

# Financial statements

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## Consolidated financial statements

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# Consolidated statement of profit and loss

in thousands of euros	Notes	2024	2023
<b>Total turnover</b>	<b>22</b>	<b>1,712,735</b>	<b>1,847,532</b>
Raw materials, consumables, trade products and subcontracted work		824,229	928,220
Personnel expenses	23	477,618	478,467
Other operating expenses	25	158,965	156,968
Depreciation and result on divestment of property, plant and equipment	26	52,003	48,828
Amortization	27	60,808	56,860
Impairments	28	8,504	3,720
<b>Total operating expenses</b>		<b>1,582,127</b>	<b>1,673,063</b>
<b>Operating result</b>		<b>130,608</b>	<b>174,469</b>
Financial income	30	1,351	1,316
Financial expenses	30	-30,669	-23,440
Exchange differences	30	-2,962	-750
Share in result of associates	6	249	-3,309
Result on sale of associates and subsidiaries	34	24,221	54,802
Fair value changes of financial liability for earn-out and put options of shareholders of non-controlling interests	14	733	-146
<b>Result before tax</b>		<b>123,531</b>	<b>202,942</b>
Tax on result	31	24,000	37,180
<b>Net result</b>		<b>99,531</b>	<b>165,762</b>
<b>Attributable to:</b>			
Shareholders of the company		99,561	165,704
Non-controlling interests		-30	58
		<b>99,531</b>	<b>165,762</b>
<b>Earnings per share attributable to shareholders</b>	<b>32</b>		
Ordinary earnings per share (in €)		2.50	4.07
Diluted earnings per share (in €)		2.50	4.07
Ordinary earnings per share before amortization (in €) <sup>1</sup>		2.83	4.38
Ordinary earnings per share before amortization and one-off income and expenses (in €) <sup>1</sup>		2.48	3.21

1. Non IFRS measure.

# Consolidated statement of comprehensive income

in thousands of euros	Notes	2024	2023
<b>Net result</b>		<b>99,531</b>	<b>165,762</b>
<b>Items that may be reclassified subsequently to profit or loss (net of tax)</b>			
Currency translation differences		12,587	-6,350
Currency translation differences in associates		19	-532
Effective part of changes in fair value of cash flow hedges (after tax) <sup>1</sup>		-1,391	3,718
		<b>11,215</b>	<b>-3,164</b>
<b>Items that will not be reclassified subsequently to profit or loss (net of tax)</b>			
Actuarial gains/(losses) <sup>1</sup>	16	-234	151
		<b>-234</b>	<b>151</b>
<b>Other comprehensive income (net of tax)</b>		<b>10,981</b>	<b>-3,013</b>
<b>Comprehensive income for the period (net of tax)</b>		<b>110,512</b>	<b>162,749</b>
<b>Attributable to:</b>			
Shareholders of the company		110,552	162,769
Non-controlling interests		-40	-20
<b>Total comprehensive income for the period (net of tax)</b>		<b>110,512</b>	<b>162,749</b>

1. For the impact of taxes is referred to note 31.

# Consolidated balance sheet

in thousands of euros	Notes	31-12-2024	31-12-2023
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets and goodwill	3	611,082	565,696
Property, plant and equipment	4	486,166	436,019
Right-of-use assets	5	78,006	84,012
Associates	6	29,738	35,987
Other receivables	8	842	752
Deferred tax assets	15	16,949	15,824
<b>Total non-current assets</b>		<b>1,222,783</b>	<b>1,138,290</b>
<b>Current assets</b>			
Inventories	7	398,563	403,259
Trade and other receivables	8	250,044	243,622
Contract assets	9	165,861	217,123
Contract costs	9	10,325	8,014
Current income tax		12,939	2,603
Cash and cash equivalents <sup>1</sup>	10	125,629	93,697
<b>Total current assets</b>		<b>963,361</b>	<b>968,318</b>
Assets held for sale	34	27,197	21,171
<b>Total assets</b>		<b>2,213,341</b>	<b>2,127,779</b>

in thousands of euros	Notes	31-12-2024	31-12-2023
<b>Equity and liabilities</b>			
<b>Group Equity</b>			
Shareholders' equity	11	882,979	835,565
Non-controlling interests	12	108	148
<b>Total group equity</b>		<b>883,087</b>	<b>835,713</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	17	620,085	572,368
Deferred tax liabilities	15	58,985	57,722
Retirement benefit obligation	16	3,070	3,679
Other non-current financial liabilities	14	3,825	1,033
Provisions	13	13,093	12,740
<b>Total non-current liabilities</b>		<b>699,058</b>	<b>647,542</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings <sup>1</sup>	18	90,270	75,864
Trade payables and other payables	19	327,684	357,245
Contract liabilities	9	176,645	176,130
Current income tax liabilities		5,815	11,290
Other financial liabilities	14	1,939	1,639
Provisions	13	19,824	19,209
<b>Total current liabilities</b>		<b>622,177</b>	<b>641,377</b>
Liabilities directly associated with assets held for sale	34	9,019	3,147
<b>Total equity and liabilities</b>		<b>2,213,341</b>	<b>2,127,779</b>

1. Including €63.3 million (2023: €24.5 million) cash and cash equivalents that are part of cash and interest pools. These cash and cash equivalents are not netted in the consolidated balance sheet.

# Consolidated statement of changes in group equity

in thousands of euros	Share capital	Share premium	Legal reserve	Translation reserve	Cash flow hedge reserve	Retained earnings	Unappropriated profit	Total shareholders' equity	Non-controlling interests	Total group equity
<b>Balance at 1 January 2023</b>	<b>10,554</b>	<b>85,021</b>	<b>102,115</b>	<b>16,772</b>	<b>-4,243</b>	<b>439,471</b>	<b>137,083</b>	<b>786,773</b>	<b>168</b>	<b>786,941</b>
Net result							165,704	165,704	58	165,762
Other comprehensive income				-6,804	3,718	151		-2,935	-78	-3,013
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6,804</b>	<b>3,718</b>	<b>151</b>	<b>165,704</b>	<b>162,769</b>	<b>-20</b>	<b>162,749</b>
Appropriation profit last year						137,083	-137,083	0		0
Dividends						-67,696		-67,696		-67,696
Share and option schemes						4,997		4,997		4,997
Purchased shares for share buy-back program						-50,004		-50,004		-50,004
Purchased shares for share and option schemes						-8,545		-8,545		-8,545
Sold shares for share and option schemes						7,271		7,271		7,271
Change in legal reserve for participations			7,329			-7,329		0		0
Capitalized development costs			5,717			-5,717		0		0
<b>Balance at 31 December 2023</b>	<b>10,554</b>	<b>85,021</b>	<b>115,161</b>	<b>9,968</b>	<b>-525</b>	<b>449,682</b>	<b>165,704</b>	<b>835,565</b>	<b>148</b>	<b>835,713</b>
Net result							99,561	99,561	-30	99,531
Other comprehensive income				12,616	-1,391	-234		10,991	-10	10,981
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,616</b>	<b>-1,391</b>	<b>-234</b>	<b>99,561</b>	<b>110,552</b>	<b>-40</b>	<b>110,512</b>
Appropriation profit last year						165,704	-165,704	0		0
Dividends						-67,884		-67,884		-67,884
Share and option schemes						3,827		3,827		3,827
Purchased shares for share and option schemes						-2,108		-2,108		-2,108
Sold shares for share and option schemes						3,027		3,027		3,027
Change in legal reserve for participations			-2,046			2,046		0		0
Capitalized development costs			7,283			-7,283		0		0
<b>Balance at 31 December 2024</b>	<b>10,554</b>	<b>85,021</b>	<b>120,398</b>	<b>22,584</b>	<b>-1,916</b>	<b>546,777</b>	<b>99,561</b>	<b>882,979</b>	<b>108</b>	<b>883,087</b>

# Consolidated cash flow statement

in thousands of euros	Notes	2024	2023	in thousands of euros	Notes	2024	2023
<b>Cash flow from operating activities</b>				<b>Cash flow from financing activities</b>			
Operating result		130,608	174,469	Dividends paid		-67,884	-67,696
Depreciation, amortization and impairment		121,652	109,494	Settlement of financial liabilities regarding put options of non-controlling interests and earn-out	14	-447	-1,379
Share and option schemes not resulting in a cash flow		3,827	4,997	Purchased shares for share buy-back program			-50,004
Result on disposals		-337	-85	Purchased shares for share and option schemes		-2,108	-8,545
Changes in provisions		-14	-124	Sold shares for share and option schemes		3,027	7,271
Changes in working capital		13,910	-71,338	Payment of lease liabilities		-16,005	-16,537
<b>Cash flow from operations</b>		<b>269,646</b>	<b>217,413</b>	Proceeds from long term debts		44,086	397,050
Interest received		1,351	1,317	Repayments on long-term debts			-335,000
Interest paid		-29,490	-21,792	(Repayments)/proceeds from other long-term debts		-631	-1,005
Income taxes paid		-45,296	-44,063	Change in short-term borrowings	18	-22,992	86,628
<b>Net cash flow from operating activities (A)</b>		<b>196,211</b>	<b>152,875</b>	<b>Net cash flow from financing activities (C)</b>		<b>-62,954</b>	<b>10,783</b>
<b>Cash flow from investing activities</b>				<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>-5,572</b>	<b>-6,742</b>
Investments in intangible assets	3	-61,696	-53,128	Exchange differences		256	-2,351
Purchases of property, plant and equipment		-100,714	-177,761	<b>Change in cash and cash equivalents</b>		<b>-5,316</b>	<b>-9,093</b>
Disposals of property, plant and equipment		1,992	705	Cash and cash equivalents at 1 January		69,294	78,387
Dividends received from associates		60		<b>Cash and cash equivalents at 31 December</b>	10	<b>63,978</b>	<b>69,294</b>
Repayments on loans		-90	-139				
Acquisition of associates	6		-27,624				
Acquisition of subsidiaries less cash and cash equivalents acquired	34	-38,640	-42,913				
Divestment of associates and subsidiaries classified as held-for-sale less transferred cash	34	60,259	130,460				
<b>Net cash flow from investing activities (B)</b>		<b>-138,829</b>	<b>-170,400</b>				

# Notes to the Consolidated financial statements

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## MATERIAL ACCOUNTING PRINCIPLES

### General

Technology firm TKH Group N.V. has been incorporated and domiciled in Haaksbergen, the Netherlands. TKH Group N.V. has its registered office and factual seat at Spinnerstraat 15, 7481 KJ in Haaksbergen in the Netherlands and is registered in the trade register under number 06045666. The consolidated financial statements of TKH Group N.V. (hereafter 'TKH') have been drawn up in accordance with the International Financial Reporting Standards ('IFRS') adopted by the European Commission and applicable on the accounting period that began on 1 January 2024. The company financial statements are part of the financial statements of TKH. The financial statements have been prepared based on the historical cost basis, except for the valuation at fair value of derivatives and share-based payments. All transactions in financial instruments are recognized at transaction date. To the extent that alternative performance measures are used these are explained in the glossary, which is included in the 'Other information'.

### Going concern

TKH has prepared the financial statements on the basis that it will continue to operate as a going concern.

### Comparative figures

Comparative figures may have been reclassified for comparability purposes. If considered to be material, the relevant disclosure has been added to the applicable note.

### New accounting principles and interpretations

As from 1 January 2024 the following amendments of standards and new interpretations are effective:

- Classification of Liabilities as Current or Non-current - Amendments to IAS 1
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16
- Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The adoption of the amendments and improvements did not have material impact on the financial statements. Regarding additional disclosures regarding Supplier Finance Arrangements reference is made to note 19.

TKH has not opted for an early adoption of the following new standards, amendments to standards and new IFRIC interpretations, which are mandatory for accounting periods that begin on or after 1 January 2025:

- Lack of Exchangeability – Amendments to IAS 21 (starting 1 January 2025)
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (starting 1 January 2026)
- Annual Improvements to IFRS Accounting Standards—Volume 11 (starting 1 January 2026)
- IFRS 18 – Presentation and Disclosure in Financial Statements (starting 1 January 2027)
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures (starting 1 January 2027)
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (starting 1 January 2026)

TKH expects that the adoption of the other new standards and amendments in future periods will not have a material impact on its financials statements. IFRS 18 might have implications regarding the presentation, classification and disclosures relating to the statement of profit and loss. This will be further assessed in the upcoming period.

### Consolidation

The consolidated financial statements include the annual accounts of all subsidiaries over which TKH has or can exercise control. Control is achieved when TKH is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. An overview of consolidated entities is included in the 'Other information'. If facts and circumstances indicate that there are changes to one or more of the three elements of control, TKH re-assesses whether or not it controls a subsidiary. Consolidation of a subsidiary begins when TKH obtains control over the subsidiary and ceases when TKH loses control of the subsidiary.

Profit or loss and each component of other comprehensive income (hereafter 'OCI') are attributed to the shareholders of TKH and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting principles in line with TKH's accounting principles. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between subsidiaries are eliminated in full on consolidation.



A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If TKH loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resulting gain or loss is recognized in the statement profit and loss.

### Segment reporting

TKH is organized along the lines of our three technologies: Smart Vision systems, Smart Manufacturing systems and Smart Connectivity systems. The internal and external segment reporting as follows this structure. For these segments, discrete financial information is available that the Executive Board, the highest operational decision-makers, evaluates regularly. The Executive Board decides on the allocation of resources and reviews the performance of the three segments. These performances are reviewed and reported to the level of operating result. The accounting principles that are applied to these consolidated financial statements also apply to the business segments. The transaction prices for deliveries between segments are determined on an arm's length basis. The results, assets and liabilities of a segment include both items directly linked to that segment as items that can reasonably and consistently be allocated to that segment. Besides the information about the operating segments, selective information by geographic region is disclosed. In the overview of 'Consolidated entities', as part of the 'Other information', is shown in which of the segments the different subsidiaries operate.

### Foreign currencies

The consolidated financial statements are presented in euros, which is also the functional currency of the holding. Transactions in foreign currencies are translated into the respective functional currencies of the entities of the group, at the prevailing exchange rate at transaction date. In foreign currency denominated monetary assets and liabilities at the balance sheet date are translated at the exchange rate prevailing at that date. The result of the conversion occurring exchange differences on monetary items, are recorded in the statement of profit and loss. Assets and liabilities of foreign subsidiaries with a functional currency other than the euro are translated at the exchange rates prevailing at the balance sheet date. The profit and loss accounts of foreign subsidiaries are translated using the weighted average monthly exchange rates over the year under review. Goodwill and fair value adjustments related to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rates at the balance sheet date. The exchange differences arising from the translation are recognized through OCI as a separate item in equity. Exchange differences recorded through OCI are reclassified to the statement of profit and loss as part of the result on disposal in the period in which the related entities are disposed of.

### Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date at fair value and the amount of any non-controlling interests in the acquiree, in exchange for control of the acquiree. Acquisition related costs are recognized in the statement of profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of TKH entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the net amounts of the identifiable assets acquired and the liabilities assumed at acquisition date. If the amount is negative, a badwill (bargain purchase gain) is recognized immediately as benefit in the statement of profit and loss.

Non-controlling interests are reported separately from the group result and group equity.

The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interests is recognized in equity of the parent in transactions where the non-controlling interests are acquired or sold without loss of control. TKH has elected to recognize this effect in retained earnings. When a non-controlling shareholder has an unconditional right to sell its shares to TKH according to a contractual agreed formula ('put option'), a liability is recognized by TKH for the shares to be purchased. The liability is recognized at the present value of the estimated future cash outflow. A legal reserve is accounted for the interest in the equity of the subsidiary of which the economic ownership has been obtained, but not yet the legal ownership. Adjustments after the first recognition on the value of the financial liability for put options and earn-out payments are recognized directly into the statement of profit and loss.



## Intangible assets and goodwill

### Goodwill

Goodwill is capitalized and allocated to cash-generating units. Goodwill is not amortized. Instead, it is tested at least annually for impairment. Any impairment loss is recognized in the statement of profit and loss as soon as it occurs and is not reversed in subsequent periods. On sale of a subsidiary, the goodwill is included in the determination of the profit or loss on a disposal.

### Other intangible assets

Expenditure for research is charged to the profit and loss when incurred. Expenditure for development is capitalized if the following conditions are met:

- An asset is created that can be identified;
- It is probable that the asset created will generate future economic benefits; and
- The development costs can be measured reliably.

Development costs are not capitalized if they are directly reimbursed by third parties and TKH does not obtain the property rights. Other intangible non-current assets are valued at historical cost less amortization. The amortization is on a straight-line basis over their expected useful life. The expected useful life is as follows:

- Capitalized development costs: 3-7 years
- Patents, licenses and trademarks: 3-10 years
- Acquired customer relationships: 7-17 years
- Acquired brand names: 10-15 years
- Acquired intellectual property: 5-10 years

## Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated from the date they are ready for their intended use. Depending on the type of asset, a residual value of 0 to 10% is taken into account. The expected useful life is as follows:

- Buildings: 30-33 years
- Machinery and installations: 5-15 years
- Other equipment: 3-10 years

Land is not depreciated. Other equipment includes furniture, IT-hardware and transport equipment. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

## Right-of-use assets

For new agreements, TKH considers whether the contract is or contains a lease. A lease is defined as a contract or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. To apply this definition, TKH assesses whether the contract meets three important criteria, namely:

- The contract contains an identified asset that is explicitly or implicitly identified in the contract;
- TKH has the right to obtain substantially all economic benefits from the use of the identified asset during the period of use, given its rights within the defined scope of the contract; and
- TKH has the right to use the identified asset throughout the period of use. TKH assesses whether it has the right to determine how and for what purpose the asset is used during the term of the lease.

At commencement date of the lease, TKH recognizes an asset and a lease liability in the balance sheet. The right of use is valued at cost, which consists of the initial valuation of the lease obligation, any initial direct costs incurred by TKH, an estimate of any costs for dismantling and removing the asset at the end of the lease, and all lease payments made before the commencement date of the lease (after deduction of received incentives). The Right-of-use assets are amortized on a straight-line basis from the commencement date of the lease to the first of the end of the useful life of the right of use or the end of the lease period or over the useful life if the underlying asset is (expected) to be acquired. TKH assesses the asset for impairment when such indicators exist.

On the commencement date, TKH values the lease obligation at the present value of the lease payments unpaid on that date, discounted using the interest rate implicit in the lease if it is readily available or the incremental borrowing rate. Lease payments that are included in the measurement of the lease obligation consist of fixed payments, variable payments based on changes in an index or price, amounts that are expected to be paid under a residual value guarantee and payments that arise from extension options that are reasonably certain to be exercised. After the initial valuation, the obligation is lowered for payments and increased for interest. The obligation is determined again in the event of changes in underlying provisions. When the lease obligation is remeasured, the corresponding adjustment is reflected in the asset or in the result if the asset has already been reduced to zero.

TKH has chosen to apply the exemption for short-term leases and for leasing assets with a low value. Instead of including a right of use and lease obligation, the payments related to these are recognized as a charge in the income statement on a straight-line basis over the lease period.

## Impairment

At least annually, the company reviews its tangible and intangible non-current assets to determine whether there are indications that those assets have suffered an impairment loss. If there is any such indication the recoverable value of the asset is estimated to determine the extent of the impairment loss. If the asset does not generate cash itself, the company determines the recoverable value of the smallest cash-generating unit to which the asset belongs. The recoverable amount is the fair value less cost of disposal or the value in use, whichever is higher. The value in use is based on the estimated future cash flows that are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is less than its carrying amount, the asset is written down to its recoverable amount. An impairment loss is recognized immediately in the statement of profit and loss. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, with the exception of goodwill, but never higher than the carrying amount that would have been determined when no impairment loss has been recognized. The increase is recognized immediately in the statement of profit and loss.

## Associates

The associates in which TKH has significant influence in the financial and operating policy decisions, but no control or joint control, are valued according to the equity method. Under the equity method, the share in the profit or loss of the associate is recognized in the statement of profit and loss, provided that it would not result in negative carrying value of the associate, unless TKH is obliged to partially or completely compensate losses. The share in the associate is determined based on TKH's share in the net assets of the associate, including the paid goodwill at acquisition and less any impairment loss. Dividend from associates is recognized when the shareholders' right to receive payments has been established. Receipt of dividends reduces investments in associates.

## Inventories

Inventories are stated at the lower of cost and net recoverable amount. The net recoverable amount is the estimated sales price in normal course of business less estimated cost of completion and selling expenses. The cost of raw materials and consumables is based on the average purchase price and cost incurred in bringing the inventories to their present location and condition. The cost of semi-manufactured and finished products comprise the direct materials and direct labor costs as well as a surcharge for the attributable production costs.

## Contract assets

A contract asset is the right to consideration in exchange for products or services transferred to the customer. If TKH performs by transferring products or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration. Upon completion of the performance obligation and acceptance by the customer, the amount recognized as contract assets is reclassified to trade receivables.

## Contract costs

Capitalized contract costs are systematically amortized over the transfer period of the related products or services to the customer.

## Contract liabilities

A contract liability is the obligation to deliver products or services to a customer for which TKH has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before products or services are delivered to the customer, a contract liability is recognized. Contract liabilities are recognized as revenue when TKH performs under the contract.

## Financial instruments

A financial instrument is any contract that gives rise to a financial asset for an entity and a financial liability or equity instrument for another entity. Financial assets and financial liabilities are recognized in the balance sheet when TKH becomes a party in a contract. Financial assets and financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value with recognition of changes in value in the profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities upon initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value with recognition of value changes in the profit and loss are recognized immediately in the profit and loss. An exception to this relates to trade receivables, which are valued at the transaction price determined under IFRS 15.

## Financial assets

Financial assets are at initial recognition classified in one of three groups for the subsequent measurement:

- amortized cost,
- fair value with change in value through OCI or
- fair value with change in value through profit or loss.

The classification of a financial asset on initial recognition depends on the contractual cash flow characteristics and the business model of TKH to manage it. A financial asset can only be classified and valued at amortized cost or fair value through OCI if it generates cash flows that consist solely of repayment of principal and interest ('SPPI') on the outstanding principal. This assessment is called the SPPI test and is performed at instrument level. The business model refers to the way in which TKH manages its financial assets to generate cash flows. The business model determines whether cash flows arise from the collection of contractual cash flows, the sale of financial assets or both. Purchases or sales of financial assets that require delivery of assets established by regulation or convention in the market place (regular way trades) are recognized on the trade date, the date that TKH commits to purchase or sell the asset. Financial assets at amortized cost are then measured using the effective interest method ("EIR") and tested for impairment. Gains and losses are recognized in the income statement when the asset is no longer recognized, adjusted or written off. The financial assets at amortized cost mainly comprise trade receivables.

#### ***Derecognition of financial assets***

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired, or;
- TKH has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) TKH has transferred substantially all the risks and rewards of the asset, or (b) TKH has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When TKH has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, TKH continues to recognize the transferred asset to the extent of its continuing involvement. In that case, TKH also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that TKH has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that TKH could be required to repay.

#### **Impairment of financial assets**

TKH recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that TKH

expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. A financial asset is written off when there is no reasonable expectation to recover the contractual cash flows.

For trade receivables and contract assets, TKH applies a simplified approach in calculating ECLs. Therefore, TKH does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. TKH has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A further explanation is included in note 20.

#### **Financial liabilities**

Financial liabilities are classified, at initial recognition, as

- financial liabilities at fair value through profit or loss,
- loans and borrowings,
- other payables, or
- derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. TKH's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments. The measurement of financial liabilities depends on their classification.

#### ***Financial liabilities at fair value through profit or loss***

This category include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by TKH that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. TKH has no designated financial liabilities at the balance sheet date at fair value with the recognition of changes in value in the statement of profit and loss.

### **Loans and borrowings**

This is the category most relevant to TKH. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. The EIR method is a method for calculating the amortized cost of a financial liability and for allocating interest expenses over the relevant period. The effective interest rate is the rate that discounts the estimated future cash payments (including any fees paid or received that are an integral part of the effective interest rate and transaction costs) over the expected life of the financial liability to the amortized cost of a financial liability. Gains and losses are recognized in the statement of profit and loss when the liabilities are no longer recognized. In addition, the EIR amortization is included in the statement of profit and loss as financing costs.

### **Other payables**

The other current liabilities are initially recognized at fair value and subsequently at amortized cost, which is generally equal to the nominal value.

### **Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### **Derivatives**

Derivative financial assets and financial liabilities ('derivatives') are recognized in the balance sheet when TKH concludes a contract for such an instrument. Derivatives are stated at fair value on the contract date and are then measured at the prevailing fair value at subsequent reporting dates. Changes in the fair value of derivatives that are designated and effective as hedges of future cash flows are recognized directly in the OCI and accounted for as a separate item in equity. The ineffective portion is recognized immediately in the statement of profit and loss. If the cash flow from an existing commitment or an expected future transaction results in the recognition of an asset or liability, at the time the asset or liability is

recognized the associated gains or losses on the hedging instrument that had previously been recognized in the OCI are included in the valuation of the asset or the liability. For hedges that do not result in the recognition of an asset or a liability, the gains or losses recognized in the OCI are recognized in the statement of profit and loss in the same period as the underlying hedged transaction is recognized in the statement of profit and loss. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized immediately in the statement of profit and loss. Hedge accounting is discontinued when the hedge instrument expires, is sold, exercised or no longer qualifies for hedging. The cumulative gains or losses on that hedging instrument recognized up to that time in equity are recognized in the statement of profit and loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the cumulative gains or losses recognized in the OCI are transferred to the statement of profit and loss.

### **Assets and directly associated liabilities held for sale and discontinued operations**

#### **Assets held for sale**

Assets and liabilities are classified as held for sale if their carrying amount will be realized primarily through a sales transaction rather than through continued use. The reclassification takes place when the assets and liabilities are available for immediate sale and the sale is within one year. Assets and liabilities held for sale are stated at book value or lower fair value less costs to sell. Non-current assets held for sale are not depreciated. Selling costs are the incremental costs that can be directly attributed to the sale of an asset, excluding any financing costs and income tax. Said classification only takes place if the sale is very likely, in its current condition the assets are immediately available for sale and the sale is expected to be completed within one year. When these criteria are no longer met, TKH ceases to classify the assets and liabilities as held for sale. These assets and liabilities will then be measured at the lower of (a) Its carrying amount before the asset was classified as held for sale or for distribution, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been so classified and (b) Its recoverable amount at the date of the subsequent decision not to sell or distribute.

#### **Discontinued operations**

A group of assets being disposed of qualifies as a 'discontinued operation' if it is (part of) an entity that is either disposed of or classified as held for sale, and:

- represents a separate major line of business or geographical business area;
- is part of a coordinated plan to dispose of a separately important business activity or geographical area; or
- is a subsidiary, which has been taken over solely for the purpose of resale.

Discontinued operations are excluded from the results from continuing operations and are

presented as a single amount in the line 'Result after tax from discontinued operations' in the profit and loss account. All other notes to the financial statements include amounts for continuing operations, unless otherwise indicated.

## **Provisions**

### **General**

Provisions are recognized when (a) TKH has a present obligation (legal or constructive) as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (c) a reliable estimate can be made of the amount of the obligation. Provisions are recognized based on the expected expenditure required to settle the obligation. Long-term provisions, with the exception of the provision for deferred tax, are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, an increase in the provision as a finance cost is recognized due to the passage of time.

### **Pensions**

Premiums for defined contribution plans are recognized as expense in the period to which they relate.

For defined benefit pension plans, which relate to foreign plans, the net liability is calculated per scheme by estimating the defined benefit obligation that employees are entitled to in exchange for their services rendered during the financial year and previous years. The defined benefit obligations are discounted. The defined benefit obligations and the costs of the defined benefit plans are calculated according to the 'Projected Unit Credit Method', with actuarial calculations being made at balance sheet date. This method takes into account future salary increases as a result of the career opportunities of employees and general wage developments including inflation adjustment. The discount rate is the yield rate at the balance sheet date on high quality corporate bonds with a term that approaches the term of the obligations of TKH. Actuarial gains and losses are directly accounted for in the OCI, which will not be reclassified subsequently to the statement of profit and loss. If the calculation results in a potential asset, the recognition of the asset is limited to the present value of any economic benefits available in the form of future refunds from the plans or reduced future pension contributions ('asset ceiling'). This is evaluated per pension scheme. In the calculation of the present value of economic benefits any minimum funding obligations that apply are taken into account. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Net interest on defined benefit obligations are accounted for as interest expense as part of the financial expenses. When pension entitlements are changed under a pension plan, the change in pension entitlements related to past service or the gain or loss on that change is recognized directly in the statement of profit and loss.

Pension costs, including pension costs on past service and the impact of settlements and curtailments are recognized as personnel costs.

### **Jubilee bonuses**

The net liability for jubilee bonuses is the amount of future benefits that relate to services from employees during the financial year or previous periods. The liabilities are discounted to its present value taking into account estimated dismissal chances and salary increases.

### **Provision warranty obligations**

The provision warranty obligations is recognized for the estimated costs that are expected to arise from active warranty obligations in respect of goods and services at balance sheet date. The costs arising from warranty claims are charged against the provision.

### **Onerous contracts**

A loss-making contract is a contract in which the unavoidable costs (i.e., the costs that TKH can not avoid because it has the contract) to meet the obligations under the contract exceed the economic benefits that are expected to be received. The unavoidable costs under a contract reflect the lowest net costs of terminating the contract, the performance of the contract and any compensation or penalties arising from non-compliance. For a loss-making contract with customers, a provision is recognized and valued insofar as the unavoidable costs for completing the contracts are higher than the contract price.

### **Restructuring liability**

This provision relates to costs in connection with the restructuring of operations and is formed if effectively or legally a commitment for TKH has arisen. A provision is formed if a plan has been formalized as at balance sheet date and either the legitimate expectation has arisen with the people involved that the restructuring will be implemented, or that a start has been made with implementing the restructuring plan.

### **Other provisions**

Unless stated otherwise, the other provisions are valued at the nominal value of the expenditure that are estimated to be necessary to settle the respective obligations.

### **Deferred tax**

Deferred tax relates to temporary differences between the value in the financial statements and the value for tax purposes. No deferred tax is recognized for non-deductible goodwill and subsidiaries and associates included in the participation exemption. Deferred tax assets are only recognized to the extent that it is probable that they can be realized. The carrying amount

of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. In assessing the recoverability of deferred tax assets, TKH relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Changes in deferred tax are recognized immediately in the statement of profit and loss, with the exception of deferred tax that relates to items that are recognized in the OCI or directly in equity.

TKH offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### **Turnover**

The turnover includes the net turnover, as well as other revenues. Net turnover is the revenue from products and services delivered to third parties during the year under the deduction of discounts, bonuses and stock returns. Revenue is measured on the basis of the consideration

set out in a contract with a customer. Products are regularly sold with volume discounts based on total sales over a period of one year. Revenues from these sales are recognized on the basis of the price specified in the contract, after deduction of the estimated volume discounts. Revenue is only recognized to the extent that it is highly probable that a reversal will not take place. A refund liability, included in the other current liabilities, is recognized for expected volume discounts payable to customers in connection with sales made until the end of the reporting period. There is no financing element applicable because the sales take place with a relatively short credit term, which is consistent with market practice.

The obligation to repair or replace defective products under the standard warranty conditions is recognized as a warranty provision. In addition, TKH offers to a limited extent an extended warranty that is sold together with products and systems. Two performance obligations can be distinguished in such contracts, namely the delivery of products and services and the service-type warranty. Using the relative stand-alone sales price method, a portion of the transaction price is allocated to the service-type warranty and recognized as a contract liability. Revenue is recognized on a straight-line basis over the period in which the service-type warranty is granted based on the time elapsed.

The turnover of TKH consists of products and services within the business segments Smart Vision systems, Smart Manufacturing systems and Smart Connectivity systems that are delivered to customers as a separate product/service or as a total solution. TKH recognizes revenue when control of a product or service is transferred to a customer. In the following overview the revenue recognition per segment is further elaborated.

Segment	Products and services	Nature and timing of fulfillment of performance obligations
<p>Smart Vision systems</p>	<p>Vision technology represents about 85% of the turnover of the Smart Vision systems segment and consists of 2D &amp; 3D machine Vision and Security Vision technology. The technologies are combined with software to create smart technologies and one-stop-shop solutions with plug-and-play integrated systems.</p> <p>Our Machine Vision technology systems improve quality inspection, operation, and object monitoring within various industries such as consumer electronics, factory automation, ITS, medical and life sciences.</p> <p>Our Security Vision systems, combined with advanced communication technologies, enable the customers to manage and control the urban environment efficiently. Simultaneously, the technologies improve sustainability factors, safety and security in various markets such as Infrastructure, Parking and Building security.</p>	<p>A large part of the revenue in Smart Vision systems is accounted for when the products are transferred to the customer in accordance with the delivery conditions of the sales contract and there is no unfulfilled obligation that could affect the customer's acceptance. A receivable is recognized at that moment because the consideration has become unconditional and only the passage of time is required before the payment is due. To a lesser degree also the following revenue streams exist:</p> <ul style="list-style-type: none"> <li> <p><b>Customer-specific products and systems (including software products):</b> Customer-specific products and systems: A number of products and systems are designed or adapted to customer-specific requirements. TKH recognizes turnover over a period if (i) the customer has control during the creation or improvement of the product / system or (ii) a product/system is created without alternative use and TKH has an enforceable right to payment for the work performed. Examples of (i) include parking guidance that are built up and commissioned on-site. Examples of (ii) are amongst others machine vision cameras constructed for a specific customer application and by TKH integrated security and communication systems. If the two conditions mentioned above are not met, revenue is only recognized at transfer date. For customer-specific systems, installation can be part of the transaction price. A distinction is made between configuration and the physical installation. The configuration is an integral part of the system sold, while the installation is often regarded as a separate service that is usually outsourced to third parties. The installation services to be delivered are separately identifiable and accordingly the transaction price is attributed to the system and the installation based on the relative stand-alone selling prices. Installation is a performance obligation that is fulfilled over time. If revenue is recognized over a period, this is based on the stage of completion of the contract. The progress is determined on the basis of the input method based on a cost price method. Which means, the part of the contract costs incurred for the work that has been carried out to date in relation to the estimated total contract costs. For the payments due by the customer, which according to the contract cannot yet be invoiced, a contract asset is recognized for the period in which the work has been carried out. This contract asset reflects the right to compensation for work performed to date. If more is invoiced than has been performed to date, a contract liability is recorded. Contract liabilities are recognized as revenue when TKH performs under the contract.</p> </li> <li> <p><b>Maintenance and licenses:</b> Maintenance and licenses are part of the transaction price for a number of products and systems. These relate to activities that may have to be carried out during a certain period after sale. This period can thereafter be extended by the customer at then applicable prices. Maintenance and licenses are considered as a separate service. A part of the transaction price is therefore allocated to these services based on their stand-alone selling price. The transaction price allocated to these services is recognized as a contract liability at the time of the initial sale transaction and is subsequently recognized as revenue on a straight-line basis over the contract period.</p> </li> </ul>



Segment	Products and services	Nature and timing of fulfillment of performance obligations
<b>Smart Manufacturing systems</b>	<p>TKH engineers complete manufacturing systems and machines that contribute to super-efficient manufacturing and processing. Systems engineering and assembly, control and analysis software, as well as connectivity and vision technology, are the basic building blocks for the distinctive Smart Manufacturing systems supplied to various industries such as car and truck tire production, factory automation, and care solution by providing medicine distribution machines. Tire Building systems represents about 83% turnover share of Smart Manufacturing systems segment.</p>	<p>The majority of the revenue within Smart Manufacturing systems qualifies as <b>Customer-specific products and systems</b> for which recognition is already described at Smart Vision systems. Examples are tire building, medicine distribution and industrial automation systems.</p> <p>In contrast to Smart Vision systems, for the tire building activities the installation is regarded as an integral part of the performance obligation to the customer, because on-site systems are constructed, configured and tested by employees.</p> <p>The remainder of the revenue relates to <b>standardized products</b> and is accounted for when the products are transferred to the customer in accordance with the delivery conditions of the sales contract and there is no unfulfilled obligation that could affect the customer's acceptance</p> <p><b>Sales commissions:</b> Agents are used, who earn a sales commission on the revenue collected. These incremental costs for obtaining a contract are directly related to the sales that were realized in a certain period. The sales commissions, mostly paid before start of the contract, are capitalized as contract costs and amortized over the expected contract period.</p>
<b>Smart Connectivity systems</b>	<p>TKH makes advanced Connectivity systems and engineers complete Smart Connectivity systems with a unique integrated system approach and sustainability proposition. Energy and Digitalization represent about 48% and 29% turnover share of the Smart Connectivity systems segment.</p> <p>Our connectivity systems are developed for on-shore and off-shore energy distribution. Our Fibre Optic connectivity systems are manufactured for data and communication networks. In addition, TKH produces specialized cable systems for diverse industrial automation applications in high-tech environments, such as the industrial, marine &amp; offshore and medical sectors. Our advanced connectivity technology for contactless energy and data distribution (CEDD) for airfield ground lighting systems is a connectivity system consisting of both hardware components and software, to further improve the efficiency and safety of specific airfield applications.</p>	<p>The majority of revenue relates to <b>standardized products</b> and are accounted for in a similar way as described above. Customer-specific products and systems for which there is no enforceable right to payment for the work that has already been performed, are also recognized as revenue in the same way.</p> <p><b>Customer-specific products and systems</b> are accounted for in the same way in Smart Vision systems. Examples are special cable and cable systems for machines, robots, medical applications and subsea cable systems.</p>

## Operating expenses

### General

The cost of production and other expenses directly related to ordinary operational activities, which underlie the turnover, are stated as operating expenses.

### Government subsidies

Government subsidies are recognized when there is reasonable assurance that the grant will be received and all conditions will be met. Government subsidies are recognized in the statement of profit and loss in the same period as the expenses to which they relate. The subsidy is deducted from the related costs. Grants related to fixed assets are deducted from these assets and credited to the profit and loss account over the expected useful life of the asset concerned.

### Share-based payments

TKH has a stock option and a share scheme, which both qualify as share-based payments:

- The stock options are settled in equity instruments. They are valued at fair value at the date they were granted. The fair value is calculated by using an option pricing model that takes into account market related vesting conditions attached to the granting of the options. The fair value is charged to the profit and loss account over the period between the granting of the options and the time that the share options vest, adjusted for the expected number of share options to be exercised.
- The shares issued free of charge are also settled in equity instruments and are measured at the grant date at fair value. The fair value is determined based on the prevailing share price at the time of grant. The fair value is charged to the profit and loss account in the year to which the grant relates.

## Financial income and expenses

Financial income and expenses comprise the interest received from or paid to third parties relating to the year under review. Interest is recognized according to the effective interest method. The interest income and the interest expenses on bank accounts that belong to one and the same interest compensation system are set off. The interest balance of the interest combination is stated under interest income or interest expenses. Financial expenses related to the construction of property, plant and equipment have been recognized as part of the asset. Translation differences on sale and purchase transactions are classified under financial income and expenses.

## Tax

Tax is calculated on the result before tax, taking into account the prevailing tax rates and tax legislation in the different countries. Tax is accounted for in the statement of profit and loss, unless it relates to items directly recognized in the OCI, in which case taxes are also accounted for in the OCI. In addition to the tax directly payable or receivable for the reporting year, the item also includes the changes in the deferred tax assets and liabilities and adjustments to tax assessments from previous years.

## Non-controlling interest

This item comprises the share of third parties in the results and equity of subsidiaries according to TKH's accounting principles.

## Cash flow statement

The cash flow statement has been drawn up using the indirect method. With this method, the operating result is adjusted for items in the statement of profit and loss that have no impact on receipts and payments in the year under review and changes in items in the balance sheet and statement of profit and loss whose income and expenses are not considered to belong to the operational activities. The cash position in the cash flow statement consists of cash and cash equivalents less short-term borrowings included in cash pools as this is part of the daily cash management.

Cash flows in foreign currencies are converted at an average exchange rate. Exchange differences with respect to cash and cash equivalents are presented separately in the cash flow statement. Income taxes, paid and received interest are included in the cash flow from operating activities. Received dividends are included in the cash flow from investment activities, while paid dividends are included in the cash flow from financing activities. The purchase price of acquisitions is included in the cash flow from investing activities, to the extent that payment has taken place in cash or cash equivalents. Cash and cash equivalents that are present in the acquired subsidiaries are subtracted from the purchase price. Transactions, which do not involve a cash exchange, are not included in the cash flow statement. The payments of the lease terms are presented as repayments on loans for the repayment component of debt (cash flow from financing activities) and as paid interest for the interest component (cash flow from operating activities). Payment of lease installments that are not included in the lease obligation included in the balance sheet (including leases of assets with a low value or with a term of less than one year) are included under cash flow from operating activities. Payments and proceeds on borrowings are presented on a net basis due to the high flexibility and turnover in relation to utilizations and repayments.

In preparing the consolidated financial statements management has made judgments, estimates and assumptions. These judgments, estimates and assumptions affect the reported amounts of assets and liabilities, revenues and expenses and disclosed contingent assets and liabilities at the date of the financial statements. The actual outcome can vary from these judgments, estimates and assumptions. All assumptions, expectations and forecasts used as a basis for judgments in the consolidated financial statements are as good as possible a reflection of the forecast of TKH. Management is of the opinion that a reasonable basis exists for the assumptions, expectations and forecasts. Judgments are related to known and unknown risks, uncertainties and other factors that can lead to future results and performances that significantly vary from those forecasted. Significant judgments, estimates and assumptions are described hereafter.

### Fair values

TKH periodically reviews the significant fair value changes regarding specific positions in the financial statements. In case external information is used to determine the fair value, TKH reviews the evidence obtained from these third parties to verify if these valuations meet IFRS requirements, including the level of hierarchy of the fair values in which these valuations are classified. TKH applies the following hierarchy for determining the fair value of financial instruments:

- Level 1: Price quotations on active markets for identical assets and liabilities.
- Level 2: Other inputs than quoted prices included in level 1, that are either directly or indirectly observable for the asset or liability. TKH makes use of derivatives valuation reports of financial institutions. These valuations are checked with interest rates, interest curves and exchange rates that are regularly published.
- Level 3: Calculations that use input variables that have a significant effect on the fair value and that are not based on available market quotations. Here TKH may use valuations by independent appraisers.

The following table shows the hierarchy and carrying amounts of the assets and financial instruments that are recognized in the balance sheet at fair values:

in thousands of euros	Notes	Hierarchy	2024	2023
<b>Assets</b>				
Financial assets at fair value through P&L		Level 3	407	407
Foreign currency forward contracts	20	Level 2	559	1,182
Commodities (derivatives)	20	Level 2	946	1,085
<b>Total</b>			<b>1,912</b>	<b>2,674</b>
<b>Liabilities</b>				
Interest rate swaps	20	Level 2	307	155
Foreign currency forward contracts	20	Level 2	3,366	2,610
Commodities (derivatives)	20	Level 2	617	181
<b>Total</b>			<b>4,290</b>	<b>2,946</b>

The fair value of the financial assets measured at fair value with recognition of the change in value through the statement of profit and loss is calculated on the basis of expected cash flows discounted at the estimated market interest rate. Credit risks are taken into account in this market interest rate. TKH has concluded derivatives with various financial institutions with an investment grade rating. Interest rate swaps, forward exchange contracts and forward contracts on commodities are valued based on present value calculations using market data, such as the credit quality of counterparties, base spreads, spot and forward prices, yield curves and forward curves. More information about the assumptions for the determination of the fair value is included in the relevant explanatory notes.

### Price, credit, interest and currency risks

Note 20 contains information about these risks.

### Intangible assets and goodwill related to acquisitions

In the financial statements a material amount has been reported for intangible non-current assets acquired in an acquisition. The first recognition of these assets at fair value has been determined on the basis of valuation models. The outcomes are largely dependent on management estimates with respect to the assumptions used (such as growth percentages, royalty fees, economic life) and future expectations. The difference between the purchase price and the acquired net fair value of the identifiable assets and liabilities is recognized as goodwill. Note 1 and 3 includes information about intangible assets and goodwill.

### Impairments and valuation of tax-losses

Information about impairment testing is included in note 3. TKH regularly invests in R&D (capitalized development costs), production facilities and new, innovative processes with the aim of developing a distinctive product portfolio. Particularly where TKH still has a small market position, the degree of management estimates with regard to learning curve developments, capacity utilization and development of returns is higher. On the other hand, management involvement is larger. TKH has valued tax deductible losses, whereby the entity concerned has incurred a loss in the current and/or previous financial year. In these cases, the recognition and measurement of these deductible losses are based on financial forecasts supported by a profitable order book. It should be noted that these deductible losses often originate from the start-up period of new activities and/or innovations.

### Contracts with customers

TKH develops, produces or configures products and systems on behalf of customers on which revenue is recognized over a period of time. As a result, profit is recognized over time based on the expected profit on the contract and the estimated level of progress. This estimate makes use of detailed calculations that are specified for each performance obligation in a contract. Based on the realization and estimates of project managers and controllers, new estimates are drawn up periodically for each contract. These are reviewed by local management and then used as the basis for the costs and revenue to be recognized. In a new innovative portfolio and/or production process, the uncertainty in management estimates can be significantly higher than in other projects due to the lack of historical experience figures and the learning curve that needs to be going through.

### Financial liabilities for earn-out and put option agreements

In the financial statements, financial liabilities are recognized for obligations related to earn-out agreements and put options granted to shareholders of non-controlling interests. The financial liabilities for earn-out and put options are based on estimates of future operating results and are derived from business plans of the companies concerned.

### Other provisions

The other provisions relate amongst others to onerous contracts, warranty liabilities, claims, jubilee arrangements and restructuring liability. These provisions are based on estimates and available information. With regard to onerous contracts with customers, reference is made to the previous paragraph 'contracts with customers'. With regard to the restructuring liability further reference is made to note 13.

### Extension options of lease contracts

When TKH has the option of renewing a lease, management uses its judgment to determine whether it is reasonably certain that an option would be exercised. Management takes into account all the facts and circumstances, including their past experience and any costs that will be incurred to change the asset if no extension option is taken, to determine the lease term.

### Geopolitical developments

Global economical and geopolitical developments and conflicts (such as the Russia-Ukraine war), economic and political confrontations between world powers (trade tariffs/barriers, protectionism, availability and price of energy), the erosion of trade agreements, climate change and the impact of (global) inflation as well as a potential recession can impact TKH's turnover and results. Reference is made to the paragraph 'Risk management' as included in the Management report for further disclosures on these risks. These risks have been weighed in making judgements and applying estimates, amongst other valuation of customer contracts, impairment analysis and determining the useful live of our assets.

### Climate change

The potential impact of climate change on our strategy and our business model has received a great deal of attention in the year under review. We extensively analyzed the potential climate-related transition risks to our operations posed by climate change, and how these climate-related transition risks could be turned into opportunities, for instance through innovations in climate adaptation or climate-change mitigation. Our climate risk and opportunity assessment follows the TCFD framework, integrating key risk categories into our sustainability strategy. TKH has considered the impact of climate change on the estimates and judgements used in preparing the financial statements. The following items were considered:

- The impact on the residual values and useful lives of assets
- Recognition and measurement of provisions and contingencies
- Impairment indications and the forecast of cash flows used in the impairment testing of goodwill and non-current assets.

No material impact from climate change risks on the financial reporting was identified and as a result the valuation of assets and/or liabilities was not significantly impacted. Due to the locations of our (production) facilities and the nature of our activities, the risk is considered less relevant for TKH for the foreseeable future from a valuation and impairment perspective.

in thousands of euros	Notes	Goodwill		Brand names, customer relations and intellectual property		Development costs		Patents, licenses, software and trademarks		Total	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Historical cost at 1 January</b>		<b>320,378</b>	<b>303,067</b>	<b>286,306</b>	<b>290,841</b>	<b>334,875</b>	<b>292,876</b>	<b>84,769</b>	<b>75,626</b>	<b>1,026,328</b>	<b>962,410</b>
Accumulated amortization and impairment losses		2,323	2,323	199,633	205,411	197,861	165,173	60,815	55,658	460,632	428,565
<b>Book value at 1 January</b>		<b>318,055</b>	<b>300,744</b>	<b>86,673</b>	<b>85,430</b>	<b>137,014</b>	<b>127,703</b>	<b>23,954</b>	<b>19,968</b>	<b>565,696</b>	<b>533,845</b>
Purchases and capitalization				2,459		46,460	41,847	12,777	11,281	61,696	53,128
Acquisitions	34	25,918	17,866	22,631	18,003		2,783	361	11	48,910	38,663
Reclassification from property, plant and equipment	4						456	372	1	372	457
Reclassification to assets held for sale		-1,234	-115			-5,222		-187	-252	-6,643	-367
Reclassifications		274				-514	225	515	-226	275	-1
Amortization	27			-17,684	-16,522	-35,316	-33,522	-7,808	-6,816	-60,808	-56,860
Impairment losses	28					-934	-1,790			-934	-1,790
Exchange differences		1,176	-440	225	-238	1,111	-688	6	-13	2,518	-1,379
<b>Book value at 31 December</b>		<b>344,189</b>	<b>318,055</b>	<b>94,304</b>	<b>86,673</b>	<b>142,599</b>	<b>137,014</b>	<b>29,990</b>	<b>23,954</b>	<b>611,082</b>	<b>565,696</b>
Accumulated amortization and impairment losses		1,948	2,323	221,582	199,633	223,037	197,861	65,095	60,815	511,662	460,632
<b>Historical cost at 31 December</b>		<b>346,137</b>	<b>320,378</b>	<b>315,886</b>	<b>286,306</b>	<b>365,636</b>	<b>334,875</b>	<b>95,085</b>	<b>84,769</b>	<b>1,122,744</b>	<b>1,026,328</b>

The impairments of development costs relate to discontinued R&D projects due to unfavorable technological and/or market developments. Goodwill is allocated to reporting segments, which are considered as cash generating units ('CGU') for goodwill impairment testing purposes. Impairment is assessed at this level. The goodwill is allocated as follows:

in thousands of euros	Goodwill		Discount rate before tax		Functional currency
	2024	2023	2024	2023	
<b>CGU</b>					
Smart Vision systems	270,757	257,909	10.8%	10.5%	EUR/USD
Smart Manufacturing systems	8,644	9,603	12.4%	12.0%	EUR
Smart Connectivity systems	64,788	50,543	11.3%	10.3%	EUR
<b>Total</b>	<b>344,189</b>	<b>318,055</b>			

The recoverable amount of the cash generating units, in which goodwill has been reported, is based on the value in use. The value in use is based on estimated future cash flows. These forecasts are derived from the internal business plans, which are drawn up annually and

have a horizon of five years. These business plans contain financial budgets and have been prepared by local management and are approved by the Executive Board. Cash flows after the financial budget period have been extrapolated, taken into account an annual growth of 2.0% (2023: 2.0%). The future cash flows are discounted at the discount rate shown in the table, which is based on the risk profile of the CGU. Based on the assumptions, the impairment test did not lead to impairments at year-end 2024. Inherent to the applied calculation methodology, a change in the assumptions can lead to a different conclusion regarding impairment. For all CGU's a sensitivity analysis was performed, in which:

- absolute EBITDA decreases by 10%, or
- the discount rate increases by 1%, or
- the annual growth rate after the financial budget period decreases by 0.5%.

Other parameters remain constant. The amounts relate to the impact on the recoverable amount based on the sensitivity analysis. This sensitivity analysis does not take any cost savings into account in order to maintain profitability.

In millions of euros	Decrease EBITDA by 10%	Increase discount rate by 1%	Decrease growth rate by 0.5%	Combination of all assumptions
Smart Vision systems	-141.1	-129.9	-46.4	-277.8
Smart Manufacturing systems	-99.8	-94.2	-37.0	-206.8
Smart Connectivity systems	-173.2	-171.5	-63.1	-360.4

These scenarios do not lead to an impairment in any of the CGUs in connection with the available headroom between the recoverable amounts and the carrying amounts.

The market capitalization of TKH amounted to €1.329 million on December 31, 2024 and was significantly higher than the book value of the net assets of TKH.

## 4 PROPERTY, PLANT AND EQUIPMENT

in thousands of euros	Notes	Land and buildings		Machinery and installations		Other equipment		Operating assets in progress		Total	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Historical cost at 1 January</b>		<b>239,931</b>	<b>199,912</b>	<b>280,037</b>	<b>269,248</b>	<b>173,709</b>	<b>159,380</b>	<b>154,158</b>	<b>74,452</b>	<b>847,835</b>	<b>702,992</b>
Accumulated depreciation and impairments		101,644	101,688	184,503	186,902	124,759	118,974	910	483	411,816	408,047
<b>Book value at 1 January</b>		<b>138,287</b>	<b>98,224</b>	<b>95,534</b>	<b>82,346</b>	<b>48,950</b>	<b>40,406</b>	<b>153,248</b>	<b>73,969</b>	<b>436,019</b>	<b>294,945</b>
Purchases		7,298	20,732	8,778	24,888	15,273	19,983	59,149	114,428	90,498	180,031
Acquisitions			5,112		51	302	493			302	5,656
Disposals		-39		-1,402	-283	-214	-239		-98	-1,655	-620
Depreciation	26	-7,960	-7,198	-13,348	-12,134	-14,638	-13,242			-35,946	-32,574
Impairments	28		-76	-1,171	-193	-124	-6		-426	-1,295	-701
Reclassifications		-169	5	169	-475		-17		478	0	-9
Reclassification from/to intangible assets	3				23		535	-372	-1,015	-372	-457
Reclassification to assets held for sale	34	-1,814	-495	-8	-2,246	-1,990	-7,642	-4	-336	-3,816	-10,719
Exchange differences		1,328	100	876	-779	183	-57	44	1,203	2,431	467
Commissioning of assets in progress		3,294	21,883	7,687	4,336	3,275	8,736	-14,256	-34,955	0	0
<b>Book value at 31 December</b>		<b>140,225</b>	<b>138,287</b>	<b>97,115</b>	<b>95,534</b>	<b>51,017</b>	<b>48,950</b>	<b>197,809</b>	<b>153,248</b>	<b>486,166</b>	<b>436,019</b>
Accumulated depreciation and impairments		107,113	101,644	196,214	184,503	128,554	124,759	483	910	432,364	411,816
<b>Historical cost at 31 December</b>		<b>247,338</b>	<b>239,931</b>	<b>293,329</b>	<b>280,037</b>	<b>179,571</b>	<b>173,709</b>	<b>198,292</b>	<b>154,158</b>	<b>918,530</b>	<b>847,835</b>

The purchases in 'Operating assets in progress' relate for a large part to our new plant for inter-array cable in Eemshaven, which is expected to be commissioned in 2025. In 2024, an amount of €8.4 million (2023: €5.0 million) was capitalized relating to borrowing costs. The

capitalization rate used equals the interest rate on bank borrowings as mentioned in note 18. The impairment of machinery and installations is mainly related to obsolescence due to relocation of production capacity in the Smart Connectivity systems segment.

## 5

## RIGHT-OF-USE ASSETS

TKH has lease contracts for various land and buildings, vehicles and other equipment used in its activities. Land and building lease agreements generally have a duration of between 3 and 28 years, while vehicles and other equipment generally have a duration of between 3 and 5 years.

in thousands of euros	Notes	Land and buildings		Machinery and installations		Other equipment		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
<b>Book value at 1 January</b>		<b>76,125</b>	<b>69,415</b>	<b>128</b>	<b>73</b>	<b>7,759</b>	<b>5,824</b>	<b>84,012</b>	<b>75,312</b>
Purchases		10,422	13,960	29	121	5,079	4,508	15,530	18,589
Acquisitions		403	346			13	578	416	924
Disposals		-446	-74	-10			-219	-456	-293
Reassessment		4,639	7,390			143	675	4,782	8,065
Depreciation	26	-12,514	-12,723	-65	-66	-3,815	-3,550	-16,394	-16,339
Impairments	28	-6,275	-1,230					-6,275	-1,230
Exchange differences		496	-341			10	-8	506	-349
Reclassification to assets held for sale	34	-3,396	-618			-719	-49	-4,115	-667
<b>Book value at 31 December</b>		<b>69,454</b>	<b>76,125</b>	<b>82</b>	<b>128</b>	<b>8,470</b>	<b>7,759</b>	<b>78,006</b>	<b>84,012</b>

The impairments relate to the vacancy of rented buildings in our Smart Vision segment, as a result of a too low occupancy and a slowdown in revenue growth from rented buildings. For the methodology applied, reference is made to the accounting policies and disclosures regarding impairment calculations. In 2024, the costs related to variable lease payments that were not included in the lease obligation amounted to €3.6 million (2023: €3.2 million). The costs of leasing assets with a low value amounted to €0.2 million (2023: €0.2 million) and the

costs of leases with a term of less than one year amounted to €2.2 million (2023: €1.7 million). There are no leases with a residual value guarantee and as at December 31, there are no obligations with regard to lease agreements that have not yet been started. See note 18 for the lease liability.

See note 30 for the interest charges on lease obligations. See the consolidated cash flow statement for the lease payments. The total cash outflow from leases in 2024 was €22.0 million.

## 6

## ASSOCIATES

TKH owns direct or indirect the following relevant associates:

Name of associate	Place	Country	Ownership and control		Operating segment
			2024	2023	
Speed Elektronik Vertrieb GmbH	Schwelm	Germany	25.0%	25.0%	Smart Connectivity systems
Shin-Etsu (Jiangsu) Optical Preform Co. Ltd.	Jiangyin	PR China		12.5%	Smart Connectivity systems
Commend Australia Integrated Security and Communication Systems Pty Ltd.	Melbourne	Australia	49.0%	49.0%	Smart Vision systems
SCS Wagram Holding	Paris	France	39.1%	40.0%	Smart Connectivity systems



The 12.5% interest in the associate Shin-Etsu (Jiangsu) Optical Preform Co. Ltd. has been divested in 2024. Reference is made to note 34 for further disclosures.

The overview below shows the summarized financial information of the associates on the basis of the most recent available information, where the financial data are included based on the share of interest in these companies. Note that the turnover and net result 2023 for SCS Wagram Holding only apply for the period after 1 October 2023.

Movements in the associates are as follows:

in thousands of euros	Associates	
	2024	2023
<b>Balance at 1 January</b>	<b>35,987</b>	<b>12,204</b>
Acquisition of an interest		27,624
Share in result of associates	249	-3,309
Dividend received	-60	
Sale of a share interest	-6,457	
Exchange differences	19	-532
<b>Balance at 31 December</b>	<b>29,738</b>	<b>35,987</b>

in thousands of euros	Assets	Liabilities	Turnover	Net result	Other comprehensive income	Share in result of associates
Summarized financial information 2024 of SCS Wagram Holding	56,387	32,388	47,476	222		228
Summarized financial information 2024 other associates	6,425	449	2,115	10		21
Summarized financial information 2023 of SCS Wagram Holding	55,671	32,194	11,844	-1,153		-1,153
Summarized financial information 2023 other associates	18,145	5,618	5,999	-2,315		-2,156

## 7 INVENTORIES

in thousands of euros	2024	2023
Raw materials	168,298	181,800
Work in progress	84,845	70,794
Finished goods	145,420	150,665
<b>Inventories</b>	<b>398,563</b>	<b>403,259</b>

An amount of €665.5 million is reported in the statement of profit and loss for costs of raw materials, consumables and finished goods (2023: €776.8 million). A part of inventories is valued at lower net recoverable amount. The book value of these written-down inventories is €62.7 million (2023: €53.3 million). The total write-down on inventories, based on aging analysis and sales statistics, in 2024 recognized in the statement of profit and loss is €3.7 million (2023: €9.6 million).

## 8 TRADE AND OTHER RECEIVABLES

in thousands of euros	Notes	2024	2023
Trade accounts receivable		223,654	218,074
Loss allowance	20	-4,832	-5,997
Derivatives	20	1,505	2,266
Receivables from related parties	33	463	1,077
Prepayments and accrued income		13,915	13,038
Other short-term receivables		15,339	15,164
Long-term receivables		842	752
<b>Receivables</b>		<b>250,886</b>	<b>244,374</b>

The amounts above are expected to be settled within 12 months. The receivables are mainly held according to a 'held-to-collect' business model. For the other part TKH applies non-recourse factoring that transfers the ownership of the trade receivables and the associated risks to a factoring company. At the end of 2024 receivables with an amount of €43.3 million are sold to a factoring company (2023: €40.9 million) and were subsequently derecognized. The trade receivables are non-interest bearing and generally have a payment term between 14 and 90 days. Credit risk is further described in note 20.

The following table provides information on receivables, capitalized contract costs, contract assets and contract liabilities from contracts with customers.

in thousands of euros	2024	2023
Trade accounts receivable	223,654	218,074
Contract assets	165,861	217,123
Contract liabilities	-176,645	-176,130
Refund liabilities from customer volume rebates	-14,171	-13,826
Contract costs	10,325	8,014

The changes in the balance of contract assets and liabilities during the financial year are as follows:

in thousands of euros	Contract assets		Contract liabilities	
	2024	2023	2024	2023
Revenue recognized that was included in the contract liability balance at the beginning of the period			176,130	186,473
Increases due to cash received, excluding amounts recognized as revenue during the period			-176,645	-176,130
Transfers from contract assets recognized at the beginning of the period to receivables	-217,123	-204,142		
Increases as a result of changes in the measure of progress	165,861	217,123		

The commissions paid to agents for obtaining the contracts are expected to be recovered and are therefore capitalized as contract costs. Capitalized commissions are amortized when the related revenue is recognized. In 2024, amortization amounted to €10.5 million (2023: €4.8 million), which is included in the statement of profit and loss under raw materials, consumables, trading products and outsourced work. There was no impairment in the financial year in respect of the capitalized contract costs.

The restitution obligations for agreed customer volume discounts are mostly annual bonuses based on revenue tables. The accrual is calculated based on historical figures, revenue already realized and the outstanding order book.

The contract assets mainly relate to the rights of TKH to consideration for work performed, but which have not yet been invoiced on balance sheet date. The contract assets are reclassified to receivables when the rights become unconditional. The contract liabilities mainly relate to the advance payment received from customers, of which the revenues are recognized at the performance of the contracted work. A large part of the contract assets and liabilities relates to the segment Smart Manufacturing systems.

The following table shows the expected future revenue with respect to contractual performance obligations that have not yet (or partially) been satisfied at balance sheet date.

in thousands of euros	2024	2023
Expected to be recognized as revenue within 1 year	840,121	785,077
Expected to be recognized as revenue between 1 and 2 years	208,961	166,885
Expected to be recognized as revenue after 2 years	85,922	18,143
<b>Total</b>	<b>1,135,004</b>	<b>970,105</b>

## 10 CASH AND CASH EQUIVALENTS

in thousands of euros	2024	2023
Cash and bank balances as included in the cash flow statement	63,978	69,294
Cash at companies assets held for sale	-1,650	-57
Cash and bank balances in cash and interest pools	63,301	24,460
<b>Cash and bank balances</b>	<b>125,629</b>	<b>93,697</b>

Cash and cash equivalents consist of cash and bank balances and deposits that are direct available on demand.

## 13 OTHER PROVISIONS

The long-term provisions have been discounted. The increase of the provision in the year as a result of expiration of time and adjustment of the discount rate is not significant. The short-term provisions have not been discounted since the effect is not material. The short-term part of the provision is mainly related to reorganizations and warranties. The term of the other provisions is as follows:

The breakdown and movement of the other provisions is as follows:

in thousands of euros	Warranty	Employee liabilities	Onerous contracts	Dismantling	Other	Total
<b>Balance at 31 December 2023</b>	<b>7,645</b>	<b>3,468</b>	<b>8,909</b>	<b>4,901</b>	<b>7,026</b>	<b>31,949</b>
Additions	5,711	908	1,213		4,492	12,324
Releases	-616	-44	-221		-1,956	-2,837
Acquisitions					893	893
Utilized	-2,062	-111	-5,466		-1,719	-9,358
Other reclassifications	-94	-279			52	-321
Exchange differences	61	-9	104	10	101	267
<b>Balance at 31 December 2024</b>	<b>10,645</b>	<b>3,933</b>	<b>4,539</b>	<b>4,911</b>	<b>8,889</b>	<b>32,917</b>

## 11 EQUITY

The group equity is disclosed in the Consolidated statement of changes in group equity and in note 8 of the company-only financial statements.

## 12 NON-CONTROLLING INTEREST THIRD PARTIES

Some subsidiaries are or were not fully owned by TKH during the year at any time. These third party non-controlling interests are not significant:

	Result non-controlling interests		Cumulative non-controlling interests	
	2024	2023	2024	2023
Various non-controlling interests	-30	58	108	148

in thousands of euros	2024	2023
Other long-term provisions	13,093	12,740
Other short-term provisions	19,824	19,209
<b>Other provisions</b>	<b>32,917</b>	<b>31,949</b>

### Provision for warranties

The provision for warranties is related to warranties on delivered products and services under the standard warranty conditions. The purpose of the provision is to cover costs arising if products and services supplied do not meet the agreed specifications and quality requirements under normal conditions of use. The provision is based on judgments by using historical warranty data relating to comparable products and services and known warranty claims at balance sheet date. In general the recorded liabilities are expected to arise in the next one to three years.

### Employee liabilities

The provision for employee liabilities mainly relates to defined jubilee arrangements and is in general long-term.

### Onerous contracts

The provision for onerous contracts mainly relates to contracts with customers, from which the revenue is recognized over a period of time. This mainly concerns contracts in the segment Smart Manufacturing systems, which relate to new technologies and sometimes in combination with newly acquired customers. Because of the strategic importance of these contracts for the future revenue and profit development of TKH, these have been accepted with a negative or a limited margin at order acceptance. The duration of a project under such a contract is normally shorter than one year, but for larger framework agreements, subprojects can be executed and concluded in different years. Additions and releases to this provision are mostly presented as costs of 'Raw materials, consumables, trade products and subcontracted work'.

### Dismantling obligation

The provision mainly relates to the costs to restore leased assets to its original condition as required by the terms and conditions of that specific lease. The provision is valued at the best estimate of the future expenditure that would be required to restore the assets. This is a long-term provision, which has been discounted at a rate of 4.66%.

### Other items

The other items also relate to reorganizations, claims, matters of dispute, guarantees which are expected to be claimed and other contractual obligations. The restructuring provision relates mainly to the lay-off of employees and the remaining term is less than 1 year. The recognized provisions have been based on the best estimate, made on the basis of currently available information and will mainly have a term no longer than one year. There is no asset recognized for expected compensation fees from third parties in relation to the reported provisions.

## 14 OTHER FINANCIAL LIABILITIES

The movement of the financial liabilities is as follows:

in thousands of euros	Notes	Earn-out	Put options of holders of non-controlling interests	Total
<b>Balance at 31 December 2023</b>		<b>1,576</b>	<b>1,096</b>	<b>2,672</b>
Acquisitions	34	4,267		4,267
Payment for acquisitions from previous years		-220	-227	-447
Change in value through the profit and loss account		-319	-414	-733
Exchange differences		5		5
<b>Balance at 31 December 2024</b>		<b>5,309</b>	<b>455</b>	<b>5,764</b>

in thousands of euros	2024	2023
Term shorter than 1 year	1,939	1,639
Term between 1 and 5 years	3,825	1,033
<b>Financial liabilities</b>	<b>5,764</b>	<b>2,672</b>

### Earn-out

For several acquisitions, contractual arrangements have been made about earn-out payments, when certain targets are realized. The liability for earn-out payments has been determined on the basis of fair value of the expected future cash outflows.

### Put options of holders of non-controlling interests

TKH has option rights on several non-controlling interests held by local management of subsidiaries of TKH. Besides, TKH has a liability to buy these shares when local management decides to offer these shares. A financial liability has been recognized for this obligation. On the balance sheet date, the following option rights and liabilities are outstanding:

Name of subsidiary	Percentage	Option exercisable as from
EFB Nordics A/S	10.0%	1 January 2014

The liability is based on the discounted value of the expected future cash outflows. The expected maturity of the above mentioned liabilities is equal to the period as from 31 December 2024 till the first possibility to exercise. The amount to be paid depends on the future results of the aforementioned subsidiaries. The year of the cash outflow is dependent on a decision to exercise by TKH or the option owner. An amount of €0.1 million has a maturity of shorter than 1 year.

The deferred tax assets and liabilities relate to the following items of which the movements are also shown:

in thousands of euros	Property, plant and equipment and leases	Intangible assets and goodwill	Inventories and construction contracts	Provisions	Unused tax losses and credits	Financial instruments	Undistributed intragroup profits	Other	Total
<b>Balance at 1 January 2023</b>	<b>902</b>	<b>-50,991</b>	<b>-4,827</b>	<b>474</b>	<b>11,518</b>	<b>1,519</b>	<b>-1,716</b>	<b>3,924</b>	<b>-39,197</b>
(Charge)/credit to other comprehensive income				-15		-1,293			-1,308
(Charge)/credit to profit or loss	-2,681	2,136	-51	697	2,489	-56	-1,144	2,290	3,680
Reclassification to assets held for sale			92						92
Reclassification to current income tax liabilities				-817					-817
Acquisitions		-4,348							-4,348
<b>Balance at 31 December 2023</b>	<b>-1,779</b>	<b>-53,203</b>	<b>-4,786</b>	<b>339</b>	<b>14,007</b>	<b>170</b>	<b>-2,860</b>	<b>6,214</b>	<b>-41,898</b>
(Charge)/credit to other comprehensive income				59		484			543
(Charge)/credit to profit or loss	-416	-2,649	-780	647	3,218	42	1,230	4,262	5,554
Reclassification to assets held for sale		1,342			-3,591			-101	-2,350
Reclassification to current income tax liabilities				-178					-178
Acquisitions		-3,707							-3,707
<b>Balance at 31 December 2024</b>	<b>-2,195</b>	<b>-58,217</b>	<b>-5,566</b>	<b>867</b>	<b>13,634</b>	<b>696</b>	<b>-1,630</b>	<b>10,375</b>	<b>-42,036</b>

Certain deferred tax assets and liabilities have been offset in accordance with the applicable principles in IFRS. The deferred tax assets and liabilities are recognized in the balance sheet as follows:

in thousands of euros	2024	2023
Deferred tax assets stated under non-current assets	16,949	15,824
Deferred tax liabilities stated under non-current liabilities	-58,985	-57,722
<b>Deferred taxes</b>	<b>-42,036</b>	<b>-41,898</b>

TKH has unused tax losses and carry forward interest expenses (ATAD 1) for which no deferred tax assets have been recognized because realization is uncertain. These unused tax losses can be compensated with future profits. Based on current tax legislation, these unused and unrecognized tax losses have the following terms:

in thousands of euros	2024	2023
Term infinite	58,106	47,006
Term longer than 10 years	11,118	15,268
Term between the 5 and 10 years		
Term shorter than 5 years	451	
<b>Unrecognized tax losses and credits</b>	<b>69,675</b>	<b>62,274</b>

The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, TKH has determined that it cannot recognize deferred tax assets on the tax losses carried forward. The unrecognized unused tax losses represent a value of €16.9 million at the end of 2024 (2023: €14.6 million) based on the applicable tax rates. TKH has valued tax deductible losses, whereby the entity concerned has incurred a loss in the current and/or previous financial year. In these cases, the recognition and measurement of these deductible losses are based on financial forecasts supported by a profitable order book. It should be noted that these deductible losses often originate from the start-up period of new activities and/or innovations.

### Defined contribution plans

TKH's pension plans in the Netherlands differ per subsidiary. The pension scheme of a number of subsidiaries has been placed with the industry pension fund PME and PMT respectively. As of January 1, 2020, the employees of the other Dutch subsidiaries have a so-called individual defined contribution scheme, which is managed by Nationale-Nederlanden. The employees of the foreign subsidiaries are members of industry or state-managed pension plans. The subsidiaries are only required to pay a certain percentage of the salary costs to the concerning industry or state managed pension plans. These pension schemes classify as defined contribution plan. The pension schemes in the Netherlands, to the extent not already covered by the industry pension schemes, are recognized as a defined contribution scheme in the financial statements. The total pension expense recognized in 2024 related to the defined contribution plans amounts to €21.6 million (2023: €20.7 million). The industry pension plans are included in this pension expense. TKH expects for 2025 a pension expense of €21.4 million for all defined contribution plans, of which about €14.2 million relates to industry pension schemes.

### Defined benefit plans

#### Multi-employer union plans

In the Netherlands 1,938 employees of TKH participate in the multi-employer union plans of 'Pensioenfonds van de Metalektro' ('PME') and 'Pensioenfonds Metaal & Techniek' ('PMT') in accordance with the collective bargaining agreements applicable for the industry in which the TKH companies operate. These collective bargaining agreements have no expiration date. PME covers approximately 1,500 companies and 350,000 participants and PMT approximately 34,000 companies and 1,300,000 participants. The pension rights of each employee are based upon the employee's average salary during employment (depending on coverage ratio). TKH's contribution to the multi-employer union plans are far less than 5% of the total contribution to the plans. The pension funds are subject to regulation by Dutch governmental authorities. By law (the Dutch Pension Act), a multi-employer union plan must be monitored against specific criteria, including the coverage ratio of the plan assets to its obligations. The multi-employer union plans have reported the following coverage ratio at year-end:

	2024	2023
coverage ratio of PME	112.7%	113.3%
coverage ratio of PMT	108.5%	109.8%

The actual coverage ratio is calculated by dividing the plan assets by the total sum of pension liabilities. The coverage ratio is the average coverage ratio over the past 12 months. There are

no additional contribution requirements for participating companies to prevent indexation cuts or lowering of pensions. The schemes qualify as defined benefit plans because the companies bear the risk that in the negotiation of the level of pension contributions after 2024 the social partners take the amount of a surplus or a deficit in the industry pension fund as part of the negotiations. As a result, future premiums may be somewhat related to deficits or surpluses that relate to pension entitlements accrued in the past. This concerns shortages or surpluses of current and former employees of TKH but also of other companies. In addition, there is no consistent and reliable basis for allocating the pension liability, assets and costs to individual companies participating in the industry pension scheme. TKH therefore classifies the multi-employer plans as if it were defined contribution plans (in line with IAS19.34), reference is made to the paragraph above. TKH's net periodic pension cost for the multi-employer plan over a financial period is equal to the required contribution for that period.

### Other pension schemes

There are some individual defined benefit plans abroad for a small number of participants. These defined benefits are accrued in the subsidiaries and are not covered by plan assets. The duration of the defined benefit obligations of these arrangements will be, on average, 10 years at December 31, 2024. Furthermore, there is legislation for the Austrian employees obligating to pay a onetime compensation at the end of the employment for employees working for the subsidiary before January 1, 2003. The amount of compensation depends on the years of service and the average salary in the last 3 years of service. The actuarial calculations for the pension schemes are performed by actuaries.

The following assumptions have been applied in the actuarial calculations:

	2024	2023
Discount rate before tax	3.2-3.4%	3.2-4.2%
General percentage salary increase	2.5%	2.5%

The following amounts are recognized in the balance sheet with respect to all defined benefit plans:

in thousands of euros	2024	2023
Present value of the defined benefit obligations	3,070	3,679
Fair value of the plan assets		
<b>Net pension obligation</b>	<b>3,070</b>	<b>3,679</b>

## 17

## NON-CURRENT LIABILITIES

in thousands of euros	Notes	2024	2023
Debts to credit institutions	18	542,965	498,879
To be amortized transaction costs for the credit facility		-1,292	-1,819
Long term lease liabilities (Right-of-use assets)		74,162	73,100
Other non-current liabilities		4,250	2,208
<b>Interest-bearing loans and borrowings</b>		<b>620,085</b>	<b>572,368</b>

The credit margin on the non-current debts to credit institutions is variable and dependent on the net-interest bearing debt/EBITDA, including the amount of the draw downs from the credit facility. On average the margin is 1.7%. The interest is variable and based on Euribor or SOFR. The material subsidiaries are guarantor for the obtained financing. No additional securities were provided. See note 20 more details on the capital and liquidity risk.

## 18

## NET INTEREST-BEARING DEBT

in thousands of euros	Notes			2024	2023
Bank loans reported under non-current liabilities	17	1.1-4.1 years	Euribor + margin	542,965	498,879
Long term lease liabilities (Right-of-use assets)	17	1-28 years	3.3%	74,162	73,100
Short term lease liabilities (Right-of-use assets)		< 1 year	3.3%	13,563	14,054
Borrowings reported under current liabilities		< 1 year	Euribor/SOFR + margin	76,707	61,810
Cash and cash equivalents	10	< 1 year	Euribor/SOFR - margin	-125,629	-93,697
<b>Net interest-bearing debt</b>				<b>581,768</b>	<b>554,146</b>

At year-end 2024, €63.3 million of the cash and cash equivalents forms part of cash and interest pools (2023: €24.5 million). The interest on the borrowings is variable and based on Euribor or SOFR. The credit margins differ per credit institution, duration and country and vary from 1.0% to 1.7% (2023: 1.0% to 1.5%). The material subsidiaries are guarantor for the obtained financing from credit institutions. No special securities were provided. The discount rate used for lease liabilities differ per right-of-use asset, duration and country with a weighted average of 3.3%. The obligations arising from leasing are guaranteed by the lessor's property right on the leased assets. See note 20 for more details on the capital and liquidity risk.



The overview below shows the changes in the interest-bearing liabilities arising from financing activities:

in thousands of euros	Borrowings reported under current liabilities		Bank loans reported under non-current liabilities		Total lease liabilities (Right-of-use assets)		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Balance at 1 January</b>	<b>61,810</b>	<b>56,391</b>	<b>497,060</b>	<b>431,746</b>	<b>87,154</b>	<b>82,077</b>	<b>646,024</b>	<b>570,214</b>
Cash flows from financing activities	-22,992	86,628	44,086	62,050			21,094	148,678
Proceeds/(repayments) from cash pools	38,841	-81,775					38,841	-81,775
Payment of lease liabilities					-16,005	-16,537	-16,005	-16,537
Non-cash changes:								
- Acquisition of subsidiaries		340		2,413	414	924	414	3,677
- Reclassification to liabilities held for sale					-4,200	-685	-4,200	-685
- New leases and reassessments					19,856	21,724	19,856	21,724
- Amortized transaction costs			527	527			527	527
- Interest					2,475	1,746	2,475	1,746
- Effect of changes in exchange rates	-952	226		324	-1,969	-2,095	-2,921	-1,545
<b>Balance at 31 December</b>	<b>76,707</b>	<b>61,810</b>	<b>541,673</b>	<b>497,060</b>	<b>87,725</b>	<b>87,154</b>	<b>706,105</b>	<b>646,024</b>

The withdrawals and repayments of cash pools relate to changes in cash pools presented under cash and cash equivalents (note 10).

## 19 TRADE AND OTHER PAYABLES

in thousands of euros	Notes	2024	2023
Trade creditors		177,145	201,351
Advance receipts		4,040	5,440
Other taxes and social insurance contributions		28,444	25,355
Derivatives	20	4,290	2,946
Refund liabilities from customer volume rebates	9	14,171	13,826
Other payables and accruals		99,594	108,327
<b>Trade payables and other payables</b>		<b>327,684</b>	<b>357,245</b>

The other payables and accruals relate to, among others, personnel bonuses to be paid, commissions, holidays and holiday allowances as well as accruals for invoices to be received. At the end of 2024, a number of suppliers made use of supply chain finance (reversed factoring) for a total of €39.4 million (2023: €44.1 million), which is recognized as trade payables and under the bank covenants with the banks not regarded as financial indebtedness. Of this amount about 93% was already paid by finance providers towards suppliers at the end of 2024. The supply chain finance program enables included suppliers to collect their invoices at an earlier date than based on regular payment terms. The payment terms of TKH under this program are on average in the upper (longest) range of the payment terms TKH has with non-included suppliers. Reference is also made to note 20 regarding liquidity risk.

### General

The main financial risks faced by TKH relate to the capital and liquidity risk, interest risk, currency risk, credit risk and price risk. TKH's financial policy is aimed at minimizing the effects of fluctuations in currency exchange and interest rates on its results in the short-term and following market rates in the long-term. TKH uses derivatives to manage the financial risks relating to the business operations and does not undertake speculative positions. Financial risks and the control by management of these risks are disclosed in the chapter 'Risk management' in the annual report.

### Capital and liquidity risk

External financing is contracted by the holding for the entire TKH Group. On February 13, 2023, TKH signed a new sustainability-linked €625 million multicurrency committed credit facility, consisting of a revolving credit facility ("RCF") of €500 million and a term loan of €125 million. The revolving credit facility of €500 million has a remaining maturity of 4.1 years, which has been extended in January 2025 to a termination date of February 13, 2030. The term loan of €125 million has a remaining maturity of 1.1 years. A sustainability-linked adjustment will provide for a maximum discount or premium of 2.5 basis points on the credit margin.

The following table provides an overview of the liquidity risk for the financial liabilities of TKH at the end of 2024 based on agreed repayment periods:

in thousands of euros	Average interest	Payable on demand	<3 months	>3 months <1 year	1-5 years	>5 years	Contractual cash flows	Book value
Bank loans reported under non-current liabilities	4.4%		5,973	17,918	602,118		626,009	542,965
Lease liabilities (Right-of-use assets)	3.3%		5,318	11,804	41,388	48,670	107,180	87,725
Financial liabilities	1.5%			1,939	4,075		6,014	5,764
Borrowings reported under current liabilities	4.4%	76,777					76,777	76,707
Trade creditors			177,145				177,145	177,145
Other payables excluding derivatives			113,765				113,765	113,765
Interest rate swaps (derivatives)			-97	-292	764		375	307
Foreign currency forward contracts (derivatives)			46,496	52,412	10,703		109,611	2,807
Commodities (derivatives)			-262	-19	-49		-330	-330
<b>Financial liabilities</b>		<b>76,777</b>	<b>348,338</b>	<b>83,762</b>	<b>658,999</b>	<b>48,670</b>	<b>1,216,546</b>	<b>1,006,855</b>

Next to the committed facility, there are uncommitted facilities with several banks for a total of €304 million (2023: €310 million). TKH has per December 31, 2024 unused available committed credit facilities of €85 million (2023: €130 million) and unused available uncommitted credit facilities for a total of €93 million (2023: €142 million). The available credit facilities are reduced for the outstanding bank guarantees. The maximum credit facility per subsidiary is determined centrally.

In the credit facility the following financial covenant is agreed, which is tested on a quarterly basis:

	Covenant	Realization 31-12-2024	Realization 31-12-2023
Net debt compared to EBITDA (debt leverage ratio)	< 3.0	2.0	1.8

The debt leverage ratio is calculated excluding the impact of IFRS 16 Leases. Furthermore, it has been agreed with the banks that in the calculation of the debt leverage ratio acquisitions may be consolidated pro forma for 12 months. TKH uses internally a debt leverage ratio up to 2.0. TKH operates within the banks' required covenant at the end of 2024 and has no indication that it will have difficulty complying with this covenant in the 12 months after reporting date.

The following table provides an overview of the liquidity risk for the financial liabilities of TKH at the end of 2023 based on agreed repayment periods:

in thousands of euros	Average interest	Payable on demand	<3 months	>3 months <1 year	1-5 years	>5 years	Contractual cash flows	Book value
Bank loans reported under non-current liabilities	5.4%		6,735	20,205	570,687		597,627	498,879
Lease liabilities (Right-of-use assets)	2.5%		5,280	11,720	41,429	44,325	102,754	87,154
Financial liabilities	1.5%			1,639	1,283		2,922	2,672
Borrowings reported under current liabilities	5.4%	61,880					61,880	61,810
Trade creditors			201,351				201,351	201,351
Other payables excluding derivatives			122,153				122,153	122,153
Interest rate swaps (derivatives)			-91	-273	-1,444		-1,808	155
Foreign currency forward contracts (derivatives)			33,315	66,196	44,486		143,997	1,428
Commodities (derivatives)			-475	-444	15		-904	-904
<b>Financial liabilities</b>		<b>61,880</b>	<b>368,268</b>	<b>99,043</b>	<b>656,456</b>	<b>44,325</b>	<b>1,229,972</b>	<b>974,698</b>

The cash flows in these statements are not discounted. The cash flows are based on the interest rates and the exchange rates at the end of the year. The cash flows for interest rate swaps are based on the contracted fixed interest rates compared to the variable interest rate at balance sheet date. The interest rate swap and commodity derivatives are net settled. Currency contracts are gross settled.

The following table shows the corresponding reconciliation of these amounts and their book value:

in thousands of euros	Payable on demand	<3 months	>3 months <1 year	1-5 years	>5 years	31-12-2024 Total
Incoming		45,840	50,834	10,018		106,692
Outgoing		-46,496	-52,412	-10,703		-109,611
<b>Net</b>	<b>0</b>	<b>-656</b>	<b>-1,578</b>	<b>-685</b>	<b>0</b>	<b>-2,919</b>
Discounted at contractual bank rates		-756	-1,454	-598		-2,808

in thousands of euros	Payable on demand	<3 months	>3 months <1 year	1-5 years	>5 years	31-12-2023 Total
Incoming		32,467	65,723	44,406		142,596
Outgoing		-33,315	-66,196	-44,486		-143,997
<b>Net</b>	<b>0</b>	<b>-848</b>	<b>-473</b>	<b>-80</b>	<b>0</b>	<b>-1,401</b>
Discounted at contractual bank rates		-1,060	-458	90		-1,428

## Interest risk

The interest risk policy aims at minimizing the interest rate risks associated with the financing of the company and thus at the same time optimizing the net interest costs. Long-term financing has been obtained with a floating-rate and will partly be fixed by means of interest rate swaps, whereby TKH aims to fix 40-70% of the interest associated with the borrowing. During the past period of strong interest rates movements, TKH has chosen to hedge the interest rate risk below this mentioned bandwidth. The following table provides an overview of the, for hedging purposes, agreed interest rate swaps:

in thousands of euros (unless stated otherwise)	Average contracted interest rate		Nominal amount		Fair value	
	2024	2023	2024	2023	2024	2023
Maturity <1 year						
Maturity between 2 and 5 years	2.22%	2.45%	75,000	25,000	-307	-155

Cash flow hedge accounting has been applied to all interest rate swaps mentioned above.

There was no material ineffectiveness in relation to these hedges.

The following sensitivity analysis of borrowings, bank credits and cash and related interest rate swaps to interest rate movements assumes an immediate 1% change in interest rates for all currencies and maturities, with all other variables held constant. A raise of the interest rates with 1% would result in:

- Additional interest costs of about €5.1 million per year as a result of financing and cash with a floating interest rate (2023: €5.6 million). The impact is reduced by existing interest rate swaps.
- An increase of the fair value of the financial instruments with about €4.3 million (2023: €1.2 million) as a result of the contracted interest rate swap. This raise would be recognized in the hedging reserves of the equity through the consolidated statement of comprehensive income.

## Currency risk

It is TKH's general policy to hedge currency risks on purchases if these risks cannot be charged to the market. Purchase transactions in foreign currencies are hedged when the sales prices are already fixed in case of material transactions. Sales transactions in foreign currencies are fully hedged in case of material transactions. The main currencies that cause this exposure are the USD and CNY. Foreign currency forward contracts are applied to minimize the exposure of fluctuations in the currency rates. These contracts mainly have a term to maturity of less than one year. In addition to the currency risk on the purchase and sale transactions, there is a currency risk resulting from the translation of net investments in TKH subsidiaries denominated in functional currencies other than euros. The main currencies that cause this exposure are the USD and CNY. These risks are partially hedged by financing some of these investments in local currency. The remaining risk is not hedged.

The carrying amounts of monetary assets and liabilities specified to currencies are as follows:

in thousands of euros	Euro		USD		CNY		Other currencies		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Receivables	293,959	336,445	87,654	94,553	11,648	13,051	22,643	16,695	415,904	460,744
Cash and cash equivalents	46,913	33,723	17,219	18,881	36,302	20,012	25,195	21,081	125,629	93,697
Non-current interest-bearing loans and borrowings	-620,085	-572,368							-620,085	-572,368
Current interest-bearing loans and borrowings	-69,938	-65,783	-14,979	-6,493	-939	-1,193	-4,414	-2,395	-90,270	-75,864
Trade payables and other payables	-342,730	-391,617	-105,312	-86,058	-24,902	-31,277	-31,385	-24,422	-504,329	-533,374
<b>Total</b>	<b>-691,881</b>	<b>-659,600</b>	<b>-15,418</b>	<b>20,883</b>	<b>22,109</b>	<b>593</b>	<b>12,039</b>	<b>10,959</b>	<b>-673,151</b>	<b>-627,165</b>

On balance sheet date, TKH has entered into foreign currency forward contracts:

in thousands of euros (unless stated otherwise)	Average contract rate		Nominal amount in foreign currency		Fair value	
	2024	2023	2024	2023	2024	2023
<b>Cash flow hedges of balance positions</b>						
Sell USD with settlement within 3 months	1.11	1.10	-13,180	-6,160	-800	177
Buy USD with settlement within 3 months	1.07		1,403		28	
Buy CNY with settlement within 3 months	7.64	7.60	135,928	155,081	222	-875
<b>Cash flow hedges</b>						
Sell USD with settlement within 3 months	1.12	1.10	-4,560	-453	-330	1
Sell USD with settlement between 3 months and 1 year	1.11	1.09	-29,389	-32,402	-1,633	519
Sell USD with settlement after 1 year	1.11	1.11	-11,120	-49,157	-598	90
Buy USD with settlement within 3 months	1.10		582		29	
Buy USD with settlement between 3 months and 1 year	1.10	1.11	1,186	3,769	61	25
Buy CNY with settlement within 3 months	7.61	7.61	74,441	52,772	95	-363
Buy CNY with settlement between 3 months and 1 year	7.57	7.64	174,456	255,908	118	-1,002
<b>Total</b>					<b>-2,808</b>	<b>-1,428</b>

Time differences between the settlement of the forward contracts and the sale and purchase contracts are anticipated by the use of foreign currency bank accounts or the rollover of forward contracts. The translation risk on financial instruments, when the euro will decrease with 10% compared to all other currencies, with all other variables held constant, would be expected to have an influence of €14.4 million negative on the result before tax (2023: €10.4 million negative). The foreign currency forward contracts are taken into account in this calculation. The impact of a decrease of the euro on the shareholders' equity is larger because of the net investments in foreign subsidiaries with another functional currency. The impact of this is approximately €38.2 million positive (2023: €33.3 million positive). An increase of the euro with 10% will have the opposite influence, namely a positive influence of €14.4 million on the result before tax and a negative influence of €38.2 million on equity.

### Price risk

An important raw material for TKH is copper and aluminium. The price risk of copper and aluminium is limited by a continuously monitoring of sales prices against the development of the purchase price where price changes are passed on to customers. Important raw materials such as copper, aluminium, steel and PVC are purchased with forward delivery contracts, to reduce the price risk on the sale of finished products, provided that:

- a sales contract with a fixed price has been entered into,
- delivery will not take place within one month, and
- an important quantity is required for production.

With physical purchases on long-term against a fixed price in advance, TKH made limited use of derivatives to hedge price risks on free inventories and to fix purchase prices of copper regarding large sales orders with delivery times exceeding one month, if not covered by a long-term purchase.

On balance sheet date TKH has entered into the following derivatives for raw materials:

in thousands of euros (unless stated otherwise)	Average contract rate		Quantity in metric tons		Fair value	
	2024	2023	2024	2023	2024	2023
<b>Cash flow hedges</b>						
Buy Copper with settlement within 3 months	6.28	6.89	1,175	2,112	-229	374
Buy Copper with settlement between 3 months and 1 year	6.71	7.12	1,237	1,886	3	395
Buy Copper with settlement between 1 and 3 years	7.97	7.73	92	391	49	-18
Buy Aluminium with settlement within 3 months	1.17	2.07	2,422	1,833	491	101
Buy Aluminium with settlement between 3 months and 1 year	1.16	2.10	2,158	512	16	49
Buy Aluminium with settlement within 1 and 3 years		2.28		203		3
<b>Total</b>					<b>330</b>	<b>904</b>

A decrease of the copper price with 10% would have a negative impact of approximately €1.8 million on the result (2023: €1.8 million negative) if all other factors and conditions remain the same. This is caused by the free stock, for which price risk is not hedged, which will then be sold at a lower price.

### Credit risk

The financial assets of the group mainly consist of cash and cash equivalents, trade receivables, contract assets and other receivables. The credit risk for cash and cash equivalents is outstanding at major international system banks. The credit risks mainly relate to trade receivables and contract assets. However, it concerns a risk that is spread over a large number of customers that operate in several countries and in different markets. At balance sheet date there was no concentration of credit risk for material amounts. Part of the risk is insured at credit insurance companies. In addition, part of the risk is transferred to factoring companies. The credit risks insurances and factoring is in particular related to receivables on customers in the reporting segment Smart Connectivity systems. These customers are mainly located in the Netherlands and Germany. In addition, for large projects to foreign customers bank guarantees, advanced payments (towards a bank guarantee)

or confirmed irrevocable 'Letter of Credit' are used. The maximum exposure to credit risk is represented by the carrying amounts of contract assets and financial assets that are recognized in the balance sheet, including derivatives with a positive market value.

An impairment analysis is performed at each balance sheet date, whereby the expected credit losses are calculated using a provision matrix. The percentages in the provision matrix are initially based on historical losses for various customer segments (geographic region, customer type, rating and coverage by, for example, credit insurance). The historical credit risk percentages in the matrix are then adjusted with forward-looking information. If the predicted economic conditions are expected to deteriorate, which may lead to an increase in the number of defaults, the historical credit risk rates will be adjusted. On each reporting date, the historical observed credit risk percentages are updated and changes in estimates are analyzed. The assessment of the correlation between historical observed credit risk percentages, predicted economic conditions and expected credit losses is a management estimate. The actual future credit losses may differ. Below is shown the age of the trade receivables, contract assets and the expected credit losses.

in thousands of euros	Not overdue	Up to 30 days	31 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	Older than 365	31-12-2024
							days	Total
Book value	297,283	66,251	13,450	3,132	14,525	1,663	3,842	400,146
Expected credit loss rate	0.1%	0.5%	1.7%	6.7%	2.1%	18.9%	79.1%	
Loss allowance	434	315	223	210	298	314	3,038	4,832

in thousands of euros	Not overdue	Up to 30 days	31 - 60 days	61 - 90 days	91 - 180 days	181 - 365 days	Older than 365 days	31-12-2023 Total
Book value	357,210	61,814	7,258	6,491	3,370	2,958	6,573	445,674
Expected credit loss rate	0.1%	0.4%	1.2%	8.2%	4.9%	18.4%	60.9%	
Loss allowance	414	251	90	531	164	545	4,002	5,997

There are no significant overdue account receivables that are not largely covered by credit insurances or payment guarantees or for which no provision has been recognized.

The movement of the allowance for doubtful debts is as follows:

in thousands of euros	2024	2023
<b>Balance at 1 January</b>	<b>5,997</b>	<b>6,300</b>
Additions	978	1,148
Releases	-459	-565
Acquisitions	88	1
Reclassification to assets held for sale	-906	-18
Utilized	-812	-827
Other reclassifications	-180	-28
Exchange differences	126	-14
<b>Balance at 31 December</b>	<b>4,832</b>	<b>5,997</b>

## 21 CONTINGENT LIABILITIES

Framework agreements have been concluded with some suppliers for the availability of some important raw materials. There are no long-term purchase obligations.

in thousands of euros	2024	2023
Bank guarantees provided to third parties	162,010	110,463
Corporate guarantees provided to banks	11,958	13,784
Purchase obligations arising from orders for property plant and equipment	15,643	37,567

The majority of the outstanding bank guarantees relate to down payments and performance guarantees issued to customers relating to constructions contracts. The related advance payments received from customers are presented as part of contract liabilities.

### Claims

TKH and its subsidiaries are involved in a number of legal proceedings. According to the information currently available and legal advice received, TKH expects any adverse effects from the outcome of these legal proceedings to be adequately covered by other provisions or insurance.



The management structure and segment reporting of TKH is organized along the lines of our three technologies: Smart Vision systems, Smart Manufacturing systems and Smart Connectivity systems. In the overview of 'Consolidated entities', as part of the 'Other

information', is shown in which of the segments the different subsidiaries operate.

In the annual report, a detailed overview of the activities by business segment is shown.

Operating segments in thousands of euros (unless stated otherwise)	Smart Vision systems		Smart Manufacturing systems		Smart Connectivity systems		Other and eliminations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Geographic segments</b>										
Netherlands	43,530	45,170	32,006	47,675	337,837	361,787	81	12	413,454	454,644
Europe (other)	207,128	209,390	160,358	141,397	226,229	366,215	32	1	593,747	717,003
Asia	106,852	114,300	227,147	201,183	34,729	37,685		-1	368,728	353,167
North America	109,318	105,725	133,987	128,307	8,102	5,559	17	23	251,424	239,614
Other	15,044	15,097	51,849	49,691	18,489	18,316			85,382	83,104
<b>External turnover</b>	<b>481,872</b>	<b>489,682</b>	<b>605,347</b>	<b>568,253</b>	<b>625,386</b>	<b>789,562</b>	<b>130</b>	<b>35</b>	<b>1,712,735</b>	<b>1,847,532</b>
Inter-segment	7,725	10,844	3,496	5,310	6,514	10,978	-17,735	-27,132	0	0
<b>Total turnover</b>	<b>489,597</b>	<b>500,526</b>	<b>608,843</b>	<b>573,563</b>	<b>631,900</b>	<b>800,540</b>	<b>-17,605</b>	<b>-27,097</b>	<b>1,712,735</b>	<b>1,847,532</b>
<b>Timing of revenue recognition</b>										
Revenue at a point-in-time	439,313	444,656	95,412	99,118	491,405	654,330	18	21	1,026,148	1,198,125
Revenue over time	38,673	40,624	509,759	468,931	133,524	134,827	-1		681,955	644,382
Inter-segment	7,725	10,844	3,496	5,310	6,514	10,978	-17,735	-27,132	0	0
<b>Revenues from contracts with customers</b>	<b>485,711</b>	<b>496,124</b>	<b>608,667</b>	<b>573,359</b>	<b>631,443</b>	<b>800,135</b>	<b>-17,718</b>	<b>-27,111</b>	<b>1,708,103</b>	<b>1,842,507</b>
Other revenues	3,886	4,402	176	204	457	405	113	14	4,632	5,025
<b>Total turnover</b>	<b>489,597</b>	<b>500,526</b>	<b>608,843</b>	<b>573,563</b>	<b>631,900</b>	<b>800,540</b>	<b>-17,605</b>	<b>-27,097</b>	<b>1,712,735</b>	<b>1,847,532</b>
Raw materials, consumables, trade products and subcontracted work	192,853	205,744	295,491	283,716	353,738	466,008	-17,853	-27,248	824,229	928,220
<b>Added value</b>	<b>296,744</b>	<b>294,782</b>	<b>313,352</b>	<b>289,847</b>	<b>278,162</b>	<b>334,532</b>	<b>248</b>	<b>151</b>	<b>888,506</b>	<b>919,312</b>
<i>Added value in %</i>	<i>60.6%</i>	<i>58.9%</i>	<i>51.5%</i>	<i>50.5%</i>	<i>44.0%</i>	<i>41.8%</i>			<i>51.9%</i>	<i>49.8%</i>
Personnel expenses	157,640	147,329	153,206	155,495	147,195	154,164	19,577	21,479	477,618	478,467
Other operating expenses	47,473	45,179	34,731	34,134	75,677	78,456	1,084	-801	158,965	156,968
One-off income and expenses	-2,639	-508			-513	-618	-844	-857	-3,996	-1,983
<b>EBITDA</b>	<b>94,270</b>	<b>102,782</b>	<b>125,415</b>	<b>100,218</b>	<b>55,803</b>	<b>102,530</b>	<b>-19,569</b>	<b>-19,669</b>	<b>255,919</b>	<b>285,861</b>
Depreciation	16,538	16,896	9,302	9,582	24,883	21,398	1,280	952	52,003	48,828
<b>EBITA</b>	<b>77,732</b>	<b>85,886</b>	<b>116,113</b>	<b>90,636</b>	<b>30,920</b>	<b>81,132</b>	<b>-20,849</b>	<b>-20,621</b>	<b>203,916</b>	<b>237,033</b>
ROS	15.9%	17.2%	19.1%	15.8%	4.9%	10.1%			11.9%	12.8%
One-off income and expenses	2,639	508			513	618	844	857	3,996	1,983
Amortization	42,951	42,662	11,593	10,978	6,251	3,214	13	6	60,808	56,860
Impairments	6,298	3,445	434	83	1,772	193		-1	8,504	3,720
<b>Segment operating result</b>	<b>25,844</b>	<b>39,271</b>	<b>104,086</b>	<b>79,575</b>	<b>22,384</b>	<b>77,107</b>	<b>-21,706</b>	<b>-21,484</b>	<b>130,608</b>	<b>174,469</b>

Operating segments in thousands of euros (unless stated otherwise)	Smart Vision systems		Smart Manufacturing systems		Smart Connectivity systems		Other and eliminations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Other information</b>										
Investments in intangible assets, property, plant and equipment, Right-of-use assets, including acquisitions	74,965	92,229	28,647	34,114	110,418	167,711	3,322	2,937	217,352	296,991
Employees (FTE)	2,122	2,142	1,751	1,954	2,297	2,274	119	95	6,289	6,465
<b>Balance sheet</b>										
Assets	822,900	801,964	404,627	474,075	895,093	790,353	33,786	4,229	2,156,406	2,070,621
Assets held for sale			27,197	21,171					27,197	21,171
Associates	2,671	2,764			27,065	33,220	2	3	29,738	35,987
<b>Total assets</b>	<b>825,571</b>	<b>804,728</b>	<b>431,824</b>	<b>495,246</b>	<b>922,158</b>	<b>823,573</b>	<b>33,788</b>	<b>4,232</b>	<b>2,213,341</b>	<b>2,127,779</b>
<b>Total liabilities</b>	<b>194,929</b>	<b>190,671</b>	<b>317,436</b>	<b>314,612</b>	<b>208,686</b>	<b>239,764</b>	<b>609,311</b>	<b>547,168</b>	<b>1,330,362</b>	<b>1,292,215</b>
Capital employed previous year	574,414	528,933	163,169	111,584	544,566	430,069	20,945	23,146	1,303,094	1,093,732
Capital employed current year	595,111	574,414	100,359	163,169	654,601	544,566	30,017	20,945	1,380,088	1,303,094
<i>Return on Capital Employed (ROCE)</i>	13.3%	15.6%	88.1%	66.0%	5.2%	16.6%			15.2%	19.8%

EBITDA and EBITA are excluding one-off income and expenses. Reference is made to note 32 for a further detail on the one-off income and expenses.

The geographic split of turnover is based on the customer-location.

Added value is calculated by deducting 'Raw materials, consumables, trade products and subcontracted work' from 'Total turnover'.

TKH has no individual customers representing 10% or more of the consolidated turnover.

Other revenues relate to other services provided to third parties, such as rental, insurance payments and charged costs.

in thousands of euros (unless stated otherwise)	Non-current assets <sup>1</sup>		Employees (FTE)	
	2024	2023	2024	2023
Geographic segments				
Netherlands	519,893	481,377	37%	37%
Europe (other)	528,399	512,746	39%	42%
Asia	38,065	40,977	13%	13%
North America	106,167	72,301	9%	7%
Other	13,310	15,065	2%	1%
<b>Total</b>	<b>1,205,834</b>	<b>1,122,466</b>	<b>100%</b>	<b>100%</b>

1. The non-current assets are shown excluding the deferred tax assets.

## 23

## PERSONNEL EXPENSES

in thousands of euros	2024	2023
Wages and salaries	377,026	368,950
Share-based payments	4,425	6,247
Social insurance contributions	63,869	61,968
Pension costs	21,998	20,777
Temporary labor	29,812	33,250
Capitalized development costs	-40,888	-32,876
Other personnel expenses	21,376	20,151
<b>Personnel expenses</b>	<b>477,618</b>	<b>478,467</b>

## 24

## SHARE-BASED PAYMENTS

**Stock option scheme settled in equity instruments**

Option rights to (depository receipts of) ordinary shares of TKH are granted to the management of the subsidiaries. The rights can never be exercised until after the publication of the company's annual results three calendar years following the year in which the rights were granted, and have an exercise period of two years. Partly to avoid abuse of inside knowledge, the conditions for participation have been laid down in an internal regulation and have been accepted in writing by the participants.

**Executive Board**

No option rights are granted to the members of the Executive Board and the Supervisory Board.

**Other option beneficiaries**

The movement and balance of the outstanding option rights granted to the other option beneficiaries are as follows:

Year of allocation	Exercise price in €	Number at 01-01-2024	Granted during the year	Expired during the year	Elapsed during the year	Exercised during the year	Number at 31-12-2024	Exercise period
2019	46.02	223,995		-223,995				2022-2024
2020	32.28	143,842			-2,027	-25,836	115,979	2023-2025
2021	37.88	328,174			-17,300	-10,527	300,347	2024-2026
2022	44.52	351,142			-10,100		341,042	2025-2027
2023	45.16	370,434			-13,705		356,729	2026-2028
2024	37.12		389,029		-2,480		386,549	2027-2029
<b>Total</b>		<b>1,417,587</b>	<b>389,029</b>	<b>-223,995</b>	<b>-45,612</b>	<b>-36,363</b>	<b>1,500,646</b>	

At the end of 2024, the company owns 1,086,906 purchased (depository receipts of) shares to cover the option rights. These (depository receipt of) shares have been purchased against an average share price of €42.03. The total purchase value is €45,686,334. The average share

price on the date at which the share options were exercised during the financial year was €37.82. The options were granted during the financial year on March 5, 2024. The estimated fair value of the options granted in 2024 is €2,968,291.

The fair value was determined on the basis of a binomial valuation model with the following assumptions:

	2024	2023
Fair value at the date of allocation (in €)	7.63	11.68
Expected volatility	29.3%	35.8%
Expected dividend	3.0%	3.0%
Risk free rate	2.762%	3.502%
Expected period to expiry of the option (in years)	4.0	4.0

The current restrictions on the exercise of the options, the chances that employees will leave the company and possible personal considerations of option holders have been taken into account for the expected expiry period of the options. TKH has a reported total charge of

## 25 OTHER OPERATING EXPENSES

Other operating expenses include overhead, selling, accommodation and manufacturing expenses.

## 26 DEPRECIATION

in thousands of euros	2024	2023
Depreciation of property, plant and equipment	35,946	32,574
Depreciation of Right-of-use assets	16,394	16,339
Result on disposal of property, plant and equipment	-337	-85
<b>Depreciation</b>	<b>52,003</b>	<b>48,828</b>

## 27 AMORTIZATION

in thousands of euros	2024	2023
Amortization of intangible assets	43,124	40,338
Amortization of intangible assets from acquisitions as a result of 'Purchase Price Allocations'	17,684	16,522
<b>Amortization</b>	<b>60,808</b>	<b>56,860</b>

€3,284,237 (2023: €3,250,187) for these share-based payments which will be settled in equity instruments.

## Other share-based payments

Based on the share scheme, (depository receipts of) shares have been allotted to the members of the Executive Board. During 2024 Mr. J.M.A. van der Lof was allotted 17,388 (depository receipts of) shares, Mr. E.D.H. de Lange 13,053, and Mr. H.J. Voortman 12,575 (depository receipts of) shares related to the performance for the year 2023. At the same time, the Executive Board members purchased respectively 17,388, 13,053 and 12,575 (depository receipts of) shares at the actual share price of €38.05, all in accordance with the regulation of the share scheme. As a result of the share-based payments, TKH has recognized a total charge of €1,140,348 (2023: €2,996,652) in the statement of profit and loss.

## 28 IMPAIRMENT

in thousands of euros	Notes	2024	2023
Impairment of intangible assets and goodwill	3	934	1,790
Impairment of property, plant and equipment	4	1,295	701
Impairment Right-of-use assets	5	6,275	1,230
Onerous contracts			-1
<b>Impairment</b>		<b>8,504</b>	<b>3,720</b>

## 29 RESEARCH AND DEVELOPMENT COSTS

The total operating expenses over the financial year include the following items:

in thousands of euros	2024	2023
Research and development expenditure	80,749	77,235
Less: Capitalized development costs	-46,460	-41,847
Add: Amortization of development costs	35,316	33,522
Add: Impairment on capitalized development costs	934	1,790
<b>Research and development costs accounted for in the profit and loss account</b>	<b>70,539</b>	<b>70,700</b>
Government subsidies for research and development costs	6,470	4,925

## 30

## FINANCIAL INCOME AND EXPENSES

in thousands of euros	2024	2023
Exchange and translation differences, including the effect of realized cash flow hedges	-2,962	-750
Amortized transaction costs	-527	-527
Interest costs in defined benefit plans	-53	-51
Interest expense on lease liabilities	-2,475	-1,746
Interest expenses	-27,614	-21,116
Interest income from debt instruments at fair value through P&L	79	72
Interest income	1,272	1,244
<b>Financial income and expenses</b>	<b>-32,280</b>	<b>-22,874</b>

## 31

## TAX

in thousands of euros	Notes	2024	2023
Current tax		28,713	40,768
Adjustments for previous years		841	92
Deferred tax	15	-5,554	-3,680
<b>Total tax on result</b>		<b>24,000</b>	<b>37,180</b>

The taxes that are included directly in the statement of other comprehensive income are shown below.

in thousands of euros	Notes	2024	2023
Deferred taxes on revaluation of cash flow hedges	15	-484	1,293
Deferred taxes on actuarial gains and losses	15	-59	15
<b>Total tax on other comprehensive income</b>		<b>-543</b>	<b>1,308</b>

The tax rate is calculated at the prevailing tax rates in each country. The tax rate over the year can be reconciled with the profit before tax as follows:

in thousands of euros (unless stated otherwise)	2024		2023	
<b>Result before tax</b>	<b>123,531</b>		<b>202,942</b>	
Tax calculated at the Dutch tax rate	31,871	25.8%	52,359	25.8%
Correction due to tax effect for:				
Tax participation exemption	-4,748	-3.8%	-13,652	-6.7%
Non-deductible expenses	2,278	1.8%	2,278	1.1%
Non-taxable income	-107	-0.1%	-80	0.0%
Advantages from tax facilities	-6,989	-5.7%	-5,440	-2.7%
Write off / recognition of deferred taxes	-908	-0.7%	1,209	0.6%
(Recognition)/derecognition of deferred tax asset for unused tax losses	2,130	1.7%	145	0.1%
Settlement of income tax returns for previous years	841	0.7%	92	0.0%
Differences in tax rates for foreign subsidiaries	-214	-0.2%	774	0.4%
Change in statutory tax rate	-131	-0.1%	-483	-0.2%
Other tax benefits	-23	-0.0%	-22	-0.1%
<b>Tax on result and effective tax rate</b>	<b>24,000</b>	<b>19.4%</b>	<b>37,180</b>	<b>18.3%</b>

The effective tax rate increased somewhat compared to last year. The following elements are worth noting:

- A significant decreasing effect of the effective tax rate is resulting from the application of the Dutch and (partial) German participation exemption on the divestments of shareholdings that took place during 2024. When this would be normalized, the effective tax rate would be approx. 23.2%.
- The non-deductible expenses include regular items such as non-deductible personell expenses, share based payments.
- The benefits from tax R&D facilities decrease the effective tax rate and during 2024 these benefits increased. The R&D facilities mainly relate to the Netherlands (innovation box), Canada (SR&ED), China and Austria.
- The recognition of a deferred tax liability for withholding taxes had in 2024 a reducing impact on the effective tax rate.
- During the current year tax losses were recognized and included in a deferred tax asset, which resulted in a reduction of the effective tax rate. This effect was however more than offset by the restriction of interest deductibility in the Netherlands, based on the so-called earning stripping rules, for which only partly a deferred tax asset was recognized.
- The settlement of income tax returns for previous years for several legal entities in different countries, which includes other prior year taxes that come up from tax returns and tax audits, was increasing the effective tax rate in 2024 (2023: impact was limited);
- Differences in tax rates for foreign subsidiaries caused on balance a lower effective tax rate. This mainly applies to our subsidiaries in Germany, Italy, France and USA; and
- Changes in statutory tax rates applied in the calculation of deferred taxes resulted in a tax benefit of €0.1 million (2023: tax benefit of €0.5 million).

TKH is within the scope of the OECD Pillar Two model rules. Pillar Two legislation has been enacted in the Netherlands effective as from 31 December 2023 for financial years starting on or after this date (e.g. financial year 2024). Under the legislation, the group is liable to pay a top-up tax for the difference between their (GloBE) effective tax rate per jurisdiction and the 15% minimum rate. TKH has assessed the impact of Pillar Two on its financial position, whereby the initial focus is on the Transitional CbCR Safe Harbour rules. The Transitional CbCR Safe Harbour rules are a short-term measure to exclude a group's operations in lower-risk countries from the compliance obligation of preparing full Pillar Two calculations.

Based on this assessment, there are two jurisdictions that will likely have an effective tax rate lower than 15% and consequently fall out of the Transitional CbCR Safe Harbour rules. The reason that both countries fall out of the Transitional CbCR Safe Harbour rules is the tax benefit arising from the recognition of loss compensation. In case a country falls out of the Transitional CbCR Safe Harbour rules, the next question is whether there would be any top-up tax liability due. Considering that the underlying reason for falling out of the Transitional CbCR Safe Harbour rules is entirely attributable to the recognition of a previously unrecognized DTA with respect to tax losses, this is likely not to lead to any top-up tax under the detailed Pillar Two calculations. Since these unrecognized tax losses were disclosed in the financial statements before FY2024, any deferred taxes attributable to the recognition of these, are effectively disregarded in the detailed Pillar Two calculations. Consequently, the recognition of previously unrecognized DTAs relating to tax losses should not lead to any top-up taxation and therefore no detailed Pillar Two calculation is deemed necessary. Based on the abovementioned, TKH has not booked any current tax expenses related to Pillar Two in the 2024 financial statements.

The TKH Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

in thousands of euros (unless stated otherwise)	Notes	2024	2023
Weighted average number of (depository receipts of) shares (x 1,000)		39,852	40,666
Effect of share options (x 1,000)		24	86
<b>Weighted average number of (depository receipts of) shares diluted (x 1,000)</b>		<b>39,876</b>	<b>40,752</b>
Net profit		99,531	165,762
Less: Non-controlling interests		30	-58
<b>Net profit attributable to the shareholders of the company</b>		<b>99,561</b>	<b>165,704</b>
Amortization of intangible non-current assets from acquisitions	3	17,684	16,522
Taxes on amortization		-4,565	-4,244
<b>Net profit before amortization attributable to the shareholders of the company</b>		<b>112,680</b>	<b>177,982</b>
One-off income and expenses		3,996	1,983
Result from divestments, one-off expenses and purchase price allocations in the result of associates		-22,454	-51,891
Impairments		8,504	3,720
Fair value changes of financial liability for earn-out and put options of shareholders of non-controlling interests	14	-733	146
Tax impact on one-off income, expenses and impairments		-3,125	-1,426
<b>Net profit before amortization and one-off income and expenses attributable to the shareholders of the company</b>		<b>98,868</b>	<b>130,514</b>
<b>Earnings per share attributable to shareholders</b>			
Ordinary earnings per share (in €)		2.50	4.07
Diluted earnings per share (in €)		2.50	4.07
Ordinary earnings per share before amortization (in €) <sup>1</sup>		2.83	4.38
Ordinary earnings per share before amortization and one-off income and expenses (in €) <sup>1</sup>		2.48	3.21

The number of (depository receipts of) shares outstanding with third parties as per December 31, 2024 was 39,877,080. (2023: 39,801,946). The amount of own shares held by TKH amounts to 2,325,349 per 31 december 2024, which represents 5.51% (2023: 5.69%) of the total outstanding shares.

The one-off income and expenses in 2023 and 2024 mainly relates to restructuring, acquisition and divestment costs.

1. Non IFRS measure



**Trade transactions**

in thousands of euros	Sold to		Bought from		Trade receivables		Trade payables	
	2024	2023	2024	2023	2024	2023	2024	2023
CAE Data SAS	2,089	913		96	287	795	27	330
Shin-Etsu (Jiangsu) Optical Preform Co. Ltd.				25,589			239	8,075
Speed Elektronik Vertrieb GmbH	684	416	84	9	48	60	9	
Commend Australia Integrated Security and Communication Systems Pty Ltd.	658	598			127	153		
<b>Total</b>	<b>3,431</b>	<b>1,927</b>	<b>84</b>	<b>25,694</b>	<b>462</b>	<b>1,008</b>	<b>275</b>	<b>8,405</b>

**Shareholdings of members of the Executive Board and the Supervisory Board**

During the financial year Mr. J.M.A. van der Lof sold in total 17,388 (depository receipts of) shares at an average stock price of €38.05, Mr. E.D.H. de Lange sold 26,106 (depository receipts of) shares at a stock price of €38.05 and Mr. H. Voortman sold 11,915 (depository receipts of) shares at a stock price of €38.05, in accordance with the share scheme. In addition, Messrs. J.M.A. van der Lof, E.D.H. de Lange and H.J. Voortman purchased under the share scheme respectively 17,388, 13,053 and 12,575 (depository receipts of) shares at a stock price of €38.05. Among the members of the Executive Board, Mr. J.M.A. van der Lof owned 130,035 (depository receipts of) shares, Mr. E.D.H. de Lange owned 80,099 (depository receipts of) shares and Mr. H.J. Voortman owned 53,626 (depository receipts of) shares at the end of 2024.

**Remuneration of the Executive Board and the Supervisory Board**

The remuneration payable to the members of the Executive Board comprises a basic salary (TRI), pension and a variable element, comprising an annual performance bonus (STI) and a long-term bonus (LTI) scheme entailing a share scheme. The remuneration of the Supervisory Board consists of a fixed remuneration and a remuneration for participation in a committee. The various remuneration components are explained below, as well as the amount charged to the legal entity and its subsidiary or group companies.

in thousands of euros	Total regular income (TRI)		Bonus (STI)		Share scheme (LTI)		Pension	Compensation for pension premium		Total		
	2024	2023	2024	2023	2024	2023		2024	2023			
Executive Board	1,953	1,887	288	785	874	2,808	111	96	408	375	3,634	5,951
Supervisory Board	335	325									335	325
<b>Total remuneration</b>	<b>2,288</b>	<b>2,212</b>	<b>288</b>	<b>785</b>	<b>874</b>	<b>2,808</b>	<b>111</b>	<b>96</b>	<b>408</b>	<b>375</b>	<b>3,969</b>	<b>6,276</b>

The breakdown of the remuneration per person and according to the various remuneration components is included in the remuneration report that is part of the annual report.

## Acquisitions

During 2024 TKH acquired the following companies:

Name subsidiary	Country	Legal ownership and control	Consolidation as from	Operating segment
JCAI Inc	Canada	100.0%	1 February 2024	Smart Connectivity systems
Comark Srl	Italy	100.0%	1 August 2024	Smart Vision systems
Liberty Robotics Inc	United States	100.0%	1 September 2024	Smart Vision systems

On January 24, 2024, TKH acquired 100% of the shares in JCAI Inc. JCAI offers state-of-the-art guidance software and equipment that provides airports with the tools needed to ensure the aircraft is directed automatically over the tarmac, allowing for maximization of throughput, whilst balancing safety. JCAI's software is currently deployed across many airports as well as airlines. JCAI will be able to take advantage of as well as accelerate the growth of the advanced TKH CEDD connectivity technology especially in the North American market. JCAI is based in Toronto, Canada, employs 35 people and realized an annual turnover in 2023 of CAD 13.7 million with 25% of turnover derived from recurring software sales and an EBITA and ROS at a minimum in line with our Smart Connectivity segment. For 2024 turnover is lower and EBITA is negative due to a lack of equipment projects, the acquisition is expected to have a positive effect on TKH's earnings per share from 2025 onwards.

On July, 16, 2024, TKH acquired Comark Srl, a company specialized in laser-based volumetric vehicle measurement and classification for tolling and free-flow tolling applications. With this acquisition, TKH can further drive the optimization of traffic flows through innovative and AI-driven products, with new high-performance and high-added value solutions. Comark is based in Udine, Italy and realized a turnover of €2.8 million in 2023 and an EBITA and ROS at a minimum in line with our Smart Vision segment. The turnover and EBITA are pro-rata in line with 2023 and the acquisition already had a positive effect on TKH's earnings per share in 2024.

On August 2, 2024, TKH acquired Liberty Robotics Inc., a state-of-the-art 3D vision guidance systems provider for robotic applications. Liberty Robotics is headquartered in Ann Arbor, Michigan, and has 32 employees, of whom 70% are in R&D. Liberty Robotics' turnover amounted to US\$7 million in 2023 and an EBITA and ROS at a minimum in line with our Smart Vision segment. Liberty Robotics has a strong foothold in the North American market and besides automotive, also services the material handling/packaging and logistics industries which complements our 3D Vision portfolio. Liberty Robotics is expected to profit from our global sales network. The turnover and EBITA are pro-rata in line with 2023 and the acquisition already had a positive effect on TKH's earnings per share in 2024.

The purchase price, net asset valuation and preliminary fair value adjustments are as follows:

in thousands of euros	Liberty Robotics			Comark			JCAI			Total acquisitions 2024		
	Book value	Adjustments	Fair value	Book value	Adjustments	Fair value	Book value	Adjustments	Fair value	Book value	Adjustments	Fair value
Intangible assets		8,062	8,062	13	3,082	3,095	347	11,487	11,834	360	22,631	22,991
Property, plant and equipment	7		7	32		32	263		263	302		302
Right-of-use assets	233		233	183		183			0	416		416
Deferred tax assets	1,682		1,682			0	241		241	1,923		1,923
Inventories	231		231	382		382	379		379	992		992
Trade and other receivables	1,550		1,550	490		490	1,523		1,523	3,563		3,563
Cash and cash equivalents	1,205		1,205	1,310		1,310	857		857	3,372		3,372
Pensions			0	-60		-60			0	-60		-60
Provisions			0			0	-893		-893	-893		-893
Non-current liabilities	-160		-160	-148		-148	-2,672		-2,672	-2,980		-2,980
Deferred tax liabilities	-3	-1,693	-1,696		-740	-740	-93	-3,101	-3,194	-96	-5,534	-5,630
Borrowings	-74		-74	-33		-33			0	-107		-107
Current liabilities	-1,473		-1,473	-344		-344	-1,711		-1,711	-3,528		-3,528
<b>Acquired net assets</b>	<b>3,198</b>	<b>6,369</b>	<b>9,567</b>	<b>1,825</b>	<b>2,342</b>	<b>4,167</b>	<b>-1,759</b>	<b>8,386</b>	<b>6,627</b>	<b>3,264</b>	<b>17,097</b>	<b>20,361</b>
Goodwill paid			8,350			2,937			14,631			25,918
<b>Purchase price</b>			<b>17,917</b>			<b>7,104</b>			<b>21,258</b>			<b>46,279</b>
Contingent consideration			-3,304						-963			-4,267
Cash and cash equivalents acquired			-1,205			-1,310			-857			-3,372
<b>Purchase price paid</b>			<b>13,408</b>			<b>5,794</b>			<b>19,438</b>			<b>38,640</b>

The goodwill paid is attributable to the knowledge and skills of the workforce, expected synergy benefits through intensification of cooperation within the TKH Group and alignment with TKH's strategic development. The recognized goodwill is not tax deductible. The purchase price is paid in cash. Also a conditional compensation for JCAI and Liberty Robotics is included based on turnover in the next three years. The actual compensation to be paid in the future can deviate positively or negatively on the basis of actual results. A material deviation is not deemed likely.

### Divestments

On May 15, 2024, TKH Group N.V. announced the divestment of HE System Electronic GmbH ("HE") to Magna International Inc. HE, which is part of TKH's Smart Manufacturing systems, employs a total of 118 FTEs and has operations in Germany. In 2023, turnover at HE amounted to €20.7 million and EBITA of €1.9 million. Closing of the transaction has taken place at the end of May 2024, from which date HE has no longer been consolidated in TKH

Group's results. The sales agreement includes a guarantee and contingent consideration, which is based on specific customer-contract developments in the coming three years and can potentially have a positive or negative impact on the presented result of this divestment. Currently this consideration is valued at a net amount of nil. The divestment of HE has resulted in a one-off net profit contribution of €14.2 million

In July 2024, TKH reached an agreement on the sale of its 100% share in EKB Groep B.V. The transaction was closed in August 2024, from which date EKB has no longer been consolidated in TKH Group's results. The turnover of EKB, part of TKH's Smart Manufacturing segment, totaled €35.5 million in 2023 with an EBITA of €2.6 million and 199 FTE. EKB operates mainly in The Netherlands. The divestment of EKB has resulted in a one-off net profit contribution of €11.5 million.

In October 2024, we divested our 12.5% interest in the associate Shin-Etsu (Jiangsu) Optical Preform Co. Ltd. The associate was part of our Smart Connectivity segment.

At the end of September 2023 TKH announced that the divestment of its TKH France activities to private equity group Argos Wityu has been closed. The activities will be continued by a newly established company under the name SCS Wagram Holding, in which TKH acquired a minority interest of 40%. The cash outflow from acquisition of associates of €27.6 million as mentioned in the cashflow statement 2023 is related to this acquisition of a minority interest. The transaction results in a one-off net profit contribution of about €20 million for TKH in 2023. Following the closing of this divestment, TKH France will no longer be consolidated in TKH Group's results. In 2023 until end of September, the turnover of TKH France totaled €95.8 million with a recurring EBITA of €12.9 million and 180 FTEs.

In December 2023, TKH has sold its 100% share in Isolectra Communications Technology Sdn Bhd, located in Malaysia. The company generated around €1 million turnover in 2023. The divestment generated a small loss.

The reconciliation between the result on divestment and the cash flow is as follows:

in thousands of euros	2024	2023
<b>Net assets at the time of divestment</b>	<b>38,849</b>	<b>102,080</b>
Result on sale of associates and subsidiaries	24,221	54,802
Cash and cash equivalents divested	-2,811	-26,422
<b>Cash flow from divestments</b>	<b>60,259</b>	<b>130,460</b>

#### Assets and directly associated liabilities held for sale

As part of the Strategic program Accelerate 2025 TKH has decided in 2024 to start an active program to sell certain activities within Smart Manufacturing Systems related to test and measurement systems. The amount of allocated goodwill has been based on applying the relative value method. Besides working capital, capitalized R&D is also an important part of this value. Barring unforeseen circumstances, a sale is highly probable within the upcoming 12 months. TKH expects an one-off net profit upon sale.

## 35 NON-CASH TRANSACTIONS

There were no material non-cash transactions, besides lease transactions as mentioned in note 5

The balance per end of 2023 relates to HE System Electronic, for which reference is made to 'Divestments' above.

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

in thousands of euros	2024	2023
<b>Assets</b>		
Intangible assets and goodwill	6,153	1,179
Property, plant and equipment	963	10,718
Right-of-use assets	2,811	667
Deferred tax assets	3,591	398
Inventories	7,755	4,363
Trade and other receivables	4,268	2,071
Contract assets		1,718
Current income tax	6	
Cash and cash equivalents	1,650	57
<b>Assets held for sale</b>	<b>27,197</b>	<b>21,171</b>
<b>Liabilities</b>		
Non-current interest-bearing loans and borrowings	2,330	536
Deferred tax liabilities	1,342	490
Retirement benefit obligation	1,247	
Current interest-bearing loans and borrowings	536	149
Trade payables and other payables	3,424	1,972
Short term provisions	94	
Current income tax liabilities	46	
<b>Liabilities directly associated with assets held for sale</b>	<b>9,019</b>	<b>3,147</b>
<b>Net assets directly associated with held for sale</b>	<b>18,178</b>	<b>18,024</b>

## 36 EVENTS AFTER BALANCE SHEET DATE

No events of material significance for insight into the financial statements and the preceding period occurred after balance sheet date.

The service fees paid to the external auditor EY, recognized as other operating expenses, can be specified as follows:

in thousands of euros	EY Accountants B.V. (Netherlands)		Total Other parts of EY		Total	
	2024	2023	2024	2023	2024	2023
Audit of the financial statements	1,405	1,352	614	663	2,019	2,015
Other assurance engagements	371	86	8	18	379	104
Tax fees			2	10	2	10
Other non-assurance engagements			6	8	6	8
<b>Servicecosts external auditors</b>	<b>1,776</b>	<b>1,438</b>	<b>630</b>	<b>699</b>	<b>2,406</b>	<b>2,137</b>

The fees related to other assurance engagements includes the limited assurance engagement on the sustainability statement.

# Financial statements

5

## Company financial statements

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# Company statement of profit and loss

in thousands of euros	Notes	2024	2023
<b>Net turnover</b>	15	14,744	13,231
Wages and salaries	16	11,941	13,340
Social insurance contributions		1,765	1,366
Depreciation and result on divestment of property, plant and equipment		544	302
Other operating expenses		11,944	10,916
<b>Total operating expenses</b>		<b>26,194</b>	<b>25,924</b>
<b>Operating result</b>		<b>-11,450</b>	<b>-12,693</b>
Financial income		4,405	4,084
Financial expenses		-20,840	-15,595
Exchange differences		-248	11
Change in value of financial liability for earn-out and put-options of holders of non-controlling interests		575	-96
<b>Result before tax</b>		<b>-27,558</b>	<b>-24,289</b>
Tax on result	17	-5,953	-3,802
<b>Company result</b>		<b>-21,605</b>	<b>-20,487</b>
Share in result of participations		121,166	186,191
<b>Net result</b>		<b>99,561</b>	<b>165,704</b>



# Company balance sheet

As of 31 December before profit appropriation

in thousands of euros	Notes	2024	2023
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets and goodwill	2	232,793	211,145
Property, plant and equipment	3	1,375	595
Right-of-use assets	4	2,377	2,525
Financial non-current assets	5	1,047,530	945,677
Deferred tax assets	6	907	858
<b>Total non-current assets</b>		<b>1,284,982</b>	<b>1,160,800</b>
<b>Current assets</b>			
Receivables on subsidiaries		85,501	122,669
Other receivables	7	17,394	11,986
Cash and cash equivalents	13	468	2,116
<b>Total current assets</b>		<b>103,363</b>	<b>136,771</b>
<b>Total assets</b>		<b>1,388,345</b>	<b>1,297,571</b>

in thousands of euros	Notes	2024	2023
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital		10,554	10,554
Share premium		85,021	85,021
Legal reserve		120,398	115,161
Translation reserve		22,584	9,968
Cash flow hedge reserve		-1,916	-525
Retained earnings		546,777	449,682
Unappropriated profit		99,561	165,704
<b>Total shareholders' equity</b>	8	<b>882,979</b>	<b>835,565</b>
<b>Provisions</b>			
Deferred tax liabilities	6	981	879
Other financial liabilities	12	3,106	0
Provisions	11	58,689	46,378
<b>Total provisions</b>		<b>62,776</b>	<b>47,257</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	13	2,212	2,325
<b>Total non-current liabilities</b>		<b>2,212</b>	<b>2,325</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	13	223	23,916
Payables to group companies		431,981	379,640
Other financial liabilities	12	1,660	1,484
Other current liabilities		6,514	7,384
<b>Total current liabilities</b>		<b>440,378</b>	<b>412,424</b>
<b>Total equity and liabilities</b>		<b>1,388,345</b>	<b>1,297,571</b>

# Notes to the company financial statements

## 1 ACCOUNTING PRINCIPLES

The company financial statements of TKH Group N.V. (TKH) are prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its separate financial statements, TKH makes use of the option provided in Article 2:362 sub 8 of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result for the separate financial statements of TKH are the same as those for the consolidated financial statements. For a description of these accounting principles, reference is made to the accounting principles of the consolidated financial statements.

Investments in subsidiaries are valued at net asset value. The net asset value is determined on basis of the valuation principles, as described in note 1 of the consolidated financial statements. The net asset value of subsidiaries consists of cost price, exclusive goodwill, the share of TKH in the sum of the assets, liabilities and provisions of the subsidiary, plus the share in the result of the subsidiary since the takeover that is attributed to TKH, less the received dividends.

The expected credit losses as prescribed in IFRS 9 Financial Instruments on receivables on group companies are included in the carrying amount of the participations.

## 2 INTANGIBLE ASSETS AND GOODWILL

in thousands of euros	Goodwill	
	2024	2023
<b>Historical cost at 1 January</b>	<b>212,835</b>	<b>172,957</b>
Accumulated impairment losses	1,690	1,690
<b>Book value at 1 January</b>	<b>211,145</b>	<b>171,267</b>
Acquisitions	20,638	17,866
Transfer within the group	805	21,917
Exchange differences	205	95
<b>Book value at 31 December</b>	<b>232,793</b>	<b>211,145</b>
Accumulated impairment losses	1,690	1,690
<b>Historical cost at 31 December</b>	<b>234,483</b>	<b>212,835</b>

The 'Transfer within the group' in 2023 relates to an internal goodwill reallocation following the divestment of the TKH France activities.

## 3 PROPERTY, PLANT AND EQUIPMENT

in thousands of euros	Other equipment	
	2024	2023
<b>Historical cost at 1 January</b>	<b>2,783</b>	<b>2,482</b>
Accumulated depreciation and impairments	2,188	2,043
<b>Book value at 1 January</b>	<b>595</b>	<b>439</b>
Purchases	1,020	301
Disposals	-11	
Depreciation	-229	-145
<b>Book value at 31 December</b>	<b>1,375</b>	<b>595</b>
Accumulated depreciation and impairments	1,275	2,188
<b>Historical cost at 31 December</b>	<b>2,650</b>	<b>2,783</b>

## 4 RIGHT OF USE ASSETS

in thousands of euros	Buildings		Other equipment		Total	
	2024	2023	2024	2023	2024	2023
<b>Historical cost at 1 January</b>	<b>2,461</b>		<b>353</b>	<b>212</b>	<b>2,814</b>	<b>212</b>
Accumulated depreciation and impairments	83		206	132	289	132
<b>Book value at 1 January</b>	<b>2,378</b>	<b>0</b>	<b>147</b>	<b>80</b>	<b>2,525</b>	<b>80</b>
Purchases		2,461	171	141	171	2,602
Reassessment	-4				-4	0
Depreciation	-248	-83	-67	-74	-315	-157
<b>Book value at 31 December</b>	<b>2,126</b>	<b>2,378</b>	<b>251</b>	<b>147</b>	<b>2,377</b>	<b>2,525</b>
Accumulated depreciation and impairments	331	83	273	206	604	289
<b>Historical cost at 31 December</b>	<b>2,457</b>	<b>2,461</b>	<b>524</b>	<b>353</b>	<b>2,981</b>	<b>2,814</b>

## 5 FINANCIAL NON-CURRENT ASSETS

in thousands of euros	Subsidiaries		Associates		Total	
	2024	2023	2024	2023	2024	2023
<b>Balance at 1 January</b>	<b>910,460</b>	<b>833,809</b>	<b>35,217</b>	<b>30,763</b>	<b>945,677</b>	<b>864,572</b>
Acquisition and/or incorporation of subsidiaries and associates	18,675	35,894		27,624	18,675	63,518
Disposals	-10,909	-105,486	-6,457	-19,219	-17,366	-124,705
Capital contribution	26,919	69,882			26,919	69,882
Result	110,619	134,820	174	-3,430	110,793	131,390
Dividend received	-63,064	-68,578	-60		-63,124	-68,578
Change in cash flow hedge reserves	-1,279	3,815			-1,279	3,815
Transfer within the group	-76				-76	0
Actuarial gains/(losses) from defined benefit plans	-234	71			-234	71
Other changes		-134			0	-134
Reclassification provision subsidiaries and associates	14,908	12,425			14,908	12,425
Exchange differences	12,647	-6,058	-10	-521	12,637	-6,579
<b>Balance at 31 December</b>	<b>1,018,666</b>	<b>910,460</b>	<b>28,864</b>	<b>35,217</b>	<b>1,047,530</b>	<b>945,677</b>

The difference between the abovementioned result on subsidiaries and associates and the result as included in the company statement of profit and loss relates to the result on divestment of subsidiaries and associates as disclosed in note 34 of the consolidated financial statements.

## 6 DEFERRED TAX

The deferred tax assets and liabilities are related to the following items:

in thousands of euros	Undistributed intragroup profits	Tax write- down of loans	Financial instruments	Total
<b>Balance at 1 January 2023</b>	<b>-618</b>	<b>814</b>	<b>-25</b>	<b>171</b>
(Charge)/credit to profit or loss	-261	69		-192
<b>Balance at 31 December 2023</b>	<b>-879</b>	<b>883</b>	<b>-25</b>	<b>-21</b>
(Charge)/credit to other comprehensive income			-54	-54
(Charge)/credit to profit or loss	-102	103		1
<b>Balance at 31 December 2024</b>	<b>-981</b>	<b>986</b>	<b>-79</b>	<b>-74</b>

Certain deferred tax assets and liabilities are offset in accordance with the principles provided in IFRS. The deferred taxes are recognized in the balance sheet as follows:

in thousands of euros	2024	2023
Deferred tax assets stated under non-current assets	907	858
Deferred tax liabilities stated under non-current liabilities	-981	-879
<b>Deferred taxes</b>	<b>-74</b>	<b>-21</b>

## 7 OTHER RECEIVABLES

in thousands of euros	2024	2023
Taxes and social security premiums	15,541	10,414
Other receivables	1,853	1,572
<b>Other receivables</b>	<b>17,394</b>	<b>11,986</b>

## 8 EQUITY

For the movement schedule is referred to the consolidated statement of changes in group equity. The company only movement schedule for equity, excluding the movement of the non-controlling interests, is the same.

Authorized capital	2024		2023
	x1,000	€'000	€'000
<b>The authorized capital consists of:</b>			
Ordinary shares	59,984		
Cumulative preference financing shares	10,000		
Convertible cumulative preference financing shares	10,000		
Cumulative preference protective shares	60,000		
<b>Each nominal €0.25</b>	<b>139,984</b>	<b>34,996</b>	<b>34,996</b>
Priority share	4		
<b>Each nominal €1.00</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Authorized capital</b>		<b>35,000</b>	<b>35,000</b>
Of which not issued		24,446	24,446
<b>Issued capital <sup>1</sup></b>		<b>10,554</b>	<b>10,554</b>

1. Concerns 4,000 priority and 42,198,429 (depository receipts of) shares.

The number of outstanding (depository receipts of) shares with third parties as per December 31, 2023 amounted to 39,801.946. Due to the exercise of options rights and share schemes, a balance of 75,134 (depository receipts of) shares were sold in 2024. As a result, the number of (depository receipts of) shares outstanding with third parties as per December 31, 2024 was 39,877,080. The amount of own shares held by TKH amounts to 2,325,349 per 31 december 2024, which represents 5.51% (2023: 5.69%) of the total outstanding shares.

The registered ordinary shares, with the exception of the register-shares in the company, have been transferred to Stichting Administratiekantoor TKH Group ('Trust Foundation'), which issues depository receipts of shares to the ultimate capital providers. Stichting Administratiekantoor is the party entitled to the shares and also exercises the voting right, unless it has granted power of attorney to the holders of the depository receipts. The holders of depository receipts are entitled to receive a power of attorney to cast a vote on the shares corresponding to the depository receipts they own. Stichting Administratiekantoor remains

entitled to vote for the shares for which the holders of depositary receipts are not present or represented at the meeting. The aforementioned power of attorney may be limited, excluded or revoked by the executive committee of Stichting Administratiekantoor in various situations specified in the law (see also Corporate Governance). In that case Stichting Administratiekantoor may (again) exercise the voting right for all shares for which depositary receipts have been issued. The relationship between Stichting Administratiekantoor and the holders of depositary receipts of shares is governed by the administrative conditions. The protection afforded by the use of depositary receipts is based on the 1% rule. The depositary receipts may be exchanged for ordinary shares but not for more than 1% of the total issued capital in the form of ordinary shares. This total includes shares owned indirectly as well as directly. However, this does not apply to the transfer of ordinary shares to the company itself. Every transfer of preference financing shares, convertible preference financing shares and preference protective shares must be approved by the Executive Board. The Executive Board may only grant its approval with the approval of the Supervisory Board.

Besides from what is mentioned in the 'Other information', no special rights are attached to the priority shares.

The company has granted the Stichting Continuïteit TKH ('Continuity Foundation') an option to take preference protective shares for up to a maximum of 50% of the sum of the other outstanding shares at the time that the preference protective shares are issued or 100% of the sum of the other outstanding shares at the time that the preference protective shares are issued if the restriction on the cancellation option lapses, which will occur if and when the Executive Board of the company so decides and files a statement to that effect with the Chamber of Commerce.

### Share premium reserve

The share premium reserve is fully exempt from Dutch taxes on distribution.

### Legal reserve

The legal reserve relates to:

in thousands of euros	2024	2023
Capitalized development costs	107,730	100,447
Legal reserve for participations	12,668	14,714
<b>Legal reserve</b>	<b>120,398</b>	<b>115,161</b>

The legal reserve is not available for distribution to the company's shareholders.

### Revaluation reserves

The revaluation reserves are not available for distribution to the company's shareholders.

### Hedging and translation reserve

The hedging and translation reserves are legal reserves and not available for distribution to the company's shareholders.

## 9 DIVIDEND

TKH recognizes a liability to pay a dividend when the distribution is no longer at the discretion of the company. A dividend payment is due under Dutch law if approved by the shareholders. At that moment, the amount is recognized directly in equity. At the General Meeting of shareholders in 2024 the dividend for the year 2023 was declared at €1.70 per (depositary receipt of) ordinary share. The dividend was paid in cash. The dividend on the priority shares was declared at €0.05 per share. The total amount of dividends paid in 2024 was €67,883,344 and this amount was charged to the retained earnings.

After December 31, 2024, the Executive Board has proposed a dividend. With regard to Article 33 of the Articles of Association, the Executive Board proposes to the holders of (depositary receipts of) ordinary shares a dividend of €1.50 per (depositary receipt of) ordinary share. The dividend proposal is subject to approval at the annual general meeting and has not been recognized in the balance sheet and does not impact the corporate income tax.

## 10 SHARE-BASED PAYMENTS

The share-based payments are disclosed in note 24 of the consolidated financial statements.

## 11 OTHER PROVISIONS

in thousands of euros	2024	2023
Liability for subsidiaries with negative equity	58,172	45,872
Other long-term provisions	517	506
<b>Total of other long- and short-term provisions</b>	<b>58,689</b>	<b>46,378</b>

For more background details about other long-term provisions see note 13 of the consolidated financial statements.

## 12 OTHER FINANCIAL LIABILITIES

in thousands of euros	Earn-out	Put options of holders of non-controlling interests	Total
<b>Balance at 1 January 2024</b>	<b>734</b>	<b>750</b>	<b>1,484</b>
Change in value through the profit and loss account	-161	-414	-575
Purchases	4,267		4,267
Payment for acquisitions from previous years	-174	-227	-401
Other reclassifications		-9	-9
<b>Balance at 31 December 2024</b>	<b>4,666</b>	<b>100</b>	<b>4,766</b>

For more details about the financial liabilities see note 14 of the consolidated financial statements.

## 13 NET INTEREST-BEARING DEBT

in thousands of euros	2024	2023
Bank loans reported under non-current liabilities	2,212	2,325
Borrowings reported under current liabilities	223	23,916
Cash and cash equivalents	-468	-2,116
<b>Net interest-bearing debt</b>	<b>1,967</b>	<b>24,125</b>

For more details about the facilities, conditions and securities see notes 10, 17, 18 and 20 of the consolidated financial statements.

## 14 CONTINGENT LIABILITIES

Under Article 2:403, paragraph 1 sub f of the Dutch Civil Code the company has assumed joint and several liability for debts arising from the legal actions for all Dutch subsidiaries of which TKH owns directly or indirectly 100% of the shares. The declarations to that effect have been deposited for inspection at the office of the Chamber of Commerce in the place where the legal entity for which the guarantee was given has its registered office.

The company is formally a guarantor for a total sum of €12.0 million (2023: €13.8 million) for bank credit and bank guarantee facilities provided to a number of foreign subsidiaries. This facility was called on for a sum of €nill (2023: €nill) at the end of 2024.

The company and the majority of its 100% owned Dutch subsidiaries form a tax group for the corporate income tax. Consequently, the company is liable for the income taxes of these subsidiaries.

## 15 TURNOVER

The turnover is related to the charged head office costs in the year for services provided to subsidiaries of the company.

## 16 WAGES AND SALARIES

The share-based payments and remuneration of key management are included in notes 24 and 33 of the consolidated financial statements. The number of employees amounted to FTE 28 end of 2024. (2023: 26)

## 17 TAX

in thousands of euros	Notes	2024	2023
Current tax		-5,815	-3,675
Adjustments for previous years		-137	-319
Deferred tax	6	-1	192
<b>Total tax on result</b>		<b>-5,953</b>	<b>-3,802</b>

The reconciliation of the tax expense in the year with the result before tax is as follow:

in thousands of euros (unless stated otherwise)	2024		2023	
<b>Result before tax</b>	<b>-27,558</b>		<b>-24,289</b>	
Tax calculated at the Dutch tax rate	-7,110	25.8%	-6,267	25.8%
<b>Correction due to tax effect for:</b>				
Non-deductible expenses	865	-3.1%	1,614	-6.6%
Other non-deductible costs	327	-1.2%	459	-1.9%
Adjustments prior year other			450	-1.9%
Settlement of income tax returns for previous years	-137	0.5%	-319	1.3%
Taxes on (un)distributed profits of foreign subsidiaries	102	-0.4%	261	-1.0%
<b>Effective tax rate</b>	<b>-5,953</b>	<b>21.6%</b>	<b>-3,802</b>	<b>15.7%</b>

# 18

## SIGNATURE OF THE FINANCIAL STATEMENTS

Haaksbergen, March 3, 2025

### Executive Board

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

E.D.H. de Lange MBA

H.J. Voortman Msc

### Supervisory Board

P.W.B. Oosterveer, *chairman*

J.M. Kroon

C.W. Gorter

A.M.H. Schöningh

W.A.A. Peek