
** Normalized for amortization PPAs and one-off income and expense*

REPORTING SEGMENTS

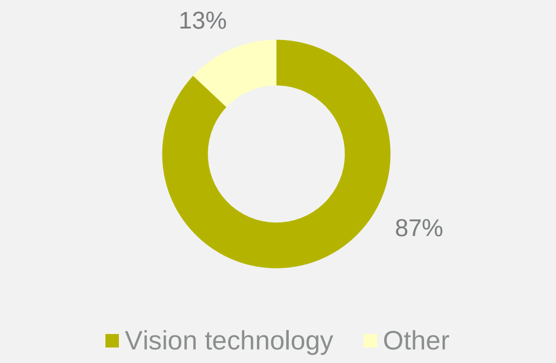
Smart Vision systems

(in million € unless stated otherwise)	H2 2022	H2 2021	Δ in %	2022	2021	Δ in %
Turnover	264.9	218.8	+21.0%	499.7	429.8	+16.3%
Added value	*58.8%*	*58.3%*		*58.5%*	*58.3%*	
EBITA	53.9	36.2	+49.0%	95.5	73.8	+29.5%
ROS	*20.3%*	*16.5%*		*19.1%*	*17.2%*	
Orderbook				159.2	139.3	+14.3%

TURNOVER & ROS DEVELOPMENT



TURNOVER SPLIT 2022 in %



Smart Vision systems

- Organic turnover growth +12.5% including price effects of +4.5%
- Order book growth +14.3% to € 159.2 million
- Limited impact from components supply limitations, managed to secure components or redesign products
- Added value impact of component prices compensated by product mix

2D Machine Vision

- Strong growth
- Significant contribution from Alvium portfolio (embedded vision platform), mainly in factory automation

3D Machine Vision

- Double-digit growth
- Maintained leading market position for consumer electronics and wood industry and further growth in battery industry
- Affected by lockdowns in China

Security Vision

- Double-digit growth, mainly in (video) communication and security systems

Smart Vision systems

PROPOSITION

2D & 3D MACHINE VISION Area scan, Line scan, 3D, Embedded, High-speed, SWIR, UV, Polarized

SECURITY VISION Video surveillance, Video hardware, Mission critical communication, Video management, Parking guidance

OTHER Access control, Alarm systems

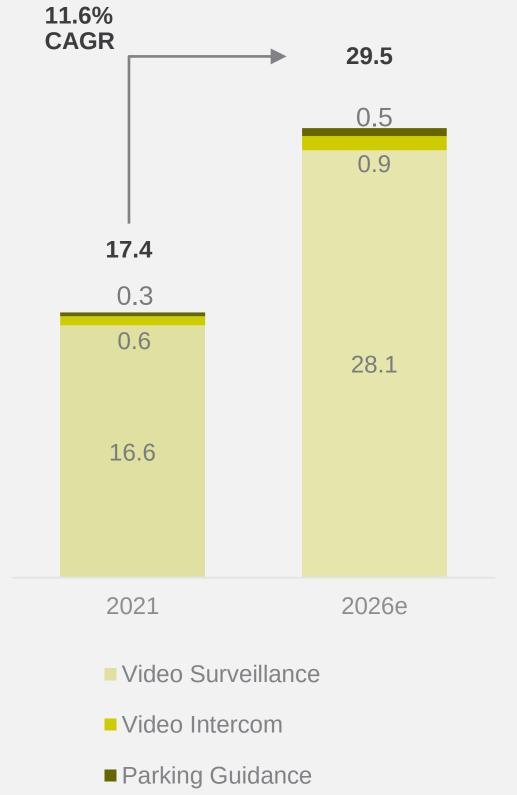
GROWTH DRIVERS

2D & 3D MACHINE VISION Automation, reshoring, lack of human resources, rising costs, quality control

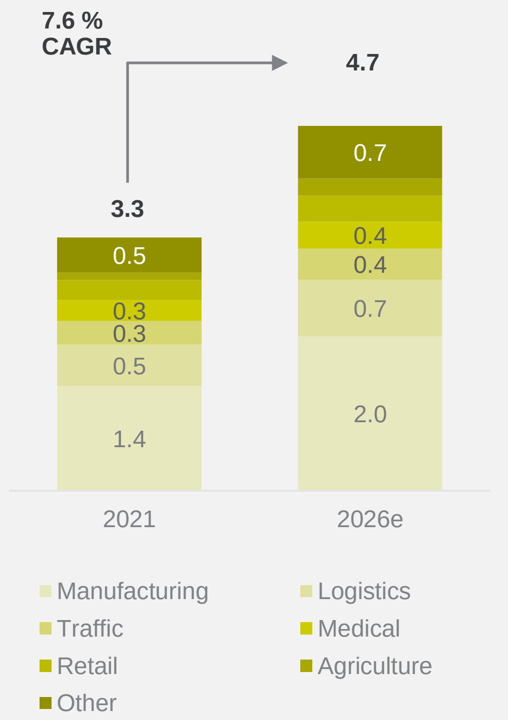
SECURITY VISION Public safety and security, increasing complexity in technologies, environmental control

MARKETS (amounts in billion €)

SECURITY VISION



2D & 3D MACHINE VISION



Source: Yole Development 2021 various market reports, TKH 'estimates

MARKET POSITIONS

3D MACHINE VISION

GLOBAL MARKET LEADER

- Consumer Electronics
- Battery Inspection
- Factory Automation
- Wood

2D MACHINE VISION

STRONG MARKET POSITIONS

- Factory Automation
- Medical / Healthcare

SECURITY VISION

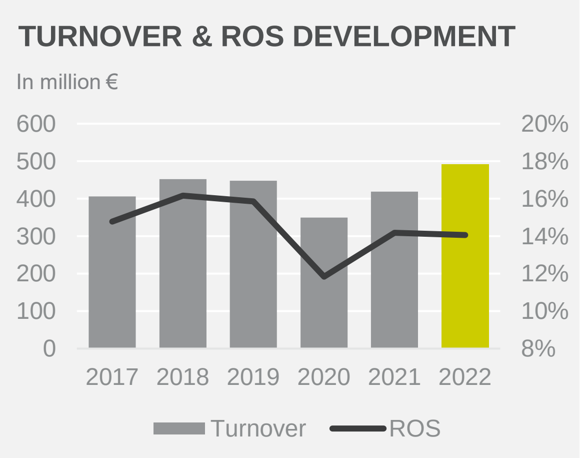
GLOBAL MARKET LEADER IN HIGH END MARKET

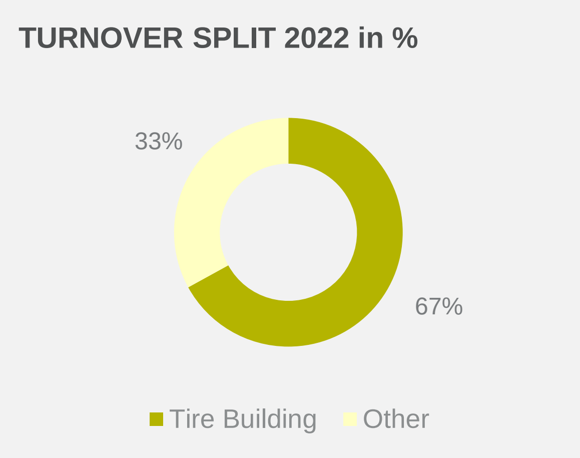
- Building & Infrastructure
- Mobility

KEY DIFFERENTIATOR – FULL RANGE OF TECHNOLOGY FOR CUSTOMIZED AND INTEGRATED SYSTEMS

Smart Manufacturing systems

(in million € unless stated otherwise)	H2 2022	H2 2021	Δ in %	2022	2021	Δ in %
Turnover	235.2	234.0	+0.5%	491.2	419.1	+17.2%
Added value	*51.2%*	*49.4%*		*49.9%*	*49.0%*	
EBITA	31.1	39.7	-21.6%	69.1	59.4	+16.3%
ROS	*13.2%*	*17.0%*		*14.1%*	*14.2%*	
Orderbook				573.0	369.7	+55.0%





Smart Manufacturing systems

- Organic turnover growth +16.7% including price effects of +4.1%
- Order book growth +55.0% to € 573.0 million with significant contribution from Tire Building systems

Tire Building systems

- High order intake from 2021 resulted in increased turnover and results
- Reshoring and capex programs at tire manufacturers
- UNIXX technology gaining traction with orders for REVOLUTE and UNIXX Beltmaker
- Shortage of critical components resulted in operational inefficiencies from delayed deliveries to customers

Other

Care

- INDIVION medicine distribution system
- Growth hampered due to component shortages and delays at customers
- New orders from other customers

Industrial automation

- Good growth in turnover and profit

Smart Manufacturing systems

PROPOSITION

TIRE BUILDING TECHNOLOGY Passenger & Truck tire building machines, Bead assembly

OTHER Care systems, Industrial automation systems, Advanced measurement systems, Custom sensors & PE

GROWTH DRIVERS

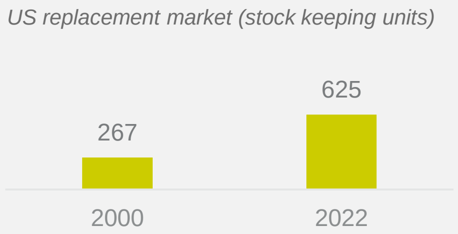
TIRE BUILDING TECHNOLOGY Re-shoring, demand for small production batch sizes, accelerating pace of CASES (Connected, Autonomous, Shared, Electrified and Sustainable), green & smart factories and greener products

OTHER Automation, sustainability

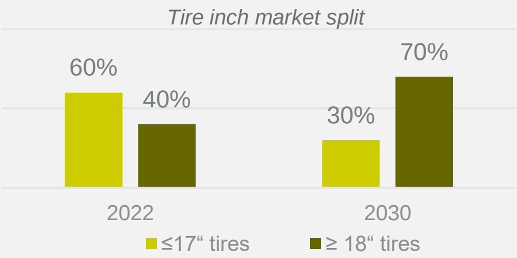
MARKET DRIVERS

TIRE BUILDING

1. Increasing number of units in stock with 7% annual increase



2. Increased complexity: continuous increase of rim size leading to increase in sizes in range



3. Reshoring – Replacement of production capacity closer to the market, resulting in investments in US and EU
   - Reducing vulnerability to geopolitics
   - Reducing vulnerability on supply chain disruptions
   - Fast response to local demands
   - Sustainability considerations
   - Costing: less vulnerable to volatile transportation costs

4. Investments in green & smart factories and in greener products

MARKET POSITIONS

TIRE BUILDING

GLOBAL MARKET LEADER

Tire manufacturers

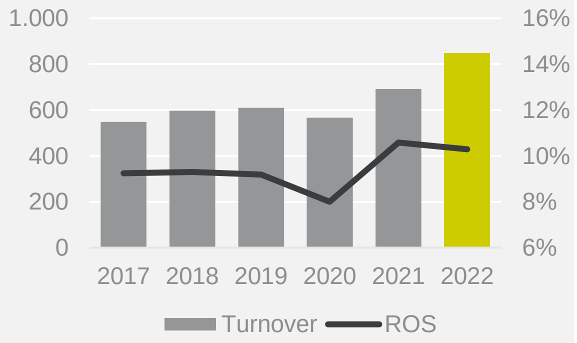
KEY DIFFERENTIATOR – VISION TECHNOLOGY FOR TIRE BUILDING TECHNOLOGY SUCCESS

Smart Connectivity systems

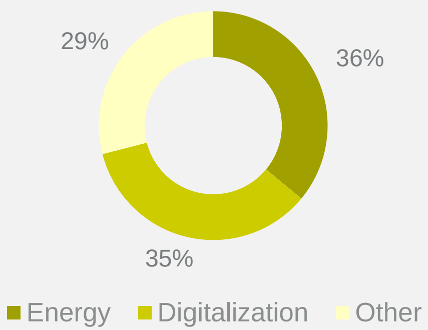
(in million € unless stated otherwise)	H2 2022	H2 2021	Δ in %	2022	2021	Δ in %
Turnover	428.6	354.1	+21.0%	848.6	692.3	+22.6%
Added value	*37.1%*	*40.5%*		*37.8%*	*40.4%*	
EBITA	42.7	38.0	+12.3%	87.3	73.2	+19.3%
ROS	*10.0%*	*10.7%*		*10.3%*	*10.6%*	
Orderbook				239.7	237.6	+0.9%

TURNOVER & ROS DEVELOPMENT

In million €



TURNOVER SPLIT 2022 in %



Smart Connectivity systems

- Organic turnover growth +22.7% including price effects of +11.4%
- Order book +0.9% to € 239.7 million
- Significant increase EBITA driven by volume growth and production utilization

Energy

- Strong growth due to expansion of energy network infrastructure
- Increased production volumes from additional production capacity for medium-voltage energy cables (operational in Q3 2021)

Digitalization

- Growth due to high investment priority for fibre networks in Europe, especially in France, Germany, and the Netherlands
- Added value negatively impacted by EU anti-dumping duties on cables from China – Partly offset by price increases

Other

- Strong demand specialized connectivity systems for machine-building, robotics and medical industry – Ukrainian factory resumed production in April 2022
- Growth activities in building and construction market

Smart Connectivity systems – Digitalization

PROPOSITION

DIGITALIZATION Fibre Optics connectivity systems - Turnkey cable systems, Closures, Street cabinets, Access chambers, Multi tube cables, Rack systems, patch robotics

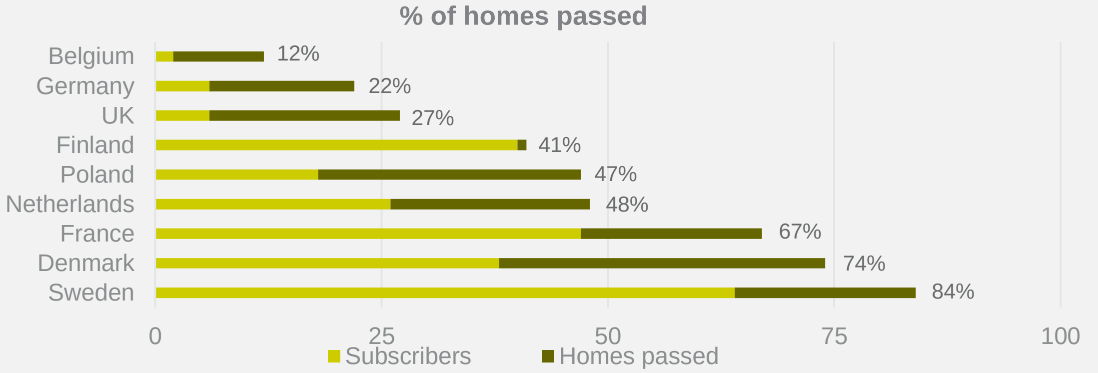
OTHER Specialized cable systems, Building & Industry cable systems

GROWTH DRIVERS

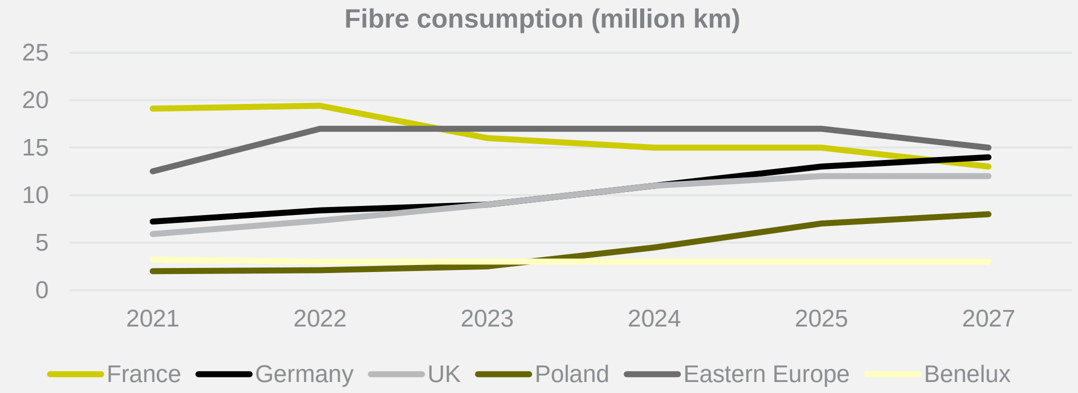
DIGITALIZATION Global need for high-speed bandwidth and data traffic, need for connected assets (IoT)

MARKET

DIGITALIZATION



Source: FTTH Council Europe 2023



Source: various & internal calculations

MARKET POSITIONS

DIGITALIZATION

GROWING MARKET POSITIONS

Network companies

MARKET LEADER

Installers

KEY DIFFERENTIATOR – SYSTEMS APPROACH

Smart Connectivity systems – Electrification

PROPOSITION

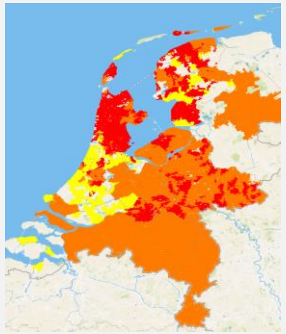
ELECTRIFICATION Offshore turnkey high voltage array cabling and accessories, Onshore turnkey medium and high voltage energy cable systems

GROWTH DRIVERS

ELECTRIFICATION Need for renewable energy due to climate change / dependence from oil & gas

MARKETS

ONSHORE



Threat of transport limitation

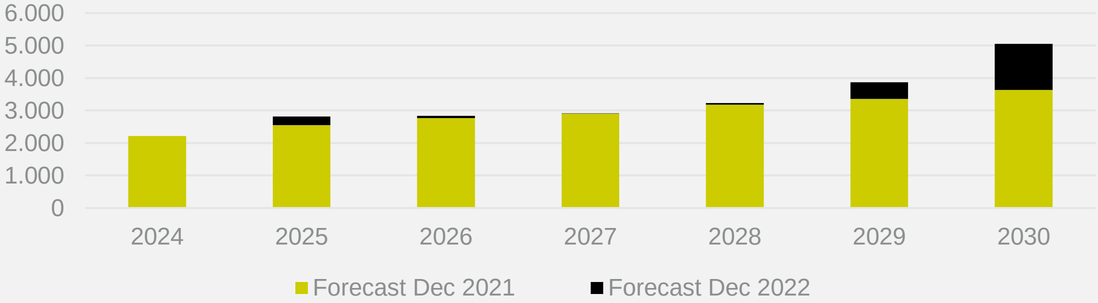
Pre-announcement of structural congestion

Structural congestion

Source: Netbeheer Nederland

OFFSHORE

Europe IAC Cable Demand Forecast (km)



Source: 4cOffshore

MARKET POSITIONS

ELECTRIFICATION

GROWING MARKET POSITIONS

Onshore Utility companies

MARKET LEADER

Offshore Utility companies

KEY DIFFERENTIATOR – SYSTEMS APPROACH

ANNUAL RESULTS 2022

Delivering value in 2022

Turnover € 1,817 m

2021: € 1,524 m

+18.0% organically

EBITA € 234.8 m

2021: € 189.6 m

+23.9%

ROS 12.9%

2021: 12.4%

Normalized net profit € 143.6 m

2021: € 113.9 m

+26.1%

ROCE 23.2%

2021: 20.5%

Order book € 971.9 m

2021: € 746.6 m

+30.2%

Innovations 20.6%

2021: 19.8%

As percentage of turnover

Dividend proposal € 1.65

2021: € 1.50

Per (depositary receipt of) ordinary share

Developments

Order intake +10.9% to all-time high of € 2,042 million (2021: € 1,842 million)
- Record order intake € 695 million at Smart Manufacturing systems

Turnover up 19.2%
- Organically +18.0% including price effects of +7.6%, and currency effect +1.2%
- All segments contributed

ROS expanded to 12.9%, but impacted by
- Price effects on turnover
- Temporary operational inefficiencies at Tire Building systems
- Temporary EU anti-dumping import duties on fibre optic cables

Successful efforts to navigate supply chain challenges
- Redesigned products & contracted alternative suppliers

Refinancing
- New € 625 million multicurrency committed credit facility linked to TKH's sustainability targets (Feb-’23)

Share buyback of € 25 million initiated

Executing on our Accelerate 2025 strategy program

Financial performance

KEY FINANCIAL TARGETS

	Turnover	ROS	ROCE
Realized 2022	€ 1,817 million	12.9%	23.2%
Targets 2025	> € 2 billion by 2025	> 17% by 2025	22% – 25%

Sustainability

KEY NON-FINANCIAL TARGETS

	Carbon footprint *	% Female **	Accident rate (LTIFR)
Realized 2022	42.7%	18.4%	0.8
Targets 2025	100% by 2030	25% by 2030	< 1.0 (annual target)

** Net CO_2e footprint reduction for scopes 1 and 2 in own operations compared to 2019*
*** % of female in executive & senior management teams*

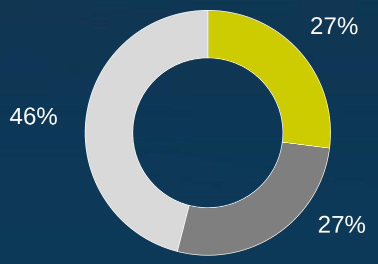
Accelerate 2025 on track

- Focus on megatrends automation, digitalization, and electrification drives strong performance
- Outlook for markets related to these megatrends has improved significantly
- Launch of Strategic Investment Program of € 200 million for capacity expansions
- Minority interest in CCG divested (Feb-'23)
- Good progress in preparations for divestments

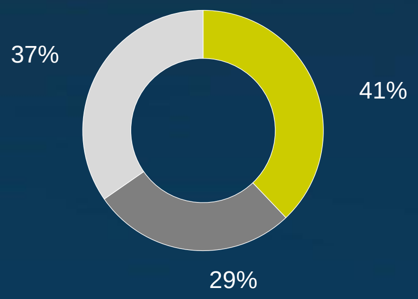
All segments contributed

(in million € unless stated otherwise)	H2 2022	H2 2021	Δ in %	2022	2021	Δ in %
Turnover	916.9	797.9	+14.9%	1,816.6	1,523.8	+19.2%
Added value	*47.5%*	*48.5%*		*47.2%*	*48.3%*	
EBITA	119.2.9	105.2	+13.4%	234.8	189.6	+23.9%
ROS	*13.0%*	*13.2%*		*12.9%*	*12.4%*	
Orderbook				971.9	746.6	+30.2%

SEGMENT SPLIT TURNOVER 2022



SEGMENT SPLIT EBITA 2022



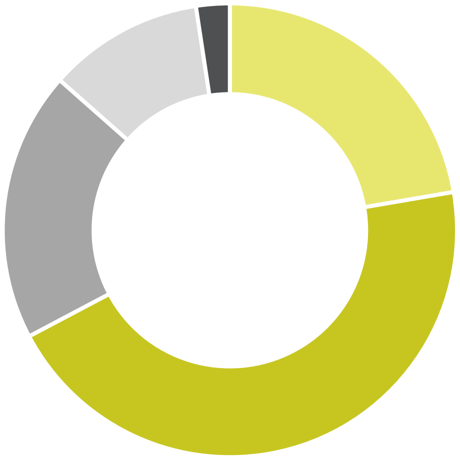
Smart Vision systems | Smart Manufacturing systems | Smart Connectivity systems

FINANCIAL PERFORMANCE 2022

Turnover

Geographical distribution of turnover

	2022
Netherlands	25%
Europe (other)	44%
Asia	15%
North America	13%
Other	3%



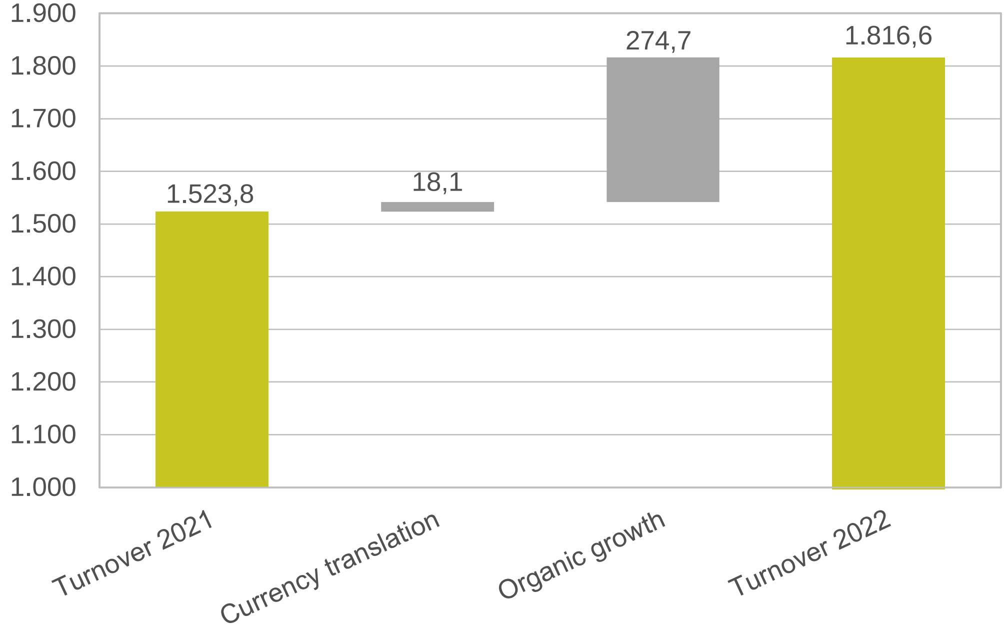
	2021
Netherlands	22%
Europe (other)	45%
Asia	19%
North America	11%
Other	3%

Turnover and added value

(in million € unless stated otherwise)	2022		2021		Δ in %
Turnover	**1,816.6**		**1,523.8**		**+ 19.2%**
Raw materials and subcontracted work	958.7		787.3		
Added value	**857.9**	**47.2%**	**736.5**	**48.3%**	**+ 16.5%**

Change in turnover

In million €



Significant turnover growth of +19.2%

- Organic growth +18.0% including price effects of +7.6%
- All segments showed double-digit organic growth, some impact from supply chain challenges, delayed deliveries in Smart Manufacturing systems & lock-downs in Asia
- Foreign currencies impact +1.2%
- High innovative power, with innovations contributing 20.6% of turnover

Gross margin decreased to 47.2% (2021: 48.3%)

- Shift in product mix
- Passed on higher prices for raw material and components, lowering added value %
- € 10 million EU import duties on fibre optic cables from China

Operating expenses and EBITA

(in million € unless stated otherwise)	2022		2021		Δ in %
Turnover	**1,816.6**		**1,523.8**		**+ 19.2%**
Raw materials and subcontracted work	958.7		787.3		
Added value	**857.9**	**47.2%**	**736.5**	**48.3%**	**+ 16.5%**
Operating expenses	623.1	34.3%	546.9	35.9%	**+ 13.9%**
EBITA before one-off income and expenses	**234.8**	**12.9%**	**189.6**	**12.4%**	**+ 23.9%**

Operating expenses +13.9%

- Cost to turnover ratio improved to 34.3% (2021: 35.9%) due to higher productivity and capacity utilization
- Expansion workforce and inflationary effects
- Higher selling expenses due to travel and freight costs
- FX changes had an effect of +1.7%

EBITA +23.9%

- Smart Vision systems +29.5%
- Smart Manufacturing system +16.3%
- Smart Connectivity systems +19.3%

ROS of 12.9% (2021: 12.4%)

- Benefitted from turnover growth and lower relative cost levels
- Pressure from price effects and shift in product mix
- Temporary effects
  - EU anti-dumping duties on fibre optic cables
  - Supply chain constraints at Tire Building systems leading to shift in turnover

Items below EBITA

(in million € unless stated otherwise)	2022		2021		Δ in %
EBITA before one-off income and expenses	**234.8**	**12.9%**	**189.6**	**12.4%**	**+ 23.9%**
One-off income	10.4				
Amortization	- 54.6		- 51.1		
Impairments	- 0.5		- 1.6		
Operating result	**190.2**		**136.9**		
Financial expenses	- 11.9		- 8.3		
Share in result of associates	3.1		2.1		
Change in value financial liabilities	- 0.1		- 1.8		
Result before taxes	**181.2**		**128.9**		
Taxes	- 44.1		- 33.7		
Net profit	**137.1**	**7.5%**	**95.2**	**6.2%**	**+ 44.0%**
Net profit before amortization and one-off income and expenses attributable to shareholders	**143.6**	**7.9%**	**113.9**	**7.5%**	**+ 26.1%**

One-off income

- Mainly related to divestment of real estate held for sale

Amortization

- Certain purchase price allocations (PPA's) from past acquisitions ended
- Offset by higher amortization on capitalized development costs

Financial expenses +€ 3.6 million

- Unfavorable FX results
- Higher interest expenses in H2 2022 due to higher interest-bearing debt and increasing interest rates

Result of associates

- Improved due to a higher contribution from CCG

Normalized effective tax rate at 24.8% (2021: 26.9%)

- Increased benefits from tax R&D facilities in various countries
- Settlement of prior year tax positions

Balance sheet

(in € million)	31-12-2022	31-12-2021
Intangible assets and goodwill	533.8	537.1
Property, plant and equipment	295.0	222.5
Right-of-use assets	75.3	68.8
Associates	12.2	28.7
Other receivables	0.6	0.7
Deferred tax assets	13.3	15.3
Total non-current assets	**930.2**	**873.1**
Inventories	385.9	294.7
Trade and other receivables	249.3	185.3
Contract assets	204.1	150.1
Contract costs	3.5	4.6
Current income tax	2.3	1.3
Cash and cash equivalents	184.6	100.1
Total current assets	**1,029.7**	**736.2**
Assets held for sale	108.5	88.2
Total assets	**2,068.4**	**1,697.5**

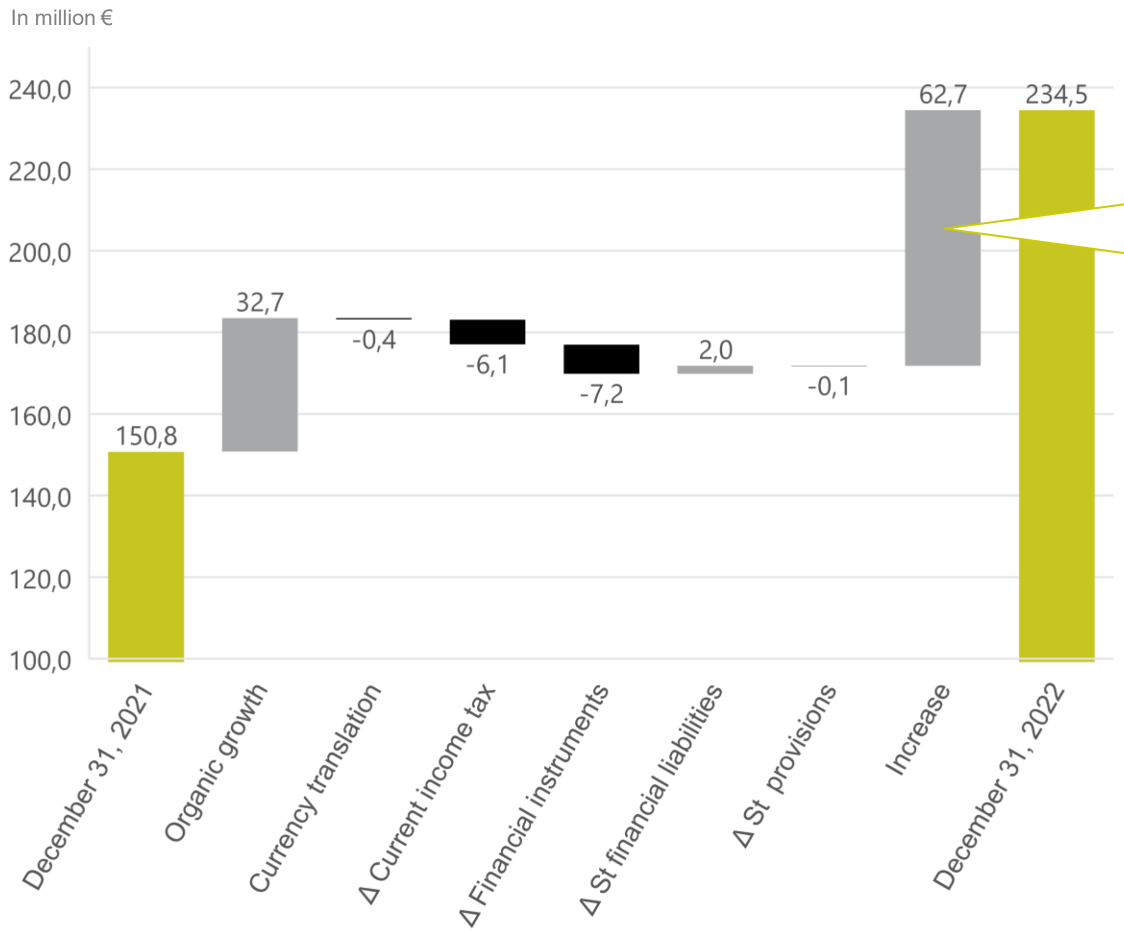
- Cash and cash equivalents includes € 106.2 million (2021: € 32.9 million) that are part of a balance and interest compensation schemes
- Assets held for sale increased due to reclassification of CCG from associates – Transaction closed on February 1, 2023

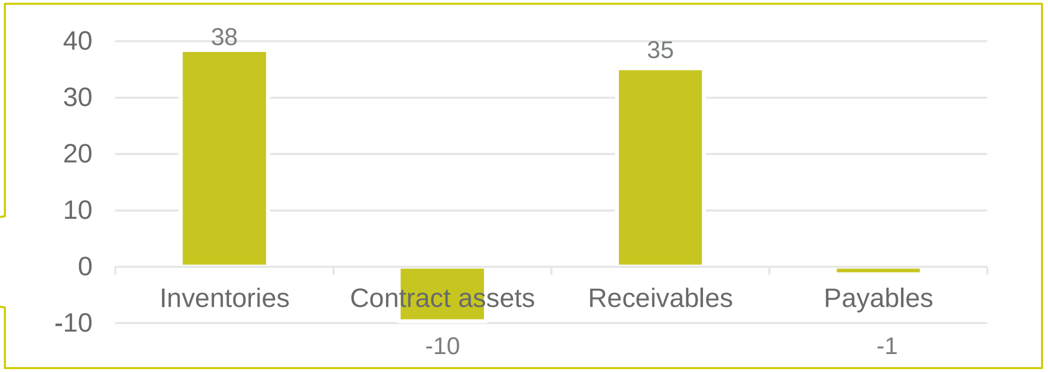
(in € million)	31-12-2022	31-12-2021
Shareholders' equity	786.8	721.9
Non-controlling interests	0.1	0.1
Total group equity	**786.9**	**722.0**
Interest bearing loans and borrowings	503.0	333.8
Deferred tax liabilities	52.5	56.0
Retirement benefit obligation	3.8	4.7
Financial liabilities	0.9	2.2
Provisions	6.8	8.8
Total non-current liabilities	**567.0**	**405.4**
Interest bearing loans and borrowings	70.4	47.6
Trade payables and other payables	384.9	324.7
Contract liabilities	186.5	127.0
Current income tax liabilities	15.5	7.8
Financial liabilities	3.0	5.0
Provisions	20.8	20.7
Total current liabilities	**681.1**	**532.9**
Liabilities directly associated with assets held for sale	33.4	37.2
Total equity and liabilities	**2,068.4**	**1,697.5**

- Solvency of 38.0% (2021: 42.5%)
- Financial covenant
  - Net debt, based on financial covenant agreed with banks, of € 307.2 million (2021: € 205.4 million)
  - Net debt/EBITDA of 1.1 (2021: 0.9)

Working capital

Changes in working capital





Working capital as percentage of turnover increased to 14.1% (December 31, 2021: 10.7%)

Use of non-recourse factoring

- December 31, 2022 € 62.8 million
- June 30, 2022 € 60.1 million
- December 31, 2021 € 47.9 million

Use of supply chain finance

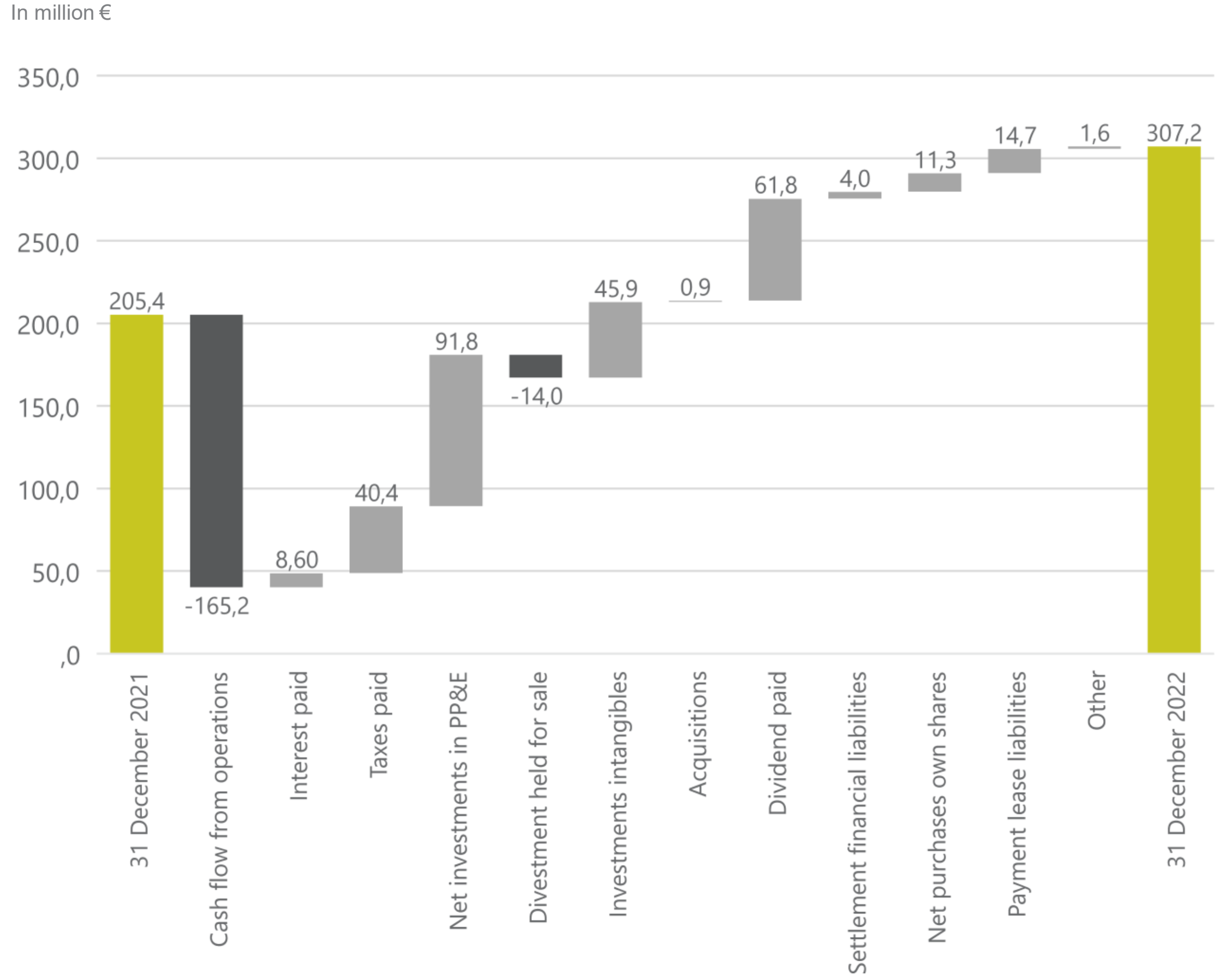
- December 31, 2022 € 50.8 million
- June 30, 2022 € 59.0 million
- December 31, 2021 € 43.6 million

Delta compared to December 31, 2021, is due to higher volumes and raw material prices

Amounts and percentages shown above include assets and liabilities reported under 'held for sale'

Net debt development

Change in net debt



Strong positive cash flow from operations, although impacted by increase in working capital

Investments in property, plant, and equipment of € 91.8 million, mainly in:

- € 41 million in Strategic Investment Program
- Expansion, replacement and upgrade of other production capacity

Investments in intangibles of € 45.9 million mainly relate to development costs, software and patents

Cash dividend of € 1.50 paid per (depositary receipt of) ordinary share in 2022

Signed new € 625 million multicurrency committed credit facility linked to TKH's sustainability targets:

- € 500 million RCF replaces € 500 million committed RCF, matures in February 2028 with two one-year extension options
- € 125 million term loan with term of 3-years

Free cash flow

(in million € unless stated otherwise)	H1 2022	H2 2022	2022	2021	2020	2019
Operating result	**97.8**	**92.4**	**190.2**	**136.9**	**70.9**	**108.0**
Depreciation, amortization and impairment	50.8	49.8	**100.6**	98.0	103.1	100.6
EBITDA adjusted	**148.6**	**142.2**	**290.8**	**234.9**	**174.0**	**208.6**
Change in working capital	-197.5	81.2	**-116.3**	-3.5	42.5	0.1
Taxes paid	-22.1	-18.3	**-40.4**	-33.1	-19.9	-27.4
Other	-7.1	-2.2	**-9.3**	8.2	-0.1	9.8
Cash flow from operations before interest	**-78.1**	**202.9**	**124.8**	**206.5**	**196.5**	**191.1**
Payment of lease liabilities	-7.8	-6.9	**-14.7**	-15.6	-16.0	-15.8
Capital expenditure PP&E	-27.9	-63.9	**-91.8**	-31.0	-29.4	-30.6
Capital expenditure intangibles	-21.8	-24.1	**-45.9**	-40.5	-39.2	-40.4
Divestments of property held for sale	14.0		**14.0**			
Free Cash Flow (‘FCF’)	**-121.6**	**108.0**	**-13.6**	**119.4**	**111.9**	**104.3**
EBITDA (adjusted) to FCF conversion	-81.8%	75.9%	**-4.7%**	50.8%	64.3%	50.0%

FCF conversion can be affected by developments in working capital. Working capital ratio for the periods included in the overview are:

- 2019: 13.0%
- 2020: 12.1%
- 2021: 10.7%
- 2022: 14.1%

Payments for acquisitions have not been included in FCF

FCF-conversion is traditionally lower in the first half year and stronger in second half due to working capital development

In 2022, Strategic Investment Program impacted FCF by € 41 million

OUTLOOK

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 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.