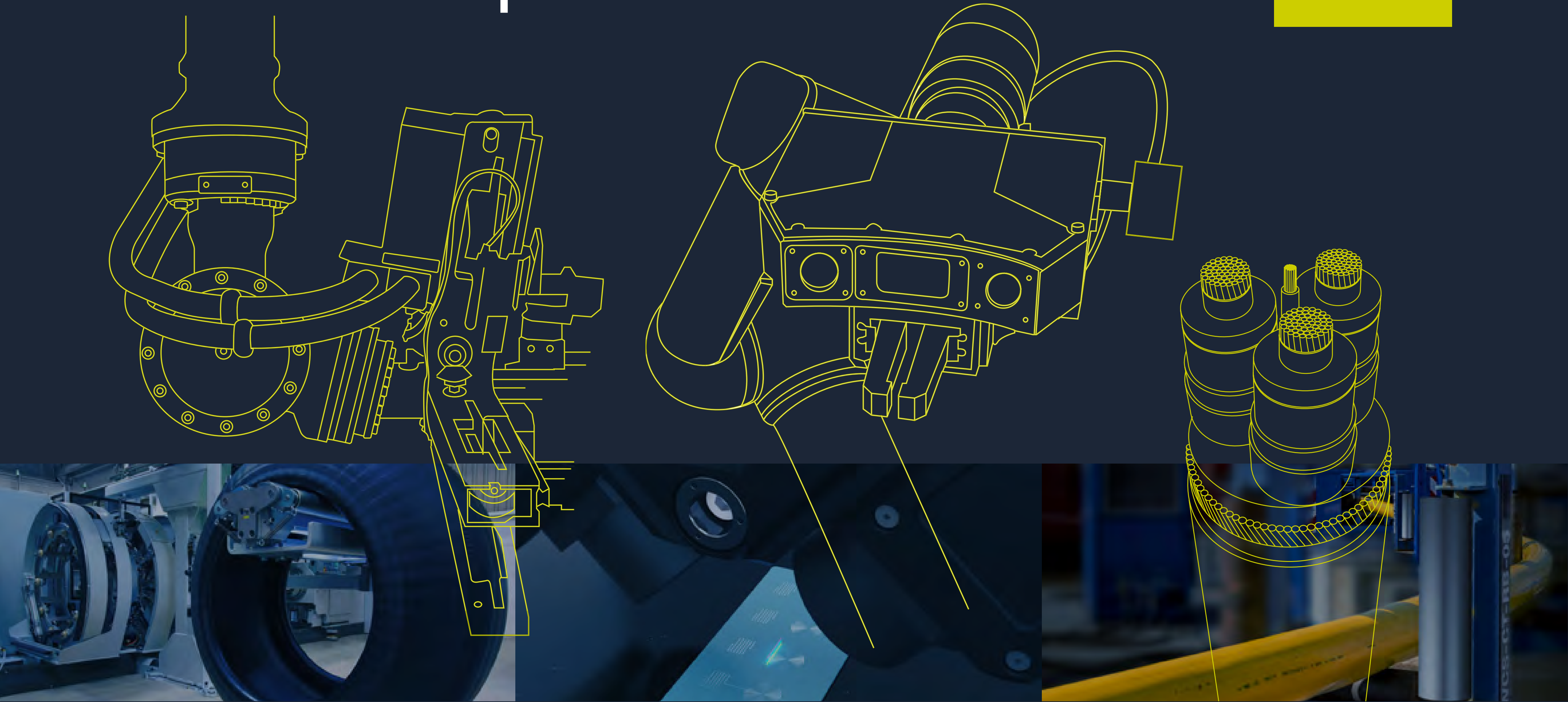
TKH Group
Annual Report 2024



SMART TECHNOLOGIES

TKH Group
Annual Report 2024

European single electronic reporting format (ESEF) and PDF version
This document is the PDF version of the Annual Report 2024 of TKH Group N.V. and has been prepared for ease of use. The Annual Report 2024 was made publicly available pursuant to section 5:25c of the Dutch Financial Supervision Act (Wet op het financieel toezicht), and was filed with Netherlands Authority for the Financial Markets (AFM) in European single electronic reporting format (the ESEF package). The ESEF package is available on the company's website at www.tkhgroup.com/investors/results-centre/annual-reports and includes a human readable XHTML version of the Annual Report 2024. In case of discrepancies between this PDF version and the ESEF package, the latter prevails.

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The paragraphs marked with a * belong to the Management Report as defined in Title 9, Dutch Civil Code 2.

We create innovative leading technologies for high growth markets

TKH Group N.V. (TKH) is a leading technology company.

We specialize in the creation of innovative, client-centric technology systems that drive success in automation, digitalization, and electrification. By integrating hardware, software, and customer-focused insight, our smart technologies provide unique answers to customers' challenges. In doing so, we work to make the world better by creating ever more efficient and more sustainable systems.

With more than 7,000 employees, TKH pursues sustainable growth in a culture of entrepreneurship, working closely with customers to create one-stop-shop, plug-and-play innovations combined with software and Artificial Intelligence for Smart Vision, Smart Manufacturing, and Smart Connectivity technology.

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

Message from the CEO

Strategic progress has once again been a high priority. Important milestones were achieved that have strengthened the foundation for growth. Further focus was created by divestments and acquisitions within the core activities, in line with our objectives.

In terms of important milestones achieved, the opening of the new subsea cable factory in Eemshaven in September 2024 was a clear highlight. This completed the realization of our €200 million strategic capex program. The order intake of over €300 million for this strategic investment, with state-of-the-art production and our unique dry-design cable technology, provides a good basis for a high occupancy rate and an excellent return in line with our objectives. The start-up of the new factory was delayed by some challenges with regard to fine-tuning of the production processes. Good progress was made during the last months of the year, but as announced in November 2024, the desired output will only be achieved in the course of the first half of 2025. A clear setback were the market developments within the outdoor fibre optic Telecom segment. The market within Europe deteriorated abruptly as investments were reversed due to higher interest rates. This had a major impact on volumes, which led to the decision to concentrate production on one production location with lower production costs and to allocate the production location in the Netherlands for expansion opportunities for the energy transition and the required capacity expansions. The start-up costs of the new factories in the Netherlands and Poland had a strong downward effect on the result of the Smart Connectivity activities.

The Smart Manufacturing activities achieved a record year in terms of turnover and results, supported by the excellent performance of the tire building systems segment. With a ROS realization of 19.1%, the target of 19% for 2025 was exceeded. A remarkable performance was achieved by the excellently organized growth in production output and the associated programs for production and cost efficiency.

The Smart Vision activities faced headwinds in the first nine months, mainly due to ongoing destocking at our customers and the effects of lower customer investments in a number of end markets. By focusing strongly on acquiring new customers, winning larger projects and at the same time introducing new technologies, a record ROS of 22% was achieved in the fourth quarter. The high added value of these activities confirmed that our strategy to continue investing in our sales organization and product development was the right choice. Partly due to the increased scale, the realization of our ROS objective came into view.

Investments in software and AI strengthened our technology propositions. This is also due to the scale of the development team that has been created for this in recent years, which develops algorithms that are leading

"Our strategy for the next phase will focus on the exciting trends of Automation and Electrification."

in multiple applications. One recent example is Foreign Object Detection for Tire Building Machines, an advanced algorithm designed to detect foreign objects in tread material using high resolution cameras. Deep Neural Networks (DNNs) represent another success story that you will find described in the cases section of this annual report. Developed in partnership with the University of Graz, DNNs use network algorithms and adaptive artificial intelligence to eliminate ambient noise from the voice signals in intercom systems.

As this is the last year of our Accelerate 2025 strategy, we have started to review our strategy going forward. We have achieved many of the milestones we defined for this period, but also due to geopolitical developments and resulting market headwinds, we have not realized our full potential within the timeframe. Building on our strong foundations, our strategy for the next phase will focus on Automation and Electrification as guiding global trends. Our leading positions and mature technologies on the back of our innovations and R&D roadmap, will allow us to gain further market share and expand our addressable market. In addition, a combination of cost optimizations, optimized integrations and commercial excellence programs will add to further margin expansion. As part of our strong focus on Automation and Electrification, we will implement a matching divestment program, using the proceeds to further build our core technologies, while returning any excess cash to shareholders.

ESG continued to be a high priority in our activities. We made good progress against ESG goals, in particular increasing investments to reduce our carbon footprint in relation to scopes 1 and 2. We also further increased the proportion of women in our executive and senior management teams, to 21.6% in 2024. Together with our customers, we create innovative and client-centric technology systems, to provide answers to sustainability challenges. In doing so, we add value to make the world better by creating more efficient and more sustainable systems and contributing to the United Nations' Sustainable Development Goals (SDGs). The percentage of turnover related to the SDGs increased to 71.6%.

Under the CSRD (Corporate Sustainability Reporting Directive of the European Union), companies in scope will be required to report on sustainability issues in their management report for the 2024 financial year and to obtain an assurance conclusion on this report. However, the implementation of CSRD in Dutch law has been delayed. Although there is not yet a formal statutory requirement to report in accordance with the CSRD due to the delayed implementation, TKH prepared its sustainability statements 2024 based on the CSRD on a voluntary basis. At the same time, we obtained a voluntary assurance on the sustainability statements. This confirms our focus on sustainability and further integration of sustainability in our own operations, and value chains.

Once again, we can say that the passion of our people makes the difference in achieving exceptional performances. These performances did not all translate into the intended return in 2024. However, they do offer prospects for a strong further development of TKH, linked to our strategic choices.

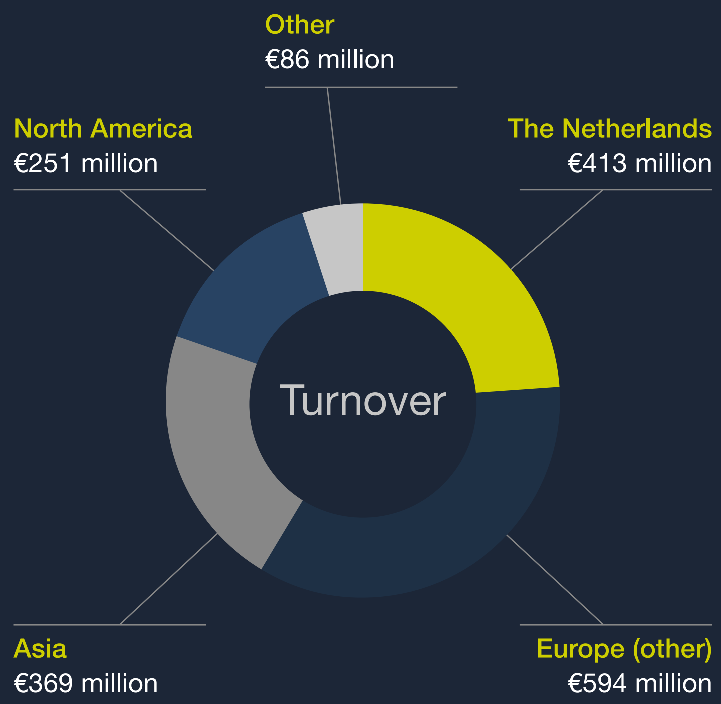
We would like to thank our stakeholders for their trust and cooperation, which have been instrumental in achieving our current results and laying a solid foundation for further value creation in the years ahead.

On behalf of the Executive Board,
Alexander van der Lof, *Chairman*

Highlights 2024

€1,713m Turnover	11.9% Return on sales (ROS)	€203.9m EBITA
51.9% Added value	15.2% Return on capital employed (ROCE)	€1.50 Dividend proposal per share
70.3% Net CO_2e footprint reduction	71.6% Turnover linked to SDGs	21.6% Diversity
8.6 Customer satisfaction score	7.8 Employee satisfaction score	0.7 Accident rate (LTIFR - TKH)

TKH worldwide



Key messages

General developments

Completion of our €200m strategic investment program
- Opening of inter-array cable plant in Eemshaven in September 2024
- Significant expansion of our capacity in Electrification, both medium and high voltage cable as well as off-shore wind inter-array cable

Implemented €15m cost saving measures
- Concentration of all fibre optic cable production in Poland
- Organizational consolidation of TKH's 2D Machine Vision brands

Our technology leadership was supported by a record high investment in R&D of €80.7m

Innovations at 17.6% of turnover

Further strengthening of our proprietary technologies and market positioning through software and AI developments such as
- Foreign Object Detection in tire building machines
- Clean Voice from Noise in integrated security intercom systems

Record high order book of €1,135m per December 31, 2024

The added value increased further from 49.8% to 51.9%, which is an important confirmation of the strategic development of our portfolio and technology leadership

Developments per technology segment

The Smart Vision activities faced headwinds in the first nine months; by focusing strongly on acquiring new customers, winning larger projects and at the same time introducing new technologies, a record ROS of 22% was achieved in the fourth quarter

The Smart Manufacturing activities achieved a record year in terms of turnover and results, supported by the excellent performance of the Tire Building systems segment; with a ROS realization of 19.1%, the target of 19% for 2025 was exceeded

The Smart Connectivity activities were strongly impacted by the deterioration of the fibre optic market as well as the ramp-up of the new inter-array cable facility in Eemshaven leading to a ROS of 4.9%; the perspective of the investment in Eemshaven was confirmed by a record high order intake of €336m for subsea

Sustainability

Sustainability statements aligned with CSRD on voluntary basis, including voluntary assurance on the sustainability statements

High-priority investments resulted in 70.3% reduction of CO_2e footprint (scopes 1 and 2)

Diversity ratio increased to 21.6% (females in executive and senior management teams)

Employee satisfaction rate all-time high at 7.8

71.6% of turnover linked to SDGs

Investments and portfolio optimization

Net investment in property, plant and equipment of €98.7m, of which €49m related to the Strategic Investment Program

As part of our strategy to focus on our proprietary technologies, two non-core entities within Smart Manufacturing systems, together accounting for €56m of turnover in 2023, were divested:
- HE System – specialized in efficient electronic assemblies as well as power modules
- EKB Groep – with a position in both panel building and industrial automation

Acquisition of three companies with proprietary technologies which complement our portfolio
- JCAII – providing innovative and reliable communication systems to the airport industry, complementing our CEDD technology
- Liberty Robotics – provides 3D volumetric vision guidance systems for robot applications
- Comark – a company specialized in laser-based volumetric vehicle measurement

Entering next phase with Focus and Optimization program

Focus on Automation and Electrification by leveraging our existing footprint and by deploying proprietary technologies

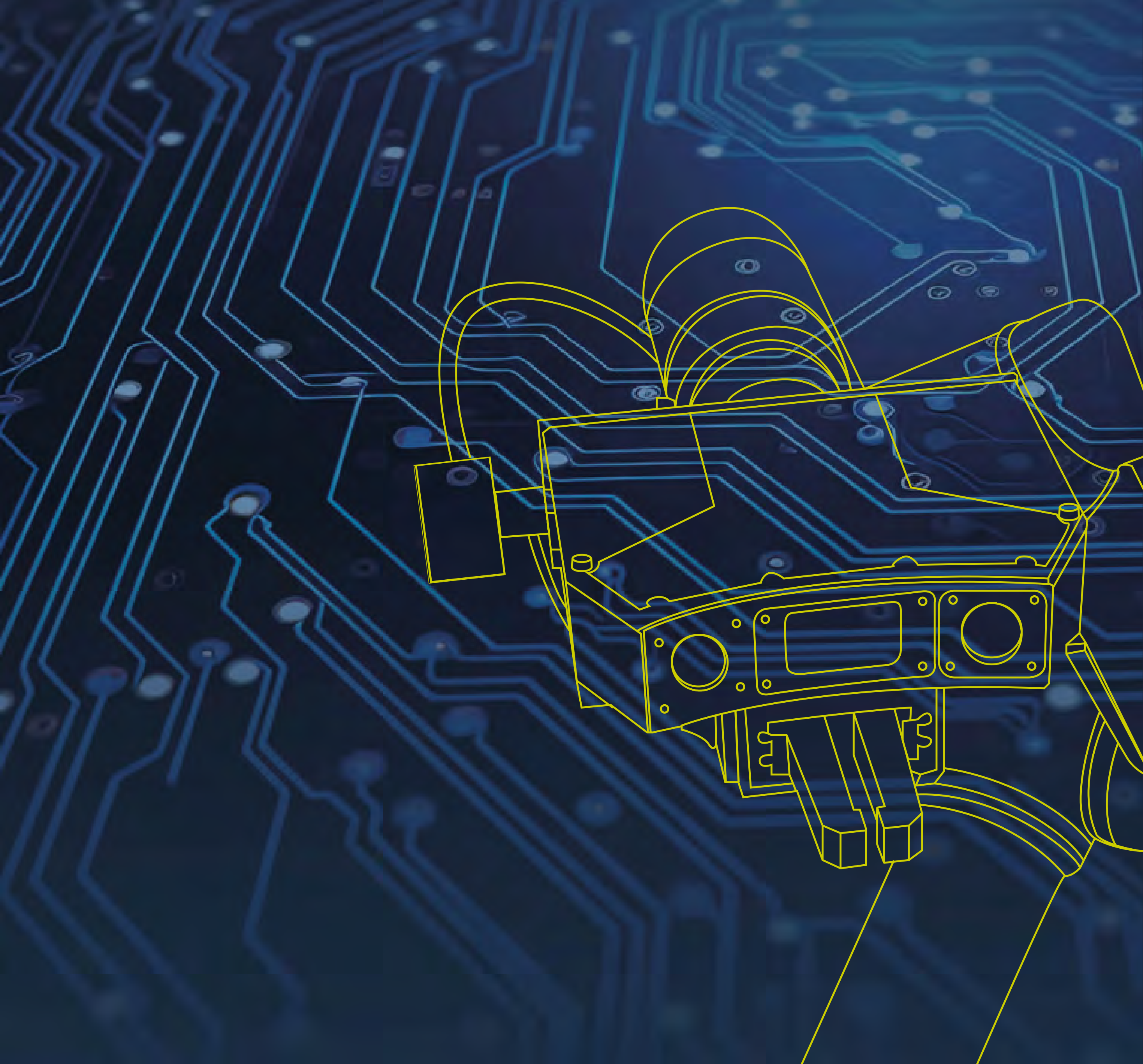
Further optimize our operations through integrations and divestments

Using proceeds to further build on our core technologies in Automation and Electrification, while we aim to return excess cash to shareholders through dividends and/or share buybacks

Strategy and performance

2

Technology company TKH



Mission

Making the world a better place by unlocking the potential of our differentiated technologies.

Vision

We develop class-leading technologies tailored to the needs of our customers.

By making their operations ever more efficient, we aspire to be the strategic partner they trust to deliver long-term value that benefits people, the planet, and future generations.

Who we are and what we do

We specialize in the creation of innovative, customer-centric technology systems for high-growth markets, where growth is driven by the megatrends automation, digitalization, and electrification.

TKH business model

Making the world a better place by unlocking the potential of our differentiated technologies.	Mission
We develop class-leading technologies tailored to the needs of our customers. By making their operations ever more efficient, we aspire to be the strategic partner they trust to deliver long-term value that benefits people, the planet, and future generations.	Vision
We are aspirational · We are empowered · We are motivated · We are customer-focused	Values
Develop leading positions across our chosen markets in which growth is accelerated by the megatrends automation, digitalization, and electrification. We aim to maintain and expand our share in these markets by leveraging and scaling up innovation, investing in the smart elements of our technologies, and actively optimizing our portfolio.	Strategy
Smart Vision systems · **Smart Manufacturing systems** · **Smart Connectivity systems**	Smart Technology segments
Committed people · Differentiation through innovation · Customer first philosophy · Sustainability in action · Sound financial foundation	Strategic pillars

In close partnership with our customers, we integrate our proprietary technologies with internally developed software, Artificial Intelligence, and customer-focused insights, creating fully integrated, one-stop-shop, and plug-and-play systems.

We operate mainly in growth markets, where our differentiated technologies, integrated one-stop-shop, plug-and-play systems or high-quality service levels enable us to build leading positions. We operate globally, with our growth primarily focused in Europe, North America, and Asia.

Our Smart Technologies create unique answers to our customers' challenges, helping them to work smarter, more successfully, and more sustainably. In doing so, we work to make the world better by creating more efficient and more sustainable systems.

We believe that innovation drives progress and success. TKH exists to create sustainable, purposeful innovation

Smart Vison systems

over the long-term. We constantly search for ever more efficient technologies, guided by an unwavering focus on real-world requirements. By helping our customers respond quickly and effectively to changing market trends, we deliver the differentiation that provides a true competitive advantage. Our approach to sustainable innovation is shaped by customer purpose, driven by research, and scaled up by AI. With over 750 forward-thinking minds dedicated to R&D, our journey to better is powered by in-house hardware and software development, shaped by digital transformation, and characterized by unique smart technology systems.

Our competitive strength lies in our customer focus, geographic spread, high-quality innovative and proprietary technologies, and distinctive technological capabilities. This strength allow us to respond quickly and swiftly to changing customer patterns, the accelerating technological developments and the increasing need for sustainable solutions and the consolidation of (industrial) sectors.

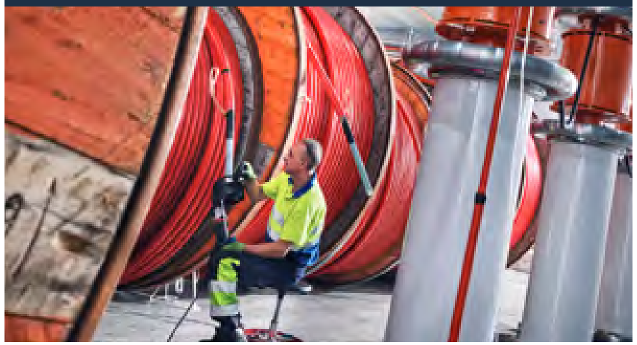
We work with a decentralized business model, coupled with our entrepreneurial, customer-focused culture. Our short lines of communication enabling our operating companies to respond swiftly and effectively to geopolitical and social developments that affect the challenges our customers face.

We operate in a socially responsible manner, continuously seeking to strengthen our contribution to a sustainable society. Socially responsible business practices with a strong environmental awareness are at the heart of everything we do. More than 70% of our turnover relates to at least one UN Sustainable Development Goal. Our portfolio of Smart Technologies supports our customers in meeting their sustainability targets. And we continue to integrate sustainability policies into the business decision-making processes.

We have segmented our Smart Technologies into three core market segments, Smart Vision, Smart Manufacturing, and Smart Connectivity systems.

Smart Manufacturing systems

Smart Connectivity systems



Key targets

Turnover

> €2 billion

in 2025

Return on sales (ROS)

> 17%

in 2025

Return on capital employed (ROCE)

22-25%

in 2025

Carbon footprint (CO_2 emissions)

100%

carbon neutral own operations by 2030 (scopes 1 and 2) – reduction of CO_2 footprint compared to reference year 2019

Diversity

> 25%

Female executive and senior management by 2030

Accident rate (LTIFR)

< 1.0

Our values

At TKH, we develop our technologies in a sustainable and socially responsible manner, using the expertise of our talented people. We conduct our business with honesty, integrity, accountability, and transparency.

We are aspirational

The commitment to go beyond the norm

We are focused on driving success, with the vision to open new possibilities and unlock sustainable value for our stakeholders.

We are empowered

The freedom to make great things happen

We encourage an entrepreneurial mindset, trusting the talent and the passion of our people to take the initiative and deliver the innovation that sets us and our customers apart.

We are motivated

The ambition to deliver sustainable success

More than an innovator, we are a long-term partner. We are motivated by and committed to the best interests of our customers, our planet, and our future generations.

We are customer-focused

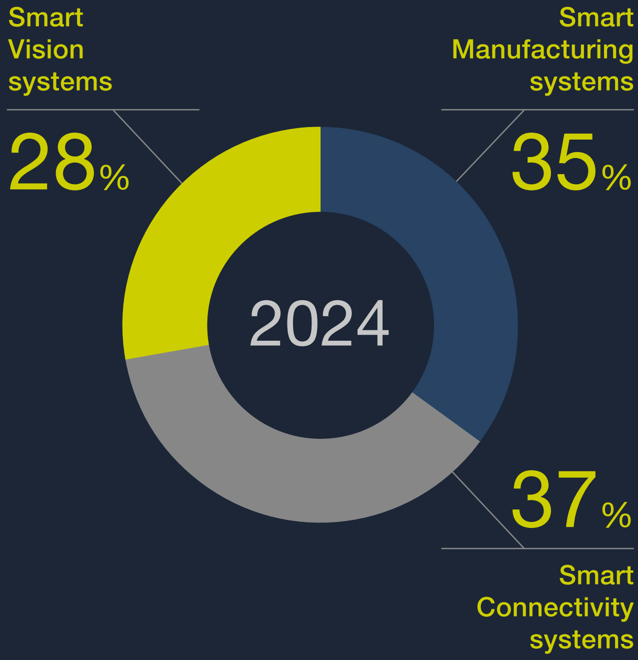
The vision to help our customers thrive

Our close partnerships set us apart, helping us deliver the technology that helps our customers to boost efficiency, achieve ambitions, and maintain success.

Smart Technologies

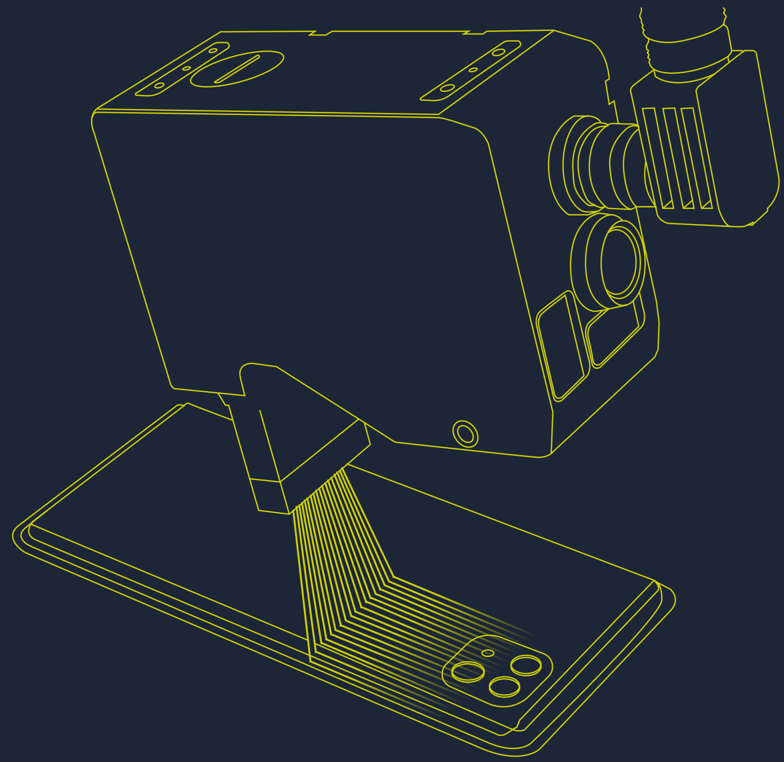
Our Smart Technologies, which combine hardware, software, Artificial Intelligence, and related services into one-stop-shop, plug-and-play innovations, are centered around three segments: Smart Vision systems, Smart Manufacturing systems, and Smart Connectivity systems.

Turnover per technology segment



Smart Vison systems

We develop vision systems to maximize accuracy, efficiency, and security



As a leading innovator in machine vision systems, our technologies represent the eyes, the ears and the brains of automated systems. Our advanced security vision systems, meanwhile, empower our clients to effectively monitor, manage, and control public spaces, urban environments and infra-structure. Vision technology accounts for about 85% of the turnover of the Smart Vision systems segment.

Machine vision

Our cutting edge 2D and 3D machine vision systems sit at the heart of modern automation. In addition to providing premium hardware, our solutions include advanced integrated software with Artificial Intelligence based Machine Learning capabilities, to address the most difficult processing and automation challenges.

2D vision

Our industry-leading 2D vision technologies optimize a wide range of processes and systems across a variety of applications including quality inspection, operation, and object monitoring. We offer systems that cover the full breadth of 2D vision technologies, including area scan, line scan, high-speed, SWIR, UV and polarized imaging, while the addition of embedded and PC based software enable turnkey vision solutions.

3D vision

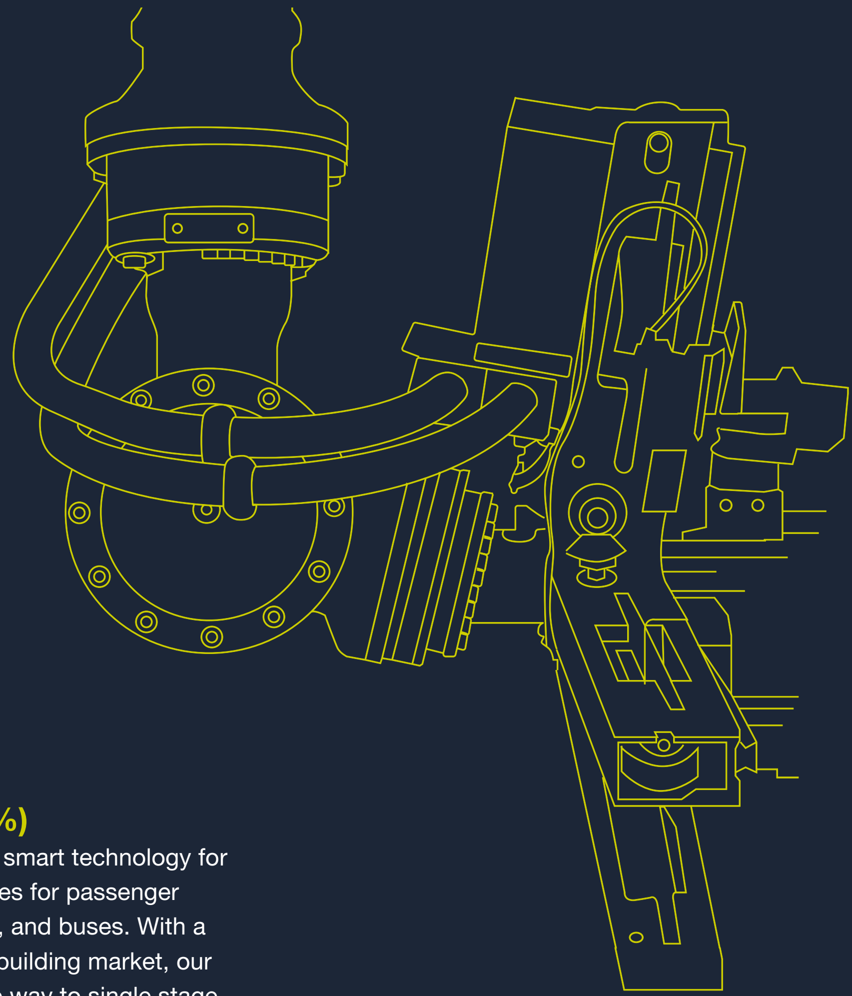
TKH is the global leader in 3D scanning and inspection. 3D machine vision sensors directly digitize the shape of objects, without the need for additional lighting or calibration, allowing for increased accuracy, repeatability, and robustness of the application. Our 3D smart sensor technologies help factories to achieve 100% inspection, reduce waste by optimizing processes, and improve efficiency by simplifying automation.

Security vision

Our security vision systems, combined with advanced communication technologies, help customers to effectively manage and control urban infrastructure; implement intelligent traffic systems; maintain the highest levels of cybersecurity; and support mission critical security and communication systems.

Smart Manufacturing systems

Bringing the factory of the future into the here and now



We are the automation experts. We create value for our customers by empowering them to optimize and further automate processes, reduce inventories, and increase flexibility. Combining engineering expertise, advanced in-house software, proprietary technologies, innovative control and analytical functions, our advanced automated manufacturing systems help the world to work more safely and more efficiently.

Tire building systems (83%)

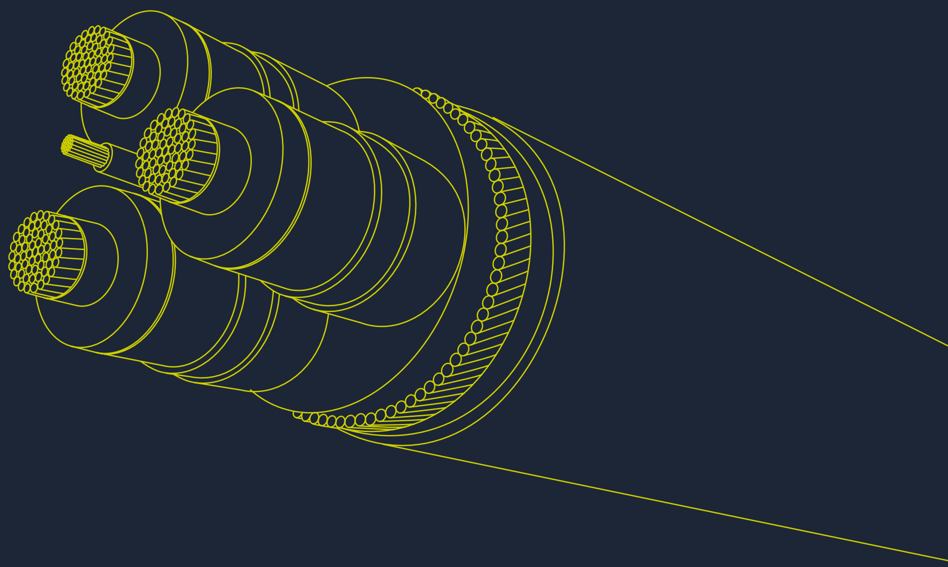
TKH is the leading global supplier of smart technology for the manufacture of superior radial tires for passenger vehicles, light trucks, all-steel trucks, and buses. With a vast, in-depth knowledge of the tire building market, our pioneering technologies have led the way to single stage tire building.

Other (17%)

Our proprietary care system, Indivion, is an innovative, highly automated, pouch-based medicine packing machine. It significantly boosts efficiency and reduces waste in the medicine distribution sector. Our industrial automation systems, meanwhile, increase automation and efficiency across industries as varied as food, metal and chemistry, and pharmaceuticals.

Smart Connectivity systems

Connecting the world of today to the generations of tomorrow



The world is becoming ever more connected, ever more digitalized, ever more quickly. As a leading supplier of highly innovative, purpose-specific connectivity solutions, TKH focuses on energy distribution, data and communication networks, and high-tech industrial environments.

Electrification (48%)

TKH supplies medium and high voltage cables for the transmission and distribution of on-shore and off-shore energy. We provide affordable, efficient, and sustainable cable solutions to network operators, utilities, industry, and energy companies. And our high-quality cables connect bio power plants, wind farms, and substations to the grid. We also offer a complete range of value adding services covering every step from the engineering process to the operational phase.

Digitalization (29%)

We lead the way in fibre optic connectivity for data and communication networks. Our advanced robotics and software engineering in fibre-to-the home (FttH) solutions differentiate us from the competition. Our solution-focused approach provides customers with a full range of flexible, compatible innovative products, reducing overall project costs and public disruption.

Other (23%)

We also offer a broad range of other connectivity systems, including CEDD and specialty cables.

Operating model

With our decentralized operating model, we strive for a high level of entrepreneurship and a winning culture. We stimulate and incentivize group synergies, enabling our operating companies in delivering innovative and unique smart technology solutions to customers at attractive cost levels.

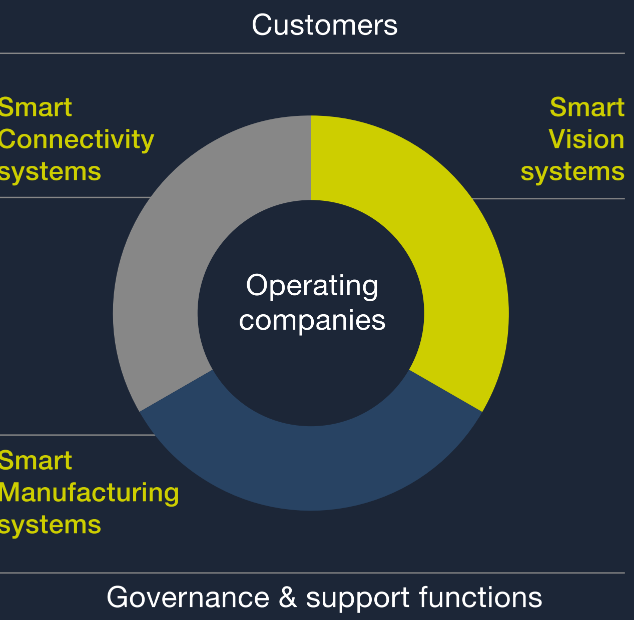
Our group synergies are mainly realized in the following areas:

- Integrated and combined technology systems across our three technology segments.
- Centralized Artificial Intelligence, Machine Learning, and software development centers and leadership, supporting operating entities in accelerating their digitalization and development roadmap.
- Centralized software development and AI leadership.
- A unique pool of talent that enables the transfer of skills and knowledge.
- Group functions that drive economies of scale through cooperation, innovation, and procurement.
- Group management, resources, and competencies to scale up initiatives across large business units.
- Corporate support in the area of treasury, legal, tax, and sustainability.
- Strong TKH branding, reputation, financial resources, market access, and global footprint.

Governance model

Operating model	Entrepreneurial culture	Plan and rewards
• Decentralized operating model. • Operating companies close to customers – high level of customer intimacy. • Delegated profit and loss responsibility and authority. • SMART targets and strong monitoring system to control output.	• Drive to win. • Strong capitalization on new business opportunities. • High-performance execution. • Short lines of communication. • Management development program and meetings. • Inspiring environment. • Diverse workforce.	• Strategy based on innovation and business opportunities. • Clear business plan with SMART goals and road map. • Compensation aligned with performance. • Key employees participate in share-based compensation plans.

Operating model



Our strategy

Our growth strategy is built around our core technologies, creating highly differentiated, customer-centric technologies that drive sustainable long-term value. Through constant innovation, we develop leading positions across our chosen markets in which growth is accelerated by the megatrends automation, digitalization, and electrification. We aim to maintain and expand our share in these markets by leveraging and scaling up innovation, investing in the smart element of our technologies, and actively optimizing our portfolio.

Accelerate organic growth

Increase our market share by unlocking the full potential of our innovative technologies and capitalizing on market growth driven by relevant megatrends.

Sustainability

Deliver a strong performance against our sustainability/ESG targets, especially CO_2e neutrality by 2030 (scopes 1 and 2), and further develop a sustainable portfolio based on SDG principles.

Cost efficiency

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

Innovations

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

Acquisitions

Accelerate growth by acquiring companies with a total turnover of €100 – €150 million turnover.

Portfolio management

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

TKH branding

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

Talent empowerment

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

Strategic objectives per segment

Smart Vison systems

Grow market share through one-stop-shop in Machine Vision systems
Our comprehensive range of 2D and 3D vision products and services places us in a unique position to offer a 'one-stop-shop' and capture the market's full potential. We aim to drive growth by continually investing in R&D, AI innovation and sales operations.

Drive systems approach in machine vision
Machine vision represents the eyes, ears, and the intelligence of automation. We will continue to play a critical role in the search for ever higher levels of production automation to boost productivity, safety, and accuracy. Our R&D investments and AI-driven innovations will underpin growth in our systems approach to supporting customers.

Expand market position in mission critical communication, security systems, and intelligent traffic systems
Through our own proprietary technology, we will further increase the synergies and cross selling between our opco's, by using local presence, network and know-how, which will enlarge our geographical presence.

Smart Manufacturing systems

Expand our product offering within Tire Building – and beyond
Our undisputed leadership in the tire building machines industry puts us in a strong position to benefit from trends such as onshoring by tire builders, and the quest for flexible, highly automated, sustainable tire manufacturing. We will expand our range of markets by introducing new innovations, driven by R&D and a focus on digital leadership. We will also continue to grow our spares and services business.

Smart Connectivity systems

Offshore Energy: Grow market share in inter-array cable
Offshore wind parks are crucial to meeting global electrification goals. Having expanded the capacity with our state-of-the-art Eemshaven facility, the unique features our inter-array cables offer will allow us to grow our market share in this rapidly growing market with high barriers to entry. TKH is ready to support the energy transition.

Onshore energy: capture growth in medium and high voltage cables
We have strengthened our position as the leading full service energy cable supplier in the Netherlands by expanding our production capacity for medium and high voltage cables. TKH is ready to support the energy transition.

Systems approach in fibre optic cables
Our integrated systems approach for data and communication networks in the fibre optic cable market in selected countries in Europe allows us to capture the growth in the roll-out of the fibre optic cable network.

Strategic pillars

We defined five strategic pillars as the core foundation, incorporating our Accelerate 2025 strategic program and targets, to drive sustainable long term value.

Committed people
A strong, diverse workforce of talented people come together in an inspiring, safe, and rewarding environment. Working in close partnership with our customers, we share the passion and the drive to make great things happen.

Differentiation through innovation
We continuously accelerate and scale the innovations that differentiates us from our competitors. With over 750 employees active within R&D and software development, we have registered more than 1,400 patents to date.

Customer first philosophy
We believe in the power of partnership. We work exceptionally closely with our customers, creating detailed R&D road maps that result in technologies that answer their challenges, and even accelerating the time-to-market for selected systems.

Sustainability in action
Six UN Sustainable Development Goals (SDGs) guide our approach to sustainability, with over 70% of our total turnover linked to at least one of them. We integrate sustainability into our decision-making processes, having defined clear targets on key ESG topics. In this way, we support our customers in achieving their sustainability ambitions.

Sound financial foundation
We maintain healthy balance sheet ratios, operate asset light and seek to generate a strong cash flow from our operating activities. This allows us to invest in growth, R&D, and sustainable innovation. In doing so, we create ongoing value for our stakeholders.

Committed people

A key component of our strategy is a strong, diverse workforce of talented people, with the passion and drive to make things happen. Working together with talented and qualified people is vital to achieving our mission of creating best-in-class Smart Technologies.

We want to ensure that we have an attractive and safe workplace. Being an attractive and responsible employer is an important commitment that we take seriously. TKH offers an inspiring, safe, healthy and rewarding environment for all our employees, and we are constantly striving to improve. We strongly believe that the diversity of our workforce will further strengthen the success of our defined strategy. Therefore, one of our priorities is to promote and safeguard diversity within our organization. In addition, we continue to build on our strong employer brand to keep attracting the right talents and fill vacancies rapidly, especially in times of labor shortages.

KPI	Objective	Realization 2024
% of female members in executive and senior management teams	> 25% by 2030	21.6%
Accident rate (LTIFR)	< 1.0	0.7
Illness rate	< 4.0%	3.97%
Employee satisfaction score	> 7.5	7.8

Differentiation through innovation

TKH exists to create sustainable, purposeful innovation over the long-term. Investing in innovative technologies is vital to maintaining our position as a leading technology company and maximizing sustainable value for our stake-holders and the world around us.

Our ambition is to generate over 10% of turnover through innovations introduced in the previous two years. TKH generated €301 million turnover in 2024 from innovations across our three core technology segments (17.6%). As a result, a significant share of our technology portfolio is constantly in the early stages of the product life-cycle, an essential strategic foundation for securing future growth.

In 2024, we spent €80.7 million on R&D activities (2023: €77.2 million) with over 750 people dedicated to R&D and software development. We have registered more than 1,400 patents to date. Around 30% of our technology is driven by software developed by our own in-house engineers. By accelerating and scaling our innovations, we continue to strengthen our leading position and power growth. With our AI center of excellence, we develop state of the art algorithms and applying them to real-world R&D challenges across the group. Our Artificial Intelligence focuses on Computer Vision, Audio AI, Natural Language Processing (NLP), and Machine Optimization.

KPI	Objective	Realization 2024
Innovations	At least 10% of turnover generated by portfolio introduced in the prior two years	17.6%
Sustainable innovations with contribution to SDGs	At least 70% of turnover linked to SDGs	71.6%

Customer first philosophy

We believe in the power of partnership. We work exceptionally closely with our customers, creating detailed R&D road maps that result in technologies that answer their challenges, and even accelerating the time-to-market for selected systems.

We continually search for ever more efficient technologies, guided by an unwavering focus on real-world requirements. By helping our customers respond quickly and effectively to changing market trends, we deliver the differentiation that provides a true competitive advantage. High-quality technologies, solutions, and corresponding services are essential to our commercial impact. Customer interests play a central role in the way we conduct and implement operational activities and developments.

We measure, monitor, and evaluate customer loyalty and appreciation through customer satisfaction surveys. Based on the outcomes, we can take specific actions to better serve our customers. Our average customer satisfaction survey score for 2024 is 8.6 (2023: 8.6), which is above the benchmark score of 7.8. Through training and skills management, standardization of processes, and further improvement of our availability, information systems, and 24-hour service, we aim to provide an even better customer experience.

KPI	Objective	Realization 2024
Customer satisfaction score	> 7.8	8.6

Sustainability in action

Scarcer human resources and rising labor costs are driving demand for automation and ‘hands-off, eyes-off’ manufacturing. The journey towards less waste and lower energy consumption is being powered by advanced smart manufacturing technologies. And electrification requires growth in renewable energies. Together with our customers, we are creating smart, efficient, customer-centric systems that answer these challenges and help to shape a sustainable future.

As we integrate sustainability into our product portfolio, our operations, and our supply chains, we are not only turning responsibility into reality. We are also helping our customers to meet their own sustainability ambitions. TKH has a strong sustainable portfolio and has selected six Sustainable Development Goals (SDGs) to guide our approach to sustainability. Two of these focus on our internal operations and business practices, while the remaining four focus on our innovative product portfolio. TKH’s innovative products make a significant contribution to the SDGs: approximately 70% of our portfolio’s total turnover is linked to one of the SDGs that we have defined as relevant.

Sustainable innovation is a non-negotiable aspect of our business - and an essential part of our DNA. We base every business decision not only on the impact it will have on profitability, but also on people, the environment, and our reputation. Our focus areas are climate change, circular economy, safe & attractive workplace, and responsible business operations.

KPI	Objective	Realization 2024
Carbon footprint (CO_2e emissions)	100% carbon neutrality in own operations by 2030 (scopes 1 and 2) – reduction of CO_2 footprint c ompared to reference year (2019)	70.3%
% waste of most relevant raw materials, compared to total relevant material consumption	< 5% waste	5.4%
Tier-1 copper suppliers certified by The Copper Mark	> 80%	59.0%

Sound financial foundation

We maintain healthy balance sheet ratios, operate asset light and seek to generate a strong cash flow from our operating activities. This allows us to invest in growth, R&D, and sustainable innovation. In doing so, we create ongoing value for our stakeholders.

We aim to achieve an annual increase in earnings per share, and a debt leverage ratio of no more than 2.0. Generated cash will be reinvested in businesses with above-average growth potential and/or distributed to shareholders. Structural surpluses of cash can be used for share buyback programs, dividends, and/or strategic investments with an attractive return on investment.

TKH will expand through organic growth and acquisitions, with a geographic focus on Europe, North America, and Asia. Acquisitions will focus on structurally healthy companies that strengthen our portfolio of proprietary technologies or enhance our sales network. We are targeting additional turnover of €100 million to €150 million through acquisitions, while continuing to manage our portfolio to reduce activities with lower margins and growth potential and limited overlap with our core technologies.

By focusing on higher-margin activities, organic growth combined with cost efficiency, acquisitions, and divestments, we want to be well positioned to take full advantage of the expected market growth and value potential of TKH. Our 2025 target for our ROS is above 17%. The range for the 2025 ROCE target is 22%–25%. Market headwinds and geopolitical uncertainties prevent us from attaining our full potential within the timeframe we had set ourself.

KPI	Objective	Realization 2024
Turnover	> €2 billion by 2025	€1.7 billion
Return On Sales (ROS)	> 17% by 2025	11.9%
Return On Capital Employed (ROCE)	22% – 25% by 2025	15.2%
Net debt / EBITDA	< 2.0 annual target	2.0

Strategic objectives

Accelerate 2025 strategic program

Underlining the strong foundation and value potential of TKH, and building on our strategic pillars, we launched our Accelerate 2025 strategic program in November 2021, introducing renewed targets for 2025.

In addition, TKH unveiled the technology-focused segmentation, centered on Smart Technologies: Smart Vision systems, Smart Manufacturing systems and Smart Connectivity systems. Accelerate 2025 includes actions to boost turnover and ROS by unlocking the full potential of our innovative technologies in the high-growth markets in which we operate. By leveraging our current market positions and the megatrends of automation, digitalization, and electrification, TKH is well positioned to take full advantage of the expected market growth. In addition, we increased our focus on sustainability in our strategy, with strong ambitions and sustainability targets.
The Accelerate 2025 strategic program and targets are included in our strategic pillars.

Priorities Accelerate 2025

Areas	Bandwidth expected turnover	ROS target >17%[1]	Commentary
Organic Growth Cost Efficiency	> € 300 mln	> 2.5%	Scale effect - due to organic growth - on opex and cost of goods sold, productivity, and yield improvement programs.
Innovations	> € 200 mln	> 2.0%	Acceleration of our innovations in terms of turnover, benefit from learning curve and economies of scale, capital light future innovations.
Acquisitions	+ € 100 - € 150 mln		Acquisitions that strengthen our portfolio of proprietary technologies in the area of software, and/or strengthen our sales network.
Portfolio Management	- € 150 - € 200 mln	> 0.5%	Divestments that do not contribute towards achieving our long-term strategy and targets.

1 Represents contribution to ROS improvement, based on reference ROS of 12%.

Strategy update:

Focus and Optimization

With our Accelerate 2025 strategy we have created strong foundations with leading positions in markets such as tire building machines, machine vision for factory automation, integrated security systems and energy cable systems. We have expanded our production capacity in this area and have developed state-of-the-art technologies with distinctive USPs.

In the next strategic phase, we will focus on our activities which bring the best value creation potential, given our market leading positions and proprietary technologies on the back of the global trends.

1 Focus on Automation and Electrification by leveraging our existing footprint and by deploying proprietary technologies

Within Automation, we will focus on production automation, inspection and security as core activities. In Electrification, we will build on our significantly expanded production capacity for offshore and onshore connectivity and capitalize on the substantial value creation opportunities. Our R&D competences, innovations, smart software, and AI will remain cornerstones to accelerate growth.

2 Further optimize our operations through integrations and divestments

Organizational optimization and integration will drive further cost efficiencies in our operations. We will continue to divest non-core business activities that are not related to Automation or Electrification. This includes our Digitalization activities within Smart Connectivity systems.

3 Capital allocation

The proceeds of the divestments will be used to further build on our core technologies in Automation and Electrification, while we aim to return excess cash to shareholders through dividends and/or share buybacks.

The world around us

Megatrends

TKH operates in a dynamic environment. Trends and developments provide important input for defining our strategy. TKH has identified a number of relevant megatrends that are driving our growth and shaping our strategy and innovations.

Automation

- Industry 4.0 is driving “hands-off, eyes-off” manufacturing – shortage of personnel.
- Technology systems are becoming increasingly complex, driving demand for larger-scale technology partners.
- New technology systems to cope with advances in AI and Machine Learning (ML) including Internet of Things (IoT) advancement.
- Reshoring of production locations closer to customers.

Digitalization

- Cloud computing, big data, AI, ML, and (IoT) requiring the continued development of higher-speed bandwidth networks.
- The boom in data acquisition applications with integrated smart technologies bringing high demand for cyber security in line with privacy regulations.

Electrification

- Global focus on reducing greenhouse gas emissions to accelerate the energy transition.
- Boost in power generation from renewable sources.
- Public and private ESG ambitions drive investments.
- Growth in demand for electricity. Europe aims a North Sea Offshore wind capacity of 120GW by 2030 and 300GW by 2050.

Market drivers and position

Market drivers per business segment

Smart Vision systems

- High demand for automation due to movement towards Industry 4.0 and “hands-off, eyes-off” manufacturing.
- Lack of human resources and rising labor costs drive demand for automation.
- Continued increased demand for more productivity and improved quality.
- Progression of Artificial Intelligence, Machine Learning, cloud computing, and big data leads to demand for new technology systems.
- Enlarged complexity of technology systems drive demand for technology partners.
- Increased need for safe and secure buildings and infrastructures.
- IoT advancement and rise in IoT based products leads to high priority for automation.
- Trend toward advanced mobility technologies that support the increased need for enforcement and monitoring.

Smart Manufacturing systems

- Reshoring of production locations closer to customers requires additional capacity, new factory openings, expansion of existing factories, modernization of current factories.
- Lack of human resources and rising labor costs drive demand for automation.
- Demand for reduced inventories, waste and energy consumption in production, driving the need for advanced technologies.
- Increased volume and complexity due to continuous increase of rim size leading to increase in sizes in range, requiring more flexibility in tire production.
- Greater focus on road safety and security, driving demand for high-quality tires.
- Need for more sustainable tires; lower rolling resistance, longer lifetime/mileage, lower noise level, built from environmentally friendly materials, able to withstand higher force.
- New tire structures and new compounds require new production technology.

Smart Connectivity systems

- Electrification requires more renewable energy generation and large investments in the energy infrastructure.
- Public and private ESG ambitions, budgets, and targets, driving investments (renewable energy).
- Scarcity of natural resources, driving the growth in demand for electricity, both in general and as an alternative energy source to fossil fuels.
- Global demand for high-speed bandwidth and data traffic for cloud computing, big data, AI, ML, and (IoT).
- Increased demand for connected assets (IoT).
- Need for advanced mobility, such as autonomous driving and ITS, leading to increased demand for data connectivity.
- Greater demand for monitoring of essential network components.
- Growth and increased speed of automation technology, requiring reliable connectivity systems.

Market position per business segment

Smart Vision systems

- With our full range of Vision Technology and applications, including AI and ML, TKH is uniquely positioned to provide customized, one-stop-shop solutions, and integrated systems based on Smart Technologies.
- A global market and technology leader within 3D Machine Vision technology.
- Strong market position in many growth markets with superior 2D technologies and service model with SMART system approach.
- Leading position in high-end mission-critical communication technology.
- One stop shop proposition with integrated solutions with focus on efficiency, safety, security, and sustainability.

Smart Manufacturing systems

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

Smart Connectivity systems

- Unique positioning thanks to our integrated systems approach and one-stop-shop offering combined with 24-hour deliveries.
- Differentiating and innovative subsea cable, increasing sustainability and improving installation performance (efficiency, cost savings and risk reduction).
- Market-leader in the Netherlands in energy connectivity technology.
- Strong ESG focus, leading to unique positioning within energy segments.
- Market leader in the Benelux and strong position in North and Western Europe in Fibre Optics technologies.
- Advanced robotics and software engineering in Fibre-to-the Home (FttH) solutions, differentiating TKH from competitors.
- Market leader in the high-end industrial automation market and high-end medical market.

Stakeholder analysis

Our stakeholders are those groups and individuals who directly or indirectly influence the activities of TKH and our operating companies.

TKH recognizes and acknowledges the importance of having a meaningful dialogue with its stakeholders about sustainability and the company's strategy including business model and value chain (stakeholder dialogue). Meaningful stakeholder dialogue is characterized by two-way communication and depends on the good faith of participants on the sides of both TKH and the stakeholders. TKH uses various methods and channels to engage in dialogue with its stakeholders, depending on the nature, purpose, and frequency of the interaction. More information on stakeholder dialogues including channels of engagement and key engagement topics can be found in the section Interests and views of stakeholders in the sustainability statements.

In previous years we conducted stakeholder dialogues based on the GRI to identify material topics. In 2024, we performed a double materiality assessment based on the CSRD (Corporate Sustainability Reporting Directive) through which we identified sustainability-related impacts, risks and opportunities. In the table on the left, we mapped the material environmental, social, and governance topics 2023 based on the GRI (previously included in the materiality matrix) to the sustainability matters identified as material under the CSRD. Economic topics are not part of the CSRD assessment, and are included in the Strategy and performance section as well as the Performance and Risk management section. Economic topics are for example financial stability, track record & performance, and market & geopolitics (e.g., supply chain, inflation, Ukraine war).

While most of the material sustainability topics under the CSRD are in line with the materiality analysis based on the reporting requirements of the GRI from the prior year, we have identified AI and algorithm ethics as an additional sustainability topic that requires attention because of more strategic focus on AI applications in the past year. Furthermore, we have now identified water consumption, pollution of air, soil, and water, and working conditions and other work-related rights in the value chain as a distinct topic, which was previously included under respectively responsible production and responsible procurement. The GRI topics employee satisfaction, personal development opportunities and tax were included as of less importance in the materiality matrix, and not identified as material under the CSRD assessment. More information on the material CSRD topics can be found in the Sustainability statements.

GRI topic 2023	CSRD topic 2024	Reference annual report 2024
Environmental		
Responsible production	Pollution of air, soil, and water, and water consumption	page 111-112
Resource efficiency (incl. waste & circularity)	Resource inflows, waste, and waste recycling	page 115-118
Climate change & CO_2 footprint	GHG emissions, energy efficiency and consumption (climate change mitigation), sustainable innovation	page 99-110
Responsible procurement	Child / forced labor, and health and safety (workers in the value chain)	page 131-134
Social		
Sustainable employment	Health and safety, diversity	page 123- 130
Health & safe work environment	Health and safety	page 123- 130
Employee satisfaction	Health and safety, diversity	page 123- 130
Personal development opportunities		page 42
Diversity & inclusiveness	Diversity	page 123- 130
Governance		
Integrity, compliance & human rights	Corporate culture, corruption and bribery	page 139-145
Risk management	Management of relationships with suppliers	page 139-145
Privacy & IT security	Privacy (cybersecurity), AI and algorithm ethics	page 135-138, 146-147
Tax		page 43-44

SWOT analysis

We continuously review our business model and adapt our resources and capabilities to address risks and create new opportunities. The overview below summarizes our main insights and positions in the environments in which we operate.

Strengths that makes us stand out

- Creation of advanced innovative technologies and proprietary systems.
- Leading positions in the growth markets in which we operate.
- High pricing power through smart technologies, systems integration, and services.
- Risk diversification through various product/market combinations.
- Decentralized, customer-focused organizational structure, providing a high level of customer intimacy leading to repeat customers with 'spec'd in' solutions.
- Entrepreneurship is one of our core values.
- Sustainability proposition largely linked to SDGs.
- Strong brand and reputation in active markets.
- Robust balance sheet and liquidity position.
- Capital-light operations in Smart Vision and Smart Manufacturing systems.
- Optimal use of R&D resources and investments in markets with greatest potential.
- State-of-the art production facilities in Smart Connectivity systems with growth potential.

Opportunities for growth

- High demand for automation due to move toward Industry 4.0.
- Acceleration of Artificial Intelligence to boost differentiation in technologies.
- Development and integration of technologies that help improve efficiency and connectivity.
- Lack of human resources and rising labor costs drive demand for automation.
- Demand for reduced inventory, waste, emissions, and energy consumption in production, driving the need for advanced technologies.
- Electrification requires a boost in renewable energy generation.
- Global demand for high-speed bandwidth and data traffic for cloud computing, big data, AI, ML, and (IoT).
- Increased focus on intelligent security due to geopolitics and globalization.
- Technological developments enabling improved customer services and technologies.
- Improvement of cost ratio.

Weaknesses to improve

- Brand awareness in some markets where TKH's presence is still limited.
- Presence in North America and APAC for 2D Vision and Security Vision.
- Organizational optimizations and integrations that will drive further cost efficiencies in the operations and strengthen our branding.
- Increase of our presence, by using cross selling, synergies, local presence, network and know-how, in large geographical markets, like India, Japan, US and Mexico.
- Gender diversity, especially in executive and senior management positions.
- Dependence on worldwide supply chains for some of the raw materials and components.
- Limited liquidity in trading of TKH shares.

Threats we face

- Shorter product life cycles due to higher level of innovation.
- Conservativism in certain end markets to embrace our new differentiating technologies.
- Disruption by new technologies from competitors.
- Global delay in electrification.
- Protectionism of domestic markets by governments, other international geopolitical developments, and import duties impacting supply chains and investments.
- Shortage of qualified staff, challenging labor market.
- Cost and wage inflation.
- Confidentiality, integrity and availability of networks, systems, and data.
- Declining number of dedicated small and midcap investment funds.

Long-term value creation

TKH's value creation process is dynamic and ongoing. It aims to use our business processes to respond to the needs of our stakeholders and to identify at an early stage any opportunities or risks driven by economic, geopolitical, environmental, sustainability, social, and technological trends.

Using detailed R&D road maps, we focus on our customers' developments within our smart technology segments and, by effectively integrating our technologies with software, we create unique, innovative, and comprehensive systems suitable for multiple applications that improve efficiency and connectivity.

Circulare economy & recycling

The composition of products constitutes the basis for optimal recycling. The return of materials, components and products to the appropriate value chain gives rise to a sustainable business model.

Research & Development

During the product development we use methods and processes which make allowances for environmental aspects, such as energy savings and recycling. We also expect our suppliers to act in a sustainable way.

Customers

Thanks to our technology platforms and contribution of specific product and market knowledge, we are able to provide our customers with the best possible solutions offering a favorable return on investment (ROI) and sustainable product portfolio.

Engineering & Operations

We employ operational management models that have been incorporated into an operational excellence program. In doing so, we aim to achieve optimal performance of our operational processes.

Logistics

We focus on organizing efficient, just-in-time logistical services for our customers, supported by one-stop-shop solutions and strong inventories.

Technologies & comprehensive solutions

TKH's core technologies are combined to create innovative, comprehensive systems to meet customer demand and enhance our market opportunities. The sustainability of our innovative product portfolio is crucial.

INPUT

Intellectual
R&D road map and technology and software development for a high-quality, innovative smart technology portfolio, including investment in R&D for recyclable materials and alternative components.

Materials and products
- Raw materials: Steel, aluminum, plastics, other materials
- Energy: Electricity, natural gas, renewable sources
- Labor: Skilled workforce, engineers, factory workers
- Technology: Integrated technologies and software that create innovative, sustainable, and comprehensive systems, both capitalizing on market trends and ensuring efficiency and connectivity for customers.

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

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

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

Social and relations
Close cooperation with stakeholders based on honesty, integrity, and openness. Contributing to and investing in the society around us.

BUSINESS OPERATIONS

Purpose
Make the world better by creating more efficient and more sustainable systems

Core values
- We are aspirational
- We are empowered
- We are motivated
- We are customer-focused

Strategic pillars

Core Technologies

- Smart Vision systems
- Smart Manufacturing systems
- Smart Connectivity systems

OUTPUT

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

Safe and sustainable product portfolio
- Innovative, reliable, and sustainable products and services (machines, cables, camera solutions, maintenance services).
- Contributing to a safe environment and efficient processes for our customers.
- Broad geographic distribution.
- Long-term contracts and supplier diversification to mitigate price and geopolitical risks.

Business and operations
- Sustainable use of energy and raw materials.
- Procurement from certified suppliers to ensure sustainability and compliance.
- Operation in accordance with LEAN and Six Sigma Principles, and ISO 14001 and 45001.
- Implementation of energy-saving, and e missions and waste reduction programs.
- Supplier audits to assess sustainability-related risks, such as raw material extraction impact.

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

Attractive and responsible employer
- Investment in health and safety.
- Investment in training and development opportunities.
- Focus on diversity and inclusion.
- Ensuring honesty and openness.

Social and relations
- Good relationships with stakeholders.
- Social engagement.

OUTCOME

Committed people
- Employee satisfaction: 7.8
- Health and safety
  - LTIFR: 0.7
  - Illness rate: 3.97%
  - Number of fatalities: 0
  - Number of recordable work-related accidents: 114
- Diversity: 21.6%

Differentiation through innovation
- Sustainable innovation
  - Innovation turnover share: 17.6%
  - Turnover connected to SDGs: 71.6%
- R&D expenditure: €80.7 million

Customer first philosophy
- Customer satisfaction: 8.6

Sustainability in action
- Climate change: CO$_2$e footprint reduction: 70.3% (compared to 2019)
- Resource inflows, waste, and waste recycling
  - Waste main raw materials: 5.4%
  - Recycling: 75.2%
- Water consumption: 116,821 m^3
- Privacy (cybersecurity) of customers
  - Customer satisfaction score: 8.6
  - Number of cybersecurity incidents with impact > €100k: 1
- Working conditions in the value chain
  - Tier-1 copper suppliers certified by The Copper Mark: 59.0%
  - Copper suppliers assed with 2024 risk management assessment: 78.2%

Sound financial foundation
- Strong financial returns, innovation in sustainable mobility, long-term growth potential.
- Turnover: €1.7 billion
- ROS: 11.9%
- ROCE: 15.2%
- Net earnings per share: €2.50
- Debt-leverage ratio: 2.0
- Dividend per share: €1.50

CASE SMART VISION SYSTEMS

LMI's AI-powered anomaly detector sets the stage for advanced inspection solutions

As part of LMI Technologies' commitment to innovation, the GoPxL Pro Tools series introduced the Anomaly Detector, a powerful AI-powered toolset designed to enhance 3D defect detection in production lines. This solution leverages traditional and AI-based tools within the GoPxL software framework, enabling users to train and deploy defect detection models directly on GoMax hardware without relying on additional cloud or external resources.

The Anomaly Detector sets the stage for advanced inspection solutions based on LMI's IoT-enabled vision inspection software platform. It addresses the growing demand for advanced inspection and defect detection solutions across industries such as automotive, food, building materials, tires, and more. It empowers manufacturers to address evolving challenges in defect detection, improve production quality, and reduce costs. With its AI-driven capabilities and seamless integration with LMI's Gocator and GoMax hardware, the Anomaly Detector is a critical tool for industries aiming to stay competitive in a rapidly changing manufacturing landscape.

Benefits

The Anomaly Detector provides significant advantages over traditional inspection methods:

- Detect Features of Varying Shape and Size with high speed and accuracy: Eliminate the need for manual threshold tuning by training models on datasets of OK and NG parts.
- Streamlined Workflow: Integrated tools reduce file and dataset management overhead, saving time and effort.
- Cost and Time Efficiency: Train and update models directly in production without additional development licenses.
- Enhanced Measurement Capabilities: Pass anomalies to subsequent tools for precise measurement and gauging based on user-defined criteria.

Financial performance

Turnover reached €1,712.7 million in 2024, a decrease of 7.3% (2023: €1,847.5 million), a large part of which was caused by divestments. Adjusted for acquisitions, divestments and currency effects, turnover decreased organically by 1.2%. Acquisitions accounted for +0.7% and divestments accounted for -6.8% of turnover. Of the three segments, Smart Manufacturing systems recorded turnover growth in 2024.

The geographical distribution of turnover shifted in favor of Asia and North America. The turnover share in the Netherlands declined slightly to 24% of total turnover (2023: 25%), while the share in Europe, excluding the Netherlands, declined to 35% (2023: 39%), partly caused by divestments. In Asia, the turnover share grew to 21% (2023: 19%), due to a larger share of tire building machines delivered to Asia, while turnover in North America grew to 15% (2023: 13%). The turnover share of the other geographical regions grew to 5% (2023: 4%).

The order intake in 2024 amounted to €1,911.4 million (2023: €1,834.8 million), resulting in an order book at year-end of €1,135.0 million (2023 €970.1 million). The order book at Smart Connectivity systems reached a record level of €493.6 million (2023: €214.8 million), driven by a number of large orders for inter-array cables. The order book at Smart Vision systems increased from €124.0 million at year-end 2023 to €139.9 million at year-end 2024. The order book at Smart Manufacturing systems decreased from €631.3 million at year-end 2023 to €501.5 at year-end 2024. The divestments of HE Systems and EKB Groep accounted for €40.0 million of the order decline in Smart Manufacturing systems.

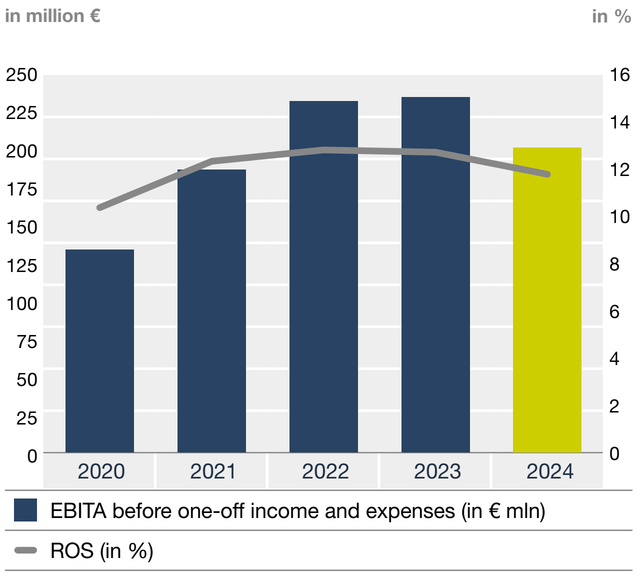
The added value increased to 51.9% in 2024 (2023: 49.8%). All segments reported an increase in added value. Most notably Smart Connectivity systems' added value went from 41.8% in 2023 to 44.0% in 2024. The increase in added value was mainly attributable to the elimination of EU anti-dumping duties on fibre optic cables, a change in product mix, and the impact of acquisitions and divestments.

Operating expenses (excluding one-off income and expenses, amortization and impairments) increased by 0.3% compared to last year. Acquisitions and divestments had a net impact of -3.1%. Operating expenses were impacted by the start-up and ramp-up of capacity related to strategic investments, as well as by payroll increases. Currency effects had a limited impact.

As a result, EBITA excluding one-off income and expenses decreased organically by 7.5% to €203.9 million in 2024, from €237.0 million in 2023. ROS decreased to 11.9% (2023: 12.8%). Inflationary effects, destocking at customers and start-up costs of our new factories all had a dampening effect on ROS. The ROS at Smart Manufacturing systems increased markedly to 19.1% (2023: 15.8%), driven by high-capacity utilization, implemented efficiency improvements, and the catch-up effects from the delivery of previously stored machines in the course of 2024.

In 2024, one-off expenses on EBITA-level amounted to €4.0 million (2023: one-off expenses of €2.0 million) mainly due to the €15 million cost-saving measures implemented in H2 2024. These included reorganization costs in Smart Vision systems for the integration in 2D Vision, restructuring costs in Smart Connectivity systems

EBITA and ROS Development



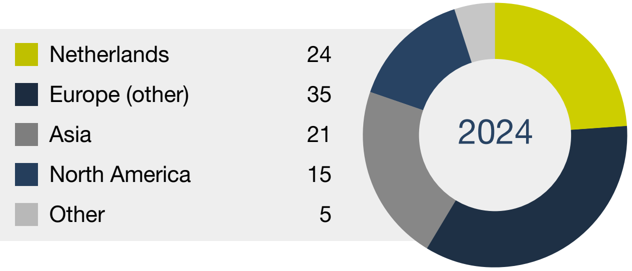
due to the centralization of fibre optic cable production in Poland, and acquisition and divestment costs.

Amortization increased to €60.8 million (2023: €56.9 million) due to the higher amortization of capitalized R&D, as a result of increased investments in previous years and higher amortization of purchase price allocations due to acquisitions. Impairments amounted to €8.5 million (2023: €3.7 million) for mainly underutilized right-of-use and fibre optics network related assets.

Net financial expenses increased to €29.3 million (2023: €22.1 million) due to the combination of higher debt levels and higher interest rates. The results from associates and subsidiaries amounted to €24.5 million (2023: €51.5 million) and includes the one-off profits from the divestments of HE System Electronic and EKB Groep of €24.6 million (2023: divestment of CCG and TKH France of €54.0 million).

Geographical distribution of turnover

in %



The normalized effective tax rate was stable at 24.4% in 2024 compared to 24.6% in 2023. TKH benefitted from R&D tax facilities in several countries.

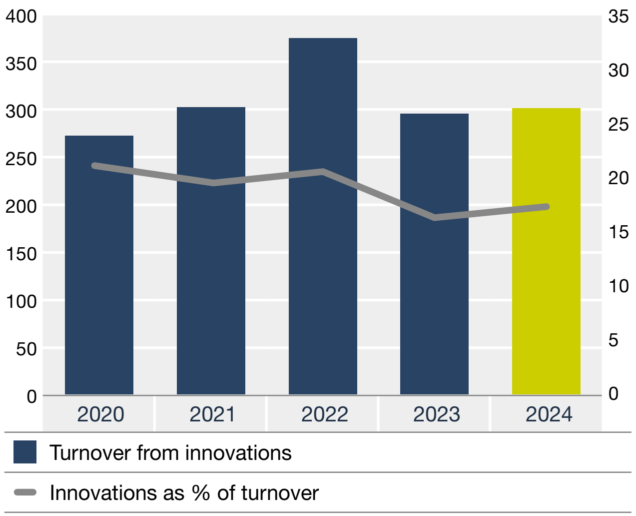
Net profit before amortization of intangible non-current assets related to acquisitions and one-off income and expenses attributable to shareholders decreased by 24.2% to €98.9 million (2023: €130.5 million). Net profit decreased to €99.5 million (2023: €165.8 million). Earnings per share before amortization, one-off income and expenses amounted to €2.48 (2023: €3.21). Ordinary earnings per share were €2.50 (2023: €4.07).

Net bank debt according to bank covenants increased by €26.8 million from year-end 2023 to €496.0 million at year-end 2024. The main items affecting the debt level include the net investments in property, plant, and equipment of €98.7 million (€49 million of which is related to the strategic investment program), acquisitions (net €38.6 million), investments in intangible assets (€61.7 million), and dividends paid (€67.9 million).

Divestments amounted to €60.3 million in 2024, including the €24.2 million one-off profit. At year-end 2024, €18.2 million assets were held for sale (year-end 2023: €18.0 million), related to the intended divestment of the test and measurement system activities, Dewetron. Cash flow from operating activities amounted to €196.2 million (2022: €152.9 million), an improvement due to a decrease in working capital in 2024 compared to an increase a year earlier. Working capital stood at 17.9% of turnover (2023: 16.7%). The net debt/EBITDA ratio, calculated according to TKH's bank covenant, was 2.0, well within the financial ratio agreed with our banks. Solvency improved to 39.9% (2023: 39.3%).

At year-end 2024, TKH employed a total of 6,640 FTEs (2023: 6,899), 351 of which were temporary employees (2023: 434 FTEs).

Turnover from innovations



Developments per technology segment

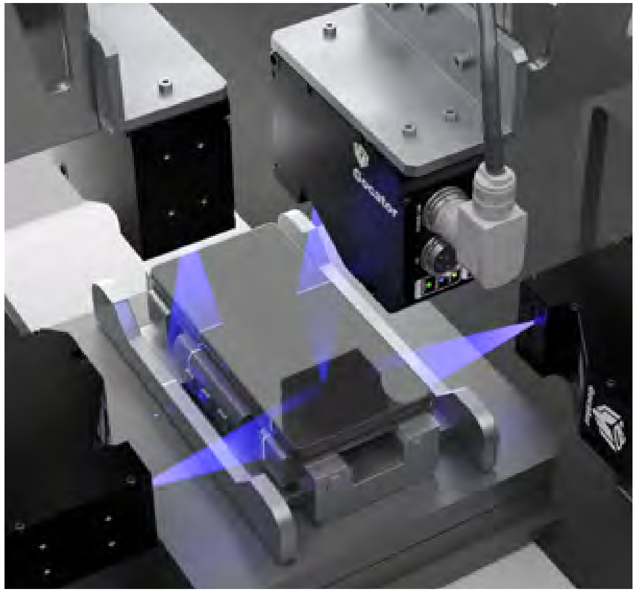
Smart Vision systems

In 2024, turnover in Smart Vision systems decreased by 2.2% to €489.6 million. Adjusted for acquisitions and currency effects, turnover decreased organically by 4.4%. The order book increased by 12.8% to €139.9 million (2023: €124.0 million) resulting from a strong order intake in Q4 2024. The added value increased from 58.9% to 60.6%. Due to higher operating expenses combined with lower turnover growth, EBITA excluding one-off income and expenses decreased to €77.7 million (-12.8% organically) and ROS reached 15.9%.

Vision Technology

85% of Smart Vision systems' turnover

In line with expectations, both Security Vision and Machine Vision posted a record Q4 2024 on the back of a strong order intake delivery and the delivery of some larger secured orders. In 2024, Security Vision's turnover declined slightly, mainly due to the comparison with a strong 2023. In Machine Vision, 3D Vision recorded a decline in turnover due to weak market circumstances in solar and battery business. The return of the wood market and the contribution from Liberty Robotics, which was acquired in the second half of 2024, were not sufficient to offset this impact. 2D Vision recorded growth during the year as it benefitted from implemented customer excellence programs, and expansion into new end markets such as defense. In both 2D and 3D Machine Vision, further innovations accelerated by AI were brought to the market. Machine Vision also saw its share of customized solutions increase. During the year, steps were taken to consolidate the organization of TKH's 2D brands and to strengthen the supply chain, which, together with the implementation of cost-saving measures, resulted in one-off expenses of €2.5 million. These steps will benefit the results of 2D Vision from 2025 onwards. With the return of the wood market, new markets and solutions with Liberty Robotics, and a successful penetration into India, we expect the results for 3D Vision to have bottomed out in 2024 and to start growing. The growth in the order book is largely due to a number of larger security and parking automation projects in Security Vision and to some extent in 2D Machine Vision.



Key figures Smart Vision systems

in € million unless otherwise stated	FY 2024	FY 2023	Δ in %	Organic Δ in %
Turnover	489.6	500.5	-2.2%	-4.4%
Added value	60.6%	58.9%		
EBITA excluding one-off income and expenses [1]	77.7	85.9	-9.5%	-12.8%
ROS	15.9%	17.2%		
Order book	139.9	124.0	+12.8%	
ROCE	13.3%	15.6%		

1 One-off net expenses for Smart Vision systems amounted to €2.6 million in 2024 (2023: € 0.5 million) of which €2.6 million in Q4 2024 (Q4 2023: €0.5 million).

Smart Manufacturing systems

Smart Manufacturing systems turnover grew strongly during the year, although growth slowed down in the second half of 2024, in line with expectations, partly explained by the strong H2 2023. Adjusted for currency effects and divestments, turnover in 2024 grew organically by 11.1%. During 2024, HE System Electronic (2023 turnover €20.7 million) and EKB Groep (2023 turnover €35.5 million) were divested. The order book at €501.5 million decreased by -20.6% (-15.2% organically) compared to its record level of €631.3 million on December 31, 2023. The added value increased further to 51.5% (from 50.5% previously), due to a combination of product mix and price increases being passed on to customers. EBITA excluding one-off income and expenses was up 31.1% organically at €116.1 million, as the implemented efficiency improvements continued to pay off, in combination with the high-capacity utilization at Tire Building systems. As a result, the ROS expanded to 19.1% (2023: 15.8%), with ROS reaching 20.3% in Q4 2024.

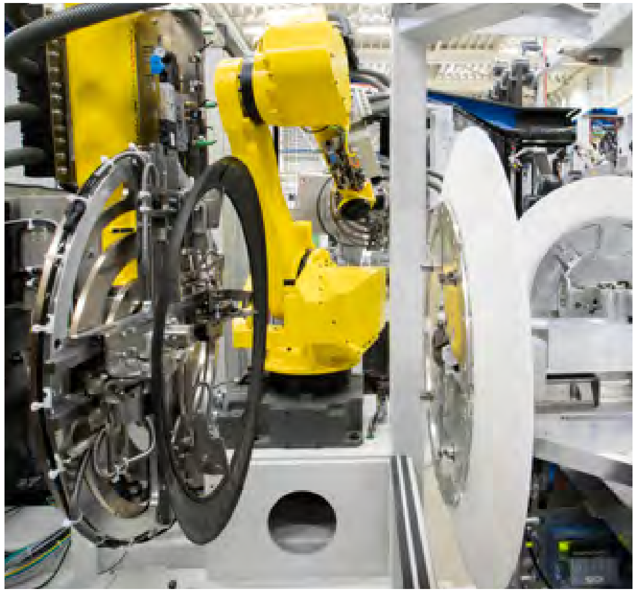
Tire Building systems

83% of Smart Manufacturing systems' turnover

Tire Building systems benefitted from a very strong year in 2024, driven by a record order book and the catch-up effect of deliveries, following the easing of earlier supply chain constraints. Together with the efficiency improvements implemented during the year, this led to a strong operational performance. The production facilities in Poland were further expanded in the first half of 2024. The order for a UNIXX system booked at the beginning of 2024 is scheduled for delivery and installation in the second half of 2025, with further strong market interest. The revolutionary UNIXX technology, implemented in newly released tire component production machines such as UNIXX Beltmaker and Revolute, as well as in tire building machines, continues to gain traction. During the year, AI-powered features were introduced, including Foreign Object Detection, which is based on our proprietary high-speed algorithm that analyzes images in real time with unprecedented accuracy, while minimizing the number of false positives. The lower order intake in 2024, both for passenger and truck tire machines was mainly related to a decline in demand at Tier 1 customers, whereas order intake from Tier 2 and 3 customers remained at similarly high levels compared to previous years. The drivers for tire building systems remain very strong, as the need for more flexibility in production, increased sustainability demands, and the need for higher levels of automation will fuel future demand for more advanced tire building production.

Other

During the year, the divestments of HE System Electronic and EKB Groep were closed and Dewetron was reclassified to "Held for sale." New orders were received for the Indivion, strengthening our position in the Nordics region.



Key figures Smart Manufacturing systems

in € million unless otherwise stated	FY 2024	FY 2023	Δ in %	Organic Δ in %
Turnover	608.8	573.6	+6.2%	+11.1%
Added value	51.5%	50.5%		
EBITA excluding one-off income and expenses	116.1	90.6	+28.1%	+31.1%
ROS	19.1%	15.8%		
Order book [1]	501.5	631.3	-20.6%	-15.2%
ROCE	88.1%	66.0%		

1 The order book as of 31 December 2023 include the order book of the divested companies HE System Electronic and EKB Groep totaling €40.0 million.

Smart Connectivity systems

Turnover in Smart Connectivity systems decreased 21.1% to €631.9 million in 2024 (2023: €800.5 million). Adjusted for the divestment of the commodity connectivity activities in France in September 2023 and currency effects, turnover declined organically by 9.2%. The order book grew strongly to €493.6 million (2023: €214.8 million), with the 129.8% increase coming mainly from inter-array cable orders, including the €200 million turnkey inter-array cable project with Inch Cape, which includes the survey, engineering, manufacturing, testing, supply and installation of the inter-array cables. Added value as a percentage of turnover increased to 44.0% from 41.8% in 2023, mainly due to a shift in product mix, elimination of anti-dumping duties on fibre cables and the divestment. EBITA excluding one-off income and expenses decreased organically by 42.9% to €30.9 million, impacted by lower volumes, start-up and ramp up costs of the new Eemshaven factory, and low levels of utilization in inter-array and fibre optic cables. ROS decreased to 4.9%.

Electrification

48% of Smart Connectivity systems turnover

TKH has invested significantly in additional capacity in offshore wind inter-array cables, and high and medium voltage onshore energy cable in anticipation of substantial market growth in the coming years. The €150 million strategic investment into Electrification is now completed, and the ramp-up of serial production at the new Eemshaven plant for inter-array offshore wind cables, which was initially postponed, is expected to commence shortly . In the past months, the issues in what is considered the most critical production processes have been solved. The remaining production stages are less complex and have already been successfully completed for shorter lengths. To meet the demand for inter-array cables, it was decided to continue the production of inter-array wind cables at the Lochem plant. The demand for onshore energy cables in the Netherlands remained weak due to destocking by utility companies. We made good progress in positioning our high- and medium-voltage cables outside the Netherlands in Europe. Our sales funnel for inter-array cables remains high with more than >10,000 km up until 2030. In anticipation of the planned growth and driven by the large order intake, we expanded our staff. The aforementioned limitations to our turnover growth in inter-array, high- and medium-voltage cables, combined with higher start-up and ramp-up costs impacted the EBITA excluding one-off income and expenses in 2024.

Digitalization

29% of Smart Connectivity systems turnover

Digitalization continued to be impacted by a deteriorating market for fibre optic cables in Europe, due to low levels of investment in the rollout of European fibre networks, a strong destocking effect, as well as pricing pressure due to high inventory levels in the Chinese market. The elimination of EU anti-dumping duties could not compensate for the low utilization rate and ramp-up costs of our new factory in Poland. In 2024 we decided to close the fibre optic cable production in the Netherlands and consolidate production in Poland, which will reduce our operating expenses from Q2 2025 onwards.

Other

23% of Smart Connectivity systems turnover

TKH's specialized and customized connectivity systems for the machine-building and robotics industries continued to be impacted by the weak German economy.

Key figures Smart Connectivity systems

in € million unless otherwise stated	FY 2024	FY 2023	Δ in %	Organic Δ in %
Turnover	631.9	800.5	-21.1%	-9.2%
Added value	44.0%	41.8%		
EBITA excluding one-off income and expenses [1]	30.9	81.1	-61.9%	-42.9%
ROS	4.9%	10.1%		
Order book	493.6	214.8	129.8%	
ROCE	5.2%	16.6%		

1 One-off net expenses for Smart Connectivity systems amounted to €0.5 million in 2024 (2023: one-off expenses of €0.6 million) of which €0.5 million in Q4 2024 (Q4 2023: next expenses of €2.2 million).

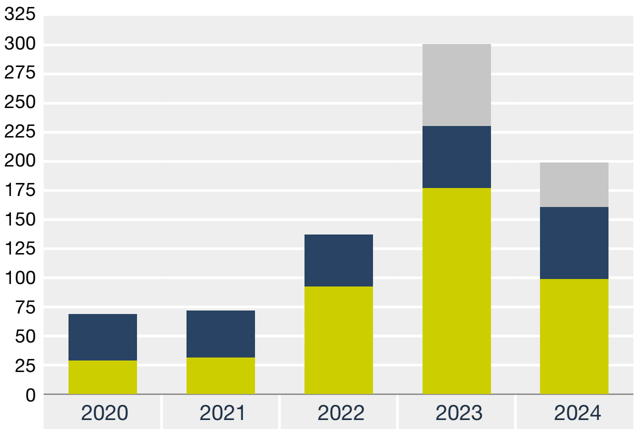
Acquisitions, divestments, and investments

Acquisitions are an important part of TKH's strategy and contributes to our long-term value creation by strengthening our business proposition.

We focus on acquiring structurally healthy companies that allow us to build our portfolio of proprietary technologies, or expand our geographic sales network within Europe, North America, and Asia. We aim to acquire a turnover of €100 million to €150 million in total within the medium term, at the same time as we manage our portfolio to reduce activities with lower margins and growth potential, or limited strategic overlap that do not contribute toward our long-term targets.

Investments

in million €



Acquisitions & divestments

In January 2024, we acquired JCAI Inc. (JCAII), a Canadian company that has established a strong track record in the airport de-icing area, with its patented technology coordinating visual guidance, real time data and operational messaging to both flight and ground crew. JCAII's software is currently deployed across many airports as well as airlines. JCAII 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.

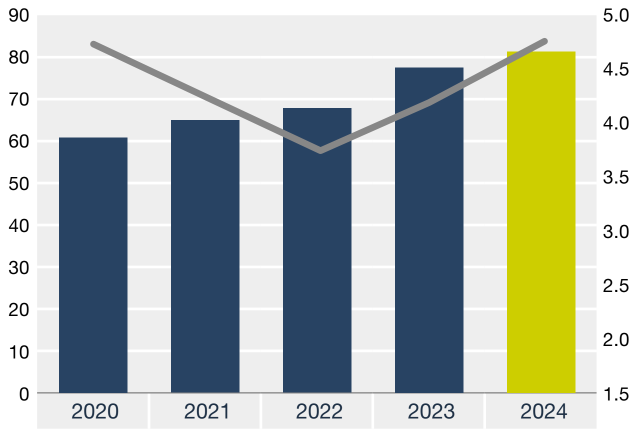
TKH acquired Comark Srl in July 2024, an Italian company specialized in laser-based volumetric vehicle measurement and classification for tolling and free-flow tolling applications. With this acquisition, TKH can further drive the optimization of traffic flows through innovative and AI-driven products, with new high-performance and high-added value solutions.

In August 2024, we strengthened our position in the 3D Vision market with the acquisition of the US-based company Liberty Robotics. Liberty Robotics has established itself as a key player in automation for the automotive sector, its systems enabling precise end-of-arm robotic guidance for applications including part handling and the application of coatings and sealers.Liberty Robotics' guidance systems complement TKH's advanced 3D vision sensor technology and global market presence.

We also made good progress with our divestment program. The divestment HE System Electronic GmbH was closed end of May 2024 and led to an one-off net profit of €14.2 million. The divestment of the EKB Groep B.V. was closed in August 2024 and led to an one-off net profit of €11.5 million. In October 2024, we divested our 12.5% interest in the associate Shin-Etsu (Jiangsu) Optical Preform Co. Ltd. At balance sheet date, an active program is in place to divest certain activities in our Smart Manufacturing segment related to related to test and measurement systems; accordingly, the associated assets and liabilities have been reclassified to assets and liabilities held for sale. Barring unforeseen circumstances, a transaction is expected within the upcoming 12 months.

R&D expenditure

in million € | in %



Investments in property, plant and equipment

In 2024, the net investment in property, plant and equipment, excluding right-of-use assets, totaled €88.8 million (2023: €179.4 million). In 2022, we launched our Strategic Investment Program to further increase our global production capacity to respond to the increased market demand in the fields of automation, digitization, and electrification. The execution of these expansions started in the second half of 2022 and were completed in 2024. Out of the total amount of €200 million allocated for strategic investments, €49 million has been spent in 2024 (2023: €124 million). In total, we expect these investments to generate an additional €250 - €300 million annual turnover in the coming years, the majority of which will be realized by Smart Connectivity systems. Depreciation of property, plant and equipment totaled €35.9 million in 2024 (2023: €32.6 million).

Investments in intangible assets and goodwill

In 2024, €61.7 million was invested in intangible assets and goodwill (2023: €53.1 million). The most important investments related to the ongoing development of our technologies:

- 2D and 3D Machine Vision portfolio.
- (Vision) security and communication systems.
- New generation of Tire Building systems, like the UNIXX, UNIXX Beltmaker, and Revolute.
- Portfolio and production technology for connectivity systems focused on electrification.
- ACE+ portfolio for patching and connecting within fibre optic networks.

The investments above do not only relate to hardware development, but more and more also the development of smart software based on artificial intelligence. In addition, there are investments in software including ERP of €10.4 million and patents and licenses of €2.4 million.

Completion of €200 million strategic capex program, with opening of the new subsea cable factory in Eemshaven in September 2024

Outlook

TKH has made strong progress in its strategic positioning with the completion of the €200 million strategic investment program, which will start to pay off in 2025. This, combined with the strong order book, will position us well for 2025.

The first quarter of 2025 will be weak due to seasonality, the ramp-up of the Eemshaven plant, and continued weakness in the fibre optic cable market. For the full year, we expect turnover and EBITA excluding one-off income and expenses growth to return in Smart Vision systems, driven by the stronger order book, expected market share growth in new markets, and the implemented cost-saving measures. In Smart Manufacturing systems, turnover and EBITA excluding one-off income and expenses are expected to decrease organically due to the lower order intake in 2024 and the comparison with a very strong 2024, which benefitted from catch-up effects. In Smart Connectivity systems, we expect the new production capacity and the high order intake in 2024 to contribute to significant turnover and EBITA excluding one-off income and expenses growth in Smart Connectivity systems. Barring unforeseen circumstances, on balance we anticipate organic growth in turnover and EBITA excluding one-off income and expenses in 2025.

TKH will provide a more specific outlook for the full year of 2025 at the presentation of its interim results in August 2025.

CASE SMART CONNECTIVITY SYSTEMS

Sustainable, unique inter-array cable solution for offshore wind parks

The offshore wind market is evolving rapidly, driven by the growing demand for renewable energy and electrification. In this challenging environment TKF is at the forefront of innovative inter-array cable solutions that on the one hand have a major impact to prepare the world for a sustainable future and on the other had preserving the environment with TKF's unique and sustainable cable design.

The inter-array Subsea cable solutions from TKF are composed of durable materials compared to classic subsea. The robust design results in longer operational life time and without lead and bitumen, there is no risk of leaching chemicals or metals in the marine environment. A high carbon footprint re-duction is achieved based on increased recyclability (in and out), opportunity's for low carbon and recycled materials and fossil free powered production at our recently completed state-of-the-art factory in Eemshaven.

Sustainable characteristics

- No lead or bitumen - unique dry-design.
- Pyrolise based cable compounds.
- Recyclable and environmentally friendly.
- Good recyclability after recoveries.
- Low carbon aluminium.
- Share of recycled copper and steel.
- Long durability.
- Less meterials needed due to the aluminium welded sheath.

Sustainability performance

Our focus areas

We aim to create long-term value for our stakeholders by creating Smart Technologies for a more efficient and sustainable world. We aim to do that by sustainable innovation, which is part of our DNA and key for our business, in combination with a focus on strategic areas of sustainability, which are increasingly integrated in our operations and supply chain.

Sustainability is a key element in our product portfolio and enables our customers to improve their sustainability performance

The world is facing a shortage of human resources and rising labor costs, driving the demand for automation and "hands-off, eyes-off" manufacturing. The need to reduce carbon footprints by reducing waste and energy consumption in manufacturing is driving the need for advanced smart technologies. In addition, electrification requires more (renewable) energy generation. Together with our customers, we create innovative and client-centric technology systems, to provide answers to these challenges. In doing so, we add value to make the world better by creating more efficient and more sustainable systems and contributing to the United Nations' Sustainable Development Goals (SDGs).

Integrating sustainability into our operations and value chain

As we continue to expand our operations, integrating sustainability enables us to minimize energy use, GHG emissions, and waste. We want to ensure that we have an attractive and safe workplace. Raw materials are becoming scarce due to the increasing demand, which is why we aim for a sustainable supply chain. We want to do business in a responsible way by focusing on integrated governance and transparent sustainability reporting. We want that sustainability to be integrated throughout our business and value chain.

As part of the Accelerate 2025 strategic program, we continue to focus on sustainability in our strategy, with strong ambitions and non-financial targets for the coming years. We have a clear focus on the material ESG matters where TKH has the greatest impact on, with the aim of reducing the negative impact and/or increasing the positive impact of:

- CO_2e footprint
- Circular economy
- Attractive and safe workplace
- Responsible supply chain
- Responsible business

In 2024, we applied the CSRD (Corporate Sustainability Reporting Directive) voluntarily, since it is not yet implemented in Dutch law. Going forward, we are going to use the CSRD to further communicate and monitor progress on our material ESG topics. In this chapter, we will highlight the most important aspects of our 2024 performance in relation to our material topics. For detailed information and reporting on each material topic aligned with the CSRD framework, please refer to the sustainability statements.

Sustainable innovation table

	annual target	2024	2023
Turnover from innovations (in million)		€301.4	€297.5
Innovation as percentage of turnover	> 10%	17.6%	16.1%
Turnover linked to SDGs	> 70%	71.6%	70.2%
Number of live patents		1,422	1,400
Total R&D spend (in million)		€80.7	€77.2
R&D capitalized (in million)		€46.5	€41.8
R&D capitalized as percentage of total R&D spend		57.5%	54.2%

Carbon footprint

In 2024, our net carbon footprint for scopes 1 and 2 decreased by 70.3% compared with the reference year, 2019 (2023: reduction of 64.3% compared to 2019). We did not purchase any carbon offsets, except for purchased green certificates.

At our sites, we reduced our scope 1 (direct) emissions. This was mainly driven by energy efficiency measures, our program to replace gas with alternative energy sources, the continuation of working from home, and mild winters. New buildings, such as our new subsea factory in Eemshaven in the Netherlands, are constructed without gas as much as possible. On balance, the emissions resulting from gas consumption decreased by 27.3% compared to the previous year. Emissions from transportation from own and/or controlled vehicles, which include emissions from lease cars, decreased by 11.2%. This is mainly due to the electrification of our lease car fleet and promoting online collaboration to limit travel as much as possible. Since 2022, new company cars leased in the Netherlands must be electric, resulting in a share of electric cars of 34.8% of the total lease car fleet. From 2024, all new lease cars within the group must be electric, with only a few exceptions. Additionally, we are investing in the essential charging infrastructure and continuously expanding our network of electric vehicle charging stations, conveniently including those within our employee and visitor parking areas.

ESG topic	KPI	Target	2024	2023
Environmental CO_2e footprint Circular economy	Carbon footprint (CO_2e emissions)	100% carbon neutrality in own operations by 2030 (scopes 1 & 2) –reduction of CO_2 footprint compared to reference year (2019)	70.3%	64.3%
	% production-related waste of most relevant raw materials	< 5% waste	5.4%	5.2%
	% recycling of most relevant raw materials	> 80% recycling	75.2%	87.3%
Social Attractive and safe workplace Responsible supply chain	Diversity: % of female members in executive and senior management teams	> 25% by 2030	21.6%	19.2%
	Accident rate (LTIFR)	< 1.0	0.7	0.8
	Illness rate	< 4.0%	3.97%	3.85%
	Employee satisfaction score	> 7.5	7.8	7.8
	Customer satisfaction score	Average score above benchmark (7.8)	8.6	8.6
	Code of Supply signed by suppliers	> 90% strategic suppliers signed up	89.4%	91.9%
Governance Responsible business	Code of Conduct signed by employees	> 95%	98.9%	96.5%

Our scope 2 emissions were further reduced as a result of a higher share of renewable energy, resulting from a shift to renewable energy sources and self-generated energy through solar panels installed on our buildings and properties, combined with purchased green certificates which was the main contributor in the reduction of scope 2 emissions. The share of renewable energy consumption in the total energy consumption increased from 55.5% in 2023 to 61.9% in 2024.

Waste and recycling

Total waste from the most relevant raw materials used in cable production (copper, aluminum, and plastics), compared to total relevant material consumption, was 5.4% in the year under review, compared with 5.2% in the previous year, and close to the target set for a maximum of 5% waste compared with total consumption of materials. The increase is mainly the result of our start-up activities, for example our new subsea cable production facility in Eemshaven. The start-up of new activities and production site results in more waste, e.g. as a result of testing and commissioning of machines.

In 2024, we expanded our waste reporting by adding more material streams and by including all of our operating companies. Reference is made to the sustainability statements chapter E5 circular economy, containing overviews of resource inflows, waste, and waste treatment per material.

75.2% of the waste from our most relevant raw materials was recycled in 2024, while our target is to recycle at least 80%. Our copper supplier reprocesses pure copper waste into fully usable copper, so the figure for copper was 100% recycled waste. This also applies to the recycling of aluminum. Plastics that have become unusable during the cable production process, but are suitable for recycling, are offered to waste processing companies for conversion into new raw materials. Mainly due to the product mix, we increased the use of plastics, which resulted in more plastic waste. As a result, the total recycling percentage decreased.

Diversity

In 2024, the proportion of female executive and senior management employees increased to 21.6% from 19.2% in 2023. In the year under review, we expanded our diversity program, which will continue in 2025 to meet our ambitious target of 25% by 2030. We initiated specific programs to recruit women, including a trainee program for young women. Through this program, female employees have the opportunity to work in different (technical and technological) positions combined with a specific development program to further develop their other skills including management skills and personal development. We have also established specific working groups to promote women within our organizations. In this way, we aim to increase the inflow and throughput of female employees within our organizations.

Health and safety

The percentage of own workers who are covered by health and safety management system based on recognized standards is 51.6%. This is calculated based on the total own workers and includes both production sites and office locations. In 2024, 100% of our own workforce at our production sites was covered by the ISO 45001 standard as health and safety management system. Fortunately, we neither had any fatality nor any case of recordable work-related ill health to report on, as in the two previous years (target: 0). The number of recordable work-related accidents for own workforce was 114. The LTIFR for 2024 decreased slightly to 0.7 compared to the previous year (2023: 0.8) and is below the target of <1.0. TKH defines its Lost Time Injury Frequency Rate (LTIFR) as the number of incidents resulting in at least one day's absence from work without the possibility of any replacement work, per million hours worked.

In 2024, the illness rate was 3.97%, which is slightly above the previous year's level (2023: 3.85%) and slightly below the target of a maximum of 4.0%. Flu-related illnesses had the greatest impact on the small increase of the illness rate.

Employee satisfaction

We have a long history of conducting employee satisfaction surveys within a four-year cycle combined with "are we on track" surveys during this cycle. The surveys provide important information regarding the motivation, satisfaction, and expectations of our employees. Follow-up surveys also measure the effects of improvements made in response to the findings. We carry out these surveys in collaboration with a specialized third-party research agency. Some operating companies have carried out a satisfaction survey focusing on (company) specific topics. Based on the results of the survey, we evaluate where we need to amend our working methods, policies and develop a robust action plan. The employee satisfaction score in 2024 was 7.8, reflecting surveys from 2021-2024 among 4,788 employees, representing 72% of the number of employees (headcount) as of December 31, 2024. The employee satisfaction score is equal compared to 2023 (7.8) but increased compared to the previous years, demonstrating the effectiveness of the measures and action plans implemented.

Customer satisfaction

We measure, monitor, and evaluate customers through customer satisfaction surveys on a four-year cycle. Our average customer satisfaction survey score for 2024 is 8.6 (2023: 8.6). Through training and skills management, standardization of processes, and further improvement of our availability, information systems, and 24-hour service, we aim to provide an even better customer experience.

Responsible supply chain

We expect our suppliers to adopt a zero-tolerance policy on issues that are material to us. Our principles and requirements are set out in a Code of Supply, which covers Environmental, Social and Governance topics such as human rights, the environmental impact (e.g. policies, environmental management systems, pollution prevention etc.), occupational health and safety, compliance with law and regulations including corruption and bribery, and ethical behavior. This set of environment, social and governance topics are part of the selection criteria of suppliers. In case criteria are not met by the supplier, the business relationship will be reconsidered. We oblige our strategic suppliers (supplier with an annual purchase volume of more than € 1 million must) to sign the Code of Supply, followed by a desktop assessment and on-site assessment. The Code of Supply has been signed by 89.4% (2023: 91.9%) of the total number of suppliers in scope. The annual target of 90% has not been achieved, partly due to a longer than expected lead time for new suppliers to sign the code. We are in close contact with the suppliers, and we are establishing clear rules to eliminate such delays as soon as possible.

Responsible business

Each employee working for TKH received the Code of Conduct and needs to sign the Code of Conduct as proof of having read and understood what is required. The managers of our operating companies are responsible for implementing the Code of Conduct in their organizations. The content of the Code of Conduct is included in internal training programs. The Code of Conduct has been signed by 98.9% (2023: 96.5%) of the total number of employees. The yearly target of 100% has not been achieved, partly due to a longer than expected lead time for new employees to sign the Code. We are in close contact with the operating companies, and we are establishing clear rules to eliminate such delays as soon as possible.

Other sustainability-related topics

ESG ratings

We continuously improve and increasingly integrate sustainability in our operations and value chains. In 2024, this resulted in an improved score of relevant ESG ratings, reflecting our sustainability performance and commitment.

The following ESG ratings are available for TKH Group:
- Sustainalytics: score 22.8 (medium risk level)
- MSCI: score AA (leaders)
- CDP: climate score B (managing environmental impact)

In addition, a number of other ESG ratings are used by the operating companies, because these ESG ratings are better suited to their activities or because they are used within the value chain. In 2024, the operating companies VMI and TKF received a silver EcoVadis medal in recognition of their sustainability achievements.

Facilitating training and education

Our employees are encouraged to develop in the direction of their choice. Education and training are an indispensable part of maintaining our knowledge base. We provide training budgets to further develop our employees' skills and enhance their employability. We organize internal training, with the help of external experts so that it is as close as possible to TKH's normal practice. New employees go through introduction programs, including product training.

In collaboration with Nyenrode Business University in Breukelen, the Netherlands, a Management Development (MD) program has been developed for those identified as having high potential for accelerated career advancement. Candidates are nominated by the management teams of the operating companies based on predetermined selection criteria. The Executive Board plays a proactive role in the MD program. In 2023, we launched a new MD program. In this 2023-2024 MD program, selected candidates gain in-depth knowledge of topics such as strategy and leadership, business development and value creation, business processes and sustainability, and also work on business cases to put this into practice.

In 2024, significantly more hours were spent on training and other courses than in the years before 2023. Fewer COVID-19 restrictions meant that more training courses could be held, in addition to virtual training. In addition, the number of FTEs increased in 2023 and 2024, resulting in more training hours. Our new production facilities, in particular, require training and education before operators can begin. On average, we spent 42 hours in training per FTE in 2024 (2023: 42 hours per FTE). In 2024, we further scaled up awareness and training programs on ESG material themes (e.g. the Corporate Sustainability Reporting Directive), including health and safety, IT security, and sanctions, among other topics.

Enhancing inclusion

In our recruitment, we are committed to providing a suitable work environment for people with a disability and/or disadvantage in the labor market. Disability is an umbrella term that covers illnesses/disorders, activity limitations, and participation restrictions. An illness/disorder is a problem in the function or structure of the body. An activity limitation is a difficulty encountered by an individual in executing a task or action. A participation restriction is a problem experienced by an individual in a range of everyday situations that results in a disadvantage in the labor market. TKH creates work experience opportunities for the long-term unemployed or people returning to the labor market. Workers from sheltered employment are used to performing repetitive work. In the year under review, the number of employees with a disadvantage in the labor market was 125 FTEs (2023: 108 FTEs). Since 2022, TKH has been PSO certified ("prestatieladder socialer ondernemen"). This certificate is a quality mark that proves our organization has an above-average level of social entrepreneurship and focuses on the employment of vulnerable groups in the labor market. We have a proven record of contributing to an inclusive society. By participating in the PSO, organizations around TKH are also encouraged to do business in a more socially responsible way.

Collective bargaining and social protection

Depending on the sector, for Dutch employees we adhere to the social conditions of employment as set out in a collective labor agreement. Agreement-related rules are implemented in those operating companies where there is no collective labor agreement. We apply a similar policy to foreign operating companies, in line with local laws and regulations. TKH ensures that such agreements are correctly drafted and observed, particularly regarding periods of notice, restraint-of-trade and non-compete clauses, and profit-sharing arrangements, and that the statutory notice periods and other provisions are observed. In the case of acquisition opportunities, the salary structure of the target company is one of the subjects examined during the due diligence process.

Political influence and lobbying activities

TKH and its companies are neither involved in political activities in the respective countries or regions, nor do they try to influence political decision-making by paying financial or in-kind political contributions to any potential beneficiary. The same applies for direct lobbying activities in which neither TKH nor its companies are involved. Some operating companies are members of local industry or trade associations, business coalitions, and other organizations that are dedicated to important industry-related topics, or work on standardization.

TKH has a global policy in place around corporate gifts and sponsorships. It states that we should not promise, offer, give or authorize anything of value, directly or through others, with the intent to improperly influence or reward a business decision. Any corporate gifts that are given or received must therefore remain within reasonable limits but their value must in any case not exceed €100 and may never be accepted in the form of money. All business transactions entered into on behalf of TKH must be properly recorded in accordance with the appropriate procedures and will be available for inspection and verification.

Taxes

Tax is an integral part of our business strategy. The tax strategy is regularly discussed with and signed off by the Executive Board. Bodies such as the OECD provide guidelines on international tax matters, which TKH follows. This is reflected, for example, in TKH's tax position, which shows that taxes are paid where there is significant economic activity and value creation. For TKH, this is one of the relevant elements in the context of a fair-share tax contribution. Our tax policy is aligned with our organizational values.

TKH focuses on compliance with applicable tax laws, regulations, and ethical standards in the countries in which we operate, and we pay our taxes in accordance with the letter and the spirit of tax laws and regulations. TKH's tax department is guided by TKH's values, does not engage in aggressive tax planning (including tax havens as defined by the OECD), and seeks to limit tax risks. The tax department has global responsibility for the tax position of TKH Group, particularly in relation to corporate income tax, restructuring, and transfer pricing. In carrying out this task, the long-term considerations and interests of TKH's various stakeholders are taken into account.

Tax systems around the world and their application are becoming increasingly complex. To keep abreast of these developments and comply with them, we provide our tax department with continuous training, and internal training modules are regularly organized for selected departments of the various TKH operating companies, focusing on technical and other tax issues, including tax dilemmas.

We continuously invest in technologies to improve data management, and thus the overall quality of direct and indirect tax compliance, control, and reporting. We strongly believe in the benefits that technology can offer to in providing earlier access to tax-relevant data, particularly as the legal and regulatory environment is rapidly evolving and tax authorities are increasingly embracing digitalization. In recent years, the Tax Function has evolved from a manually-oriented function to a more data-driven, digitally-enabled one.

Working together with tax authorities

We strive to build strong, mutually respectful relationships with the tax authorities based on transparency and trust. We therefore believe in an open and constructive dialogue, both with the Dutch tax authorities and those in other countries. Our relationship with the authorities is based on trust, mutual understanding, and transparency. In this context, it provides an opportunity to discuss potential tax uncertainties and keep each other informed of developments and their tax implications, thereby giving companies more certainty about their tax position, improving the quality of tax returns and ensuring that double taxation is avoided.

As of 2024, TKH has been selected for Individual Customer Management, which is being applied to the hundred largest and most complex organizations in the Netherlands, such as multinationals and listed companies. In the course of 2024, Individual Customer Management has been given further content and context. In this respect, TKH actively cooperates with the Dutch Tax and Customs Administration to share the potential tax impact of new initiatives with them, and, if necessary, to embed them in a ruling. This ensures that the tax classification of new initiatives is in line with TKH's tax policy and meets the expectations of the Dutch Tax and Customs Administration. It also ensures that activities are taxed only once at a generally accepted tax rate where the business is conducted.

International tax developments

TKH submits an annual Country-by-Country (CbC) report to the Dutch Tax and Customs Administration. This report is made available through the appropriate channels to the tax authorities of the countries in which TKH operates. In addition, TKH is subject to the so-called Mandatory Disclosure Rules (DAC6), which require TKH and the advisors involved to report selected cross-border tax arrangements. During the period under review, no reportable arrangements were disclosed.

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. Based on a more detailed assessment it has been determined that this is not likely to lead to any top-up tax.

Taxes paid by region

The following table shows the tax paid in 2024 by region. The tax paid often differs from the calculated tax burden due to prepayments that differ from the final tax burden. This may be caused by temporary differences, deferred taxes, and uncertain tax positions.

Corporate income tax

Amounts in thousands of euros	The Netherlands	Europe (other)	Asia	North America	Other countries	Amortization PPA [1]	Total
General information							
Aggregated revenues realized by the companies in the region without elimination of intercompany transactions	1,080,706	620,617	250,607	180,027	26,433	0	2,158,390
Result on ordinary activities before tax	39,034	55,761	19,208	15,343	11,123	-16,937	123,532
Property, plant and equipment	323,767	116,465	27,170	6,563	13,164	-963	486,166
Number of own FTE	2,189	2,575	875	552	98	0	6,289
Income taxes (paid)/received							
Income tax to be (paid)/received at 1 January 2024	-704	-4,108	-2,725	-50	-1,101	0	-8,688
Income taxes paid	-11,894	-20,513	-4,950	-6,329	-760	0	-44,446
Income tax to be (paid)/received at 31 December 2024	2,098	3,807	-1,877	4,363	-1,268	0	7,123

1 Amortization of intangible non-current assets from acquisitions.

CASE SMART VISION SYSTEMS

Commend: introducing deep neural networks

During 2024, Commend introduced Deep Neural Networks, to significantly perfect speech intelligibly and optimize the signal processing of its intercom terminal series. Developed together with the University of Art and Design Graz, these deep neural networks are highly efficient network algorithms for adaptive Artificial Intelligence, ensuring that the voice signal in intercom systems is perfectly cleaned of ambient noise and echoes during transmission. Any residual noise is almost completely suppressed. The neural network can react with high precision to the many different challenges of everyday life - for example different voices, ambient noises and situations.

The result is an unprecedentedly clear, intelligible sound profile that corresponds to transmission in a noiseless environment. In emergency situations such as an accident on the highway or in a production hall, every second counts. If background noise or echo effects distort the spoken word or make it completely unintelligible, in the worst case lives are at stake.

Problem-specific neural network structures are trained using standardized machine learning algorithms. Using countless hours of audio data, they are systematically 'taught' the desired recognition capability.

At the 2024 international security trade fair "ICS West" in Las Vegas, the US Security Industry Association honored the neural network product with the prestigious "Best in Communication and Networking Solutions" award.

Governance

3

Members of the Executive Board

J.M.A. (Alexander) Van Der Lof MBA

Chairman of the Executive Board, CEO

Dutch nationality, male, 1958
Term 2001-present

Alexander van der Lof started his career in 1985 at TKH subsidiary B.V. Twentsche Kabelfabriek (TKF), where he held various management positions, including Commercial Director. In addition to his career at TKF, Mr. Van der Lof was Company Secretary of TKH Group for a number of years. In 1998, Mr. Van der Lof became a member of the Executive Board of TKH Group and Chief Financial Officer (CFO). Since 2001, he has been Chairman of the Executive Board and Chief Executive Officer (CEO) of TKH Group.

E.D.H. (Elling) De Lange MBA

Member of the Executive Board, CFO

Dutch nationality, male, 1965
Term 2008-present

Elling de Lange joined TKH in 1998, having previously been a member of the Board of C&C Partners in Poland. In 2002, he was appointed Financial Director of the Chinese cable production companies TFO and ZTC, and in 2003 he took the position of CEO. Since 2006, Mr. De Lange has also been responsible for the Dutch and Chinese cable production companies. Mr. De Lange has been a member of the Executive Board and Chief Financial Officer (CFO) of TKH Group since 2008. Prior to joining TKH Group, he held various international management positions at Ballast Nedam.

H.J. (Harm) Voortman Msc

Member of the Executive Board

Dutch nationality, male, 1966
Term 2022-2026

Harm Voortman joined TKH's subsidiary, VMI Holland B.V. in 2004, where he held various management positions, including Commercial Director. In 2010, Mr. Voortman was appointed CEO of the VMI Group, and in 2015 he also joined the Management Board of TKH. In 2018, Mr. Voortman was appointed member of the Executive Board of TKH Group. Prior to his career at TKH Group, Mr. Voortman worked in various R&D and management positions at, among others, Shell and Stork.

Members of the Supervisory Board

P.W.B. (Peter) Oosterveer
Chairman

Dutch nationality, male, 1957
- 2022 first appointment
- 2026 end of term

Chairman of the Selection and Nomination Committee
Member of the Audit Committee

Current other non-Executive Board positions:
- Chairman of the Board, Treysta
- Member of the Board, Statera
- Member of the Board, van Oord

Current other positions:
- Chairman of the Supervisory Board, kanker.nl
- Advisor Goldman Sachs Asset Management International

Previous positions:
- CEO and Chairman of the Executive Board, Arcadis N.V.

J.M. (Mel) Kroon
Vice-chairman

Dutch nationality, male, 1957
- 2017 first appointment
- 2025 end of term

Member of the Audit Committee
Member of the Remuneration Committee

Current other non-Executive Board positions:
- Chairman of the Supervisory Board, Attero B.V.
- Chairman of the Supervisory Board, Eneco Groep N.V.

Current other positions:
- Non-Executive Board Member, Urenco Ltd & UCN B.V.
- Member of the Supervisory Board, LVNL (until 31 December)
- Member of the Supervisory Board, KVSA B.V.
- Advisor, Mitsubishi Corporation
- Board Member, German-Dutch Chamber of Commerce DNHK (until 26 June)
- Advisor, Improved
- Member of the Supervisory Board, Montel SA
- Chairman of the Supervisory Board, GIGA Storage B.V.

Previous positions:
- Chairman of the Executive Board, TenneT Holding B.V.

C.W. (Carin) Gorter
Member

Dutch nationality, female, 1963
- 2017 first appointment
- 2025 end of term

Chairman of the Audit Committee
Member of the Remuneration Committee

Current other non-Executive Board positions:
- Vice-Chairman of the Supervisory Board, Basic-Fit N.V., Chairman of the Audit and Risk Committee (2016)
- Member of the Supervisory Board, Coöperatie TVM U.A., Chairman of the Audit and Risk Committee (until May)
- Member of the Supervisory Board, DAS, Chairman of the Audit and Risk Committee (2019)
- Member of the Supervisory Board, NTS (Nederlandse Transplantatie Stichting) (2020)
- Member of the Supervisory Board, Ebusco Holding N.V., Chairman of the Audit Committee (2021)

Current other positions:
- Owner, Carin Gorter Advies & Toezicht

Previous positions:
- Senior Executive Vice President & Head of Group Compliance, Security & Legal, ABN AMRO

A.M.H. (Marieke) Schöningh
Member

Dutch nationality, female, 1963
- 2020 first appointment
- 2028 end of term

Chairman of the Remuneration Committee

Current positions:
- Member of the Executive Board and COO, ProRail

Current other non-Executive Board positions:
- Member of the Board of Directors (independent director) and Member of the Audit Committee, DEME Group

Current other positions:
- Chairman of the Advisory Board of the Erasmus School of Economics

Previous positions:
- Member of the Management Board and COO, SHV Energy
- COO and Member of the Management Board, DSM Sinochem Pharmaceuticals

W.A.A. (Jeannine) Peek
Member

Dutch nationality, female, 1969
- 2024 first appointment
- 2028 end of term

Member of the Selection and Nomination Committee

Current positions:
- Managing Director Capgemini, the Netherlands

Current other positions:
- Member of Sociaal Economische Raad (SER)
- Figurehead Topsector ICT
- Supervisory Board Member SIDN
- Member of VNO/NCW

Supervisory Board members

from the top left to the right

Mr. Oosterveer

Mrs. Gorter

Mr. Kroon

Mrs. Schöningh

Mrs. Peek

Report of the Supervisory Board

The Supervisory Board oversees the way the Executive Board defines and implements TKH's strategy to achieve the identified objectives of the company and its affiliated companies. In doing so, the Supervisory Board is provided with financial, commercial, operational, sustainability, and governance information, thereby focusing on the interests of all the company's stakeholders.

The Supervisory Board advises the Executive Board and oversees the Executive Board's relationship with all stakeholders, including shareholders. The members of the Executive Board are appointed by the General Meeting of Shareholders on a binding recommendation drawn up by the Supervisory Board. The Supervisory Board is governed by by-laws, which include rules covering such matters as its working method, tasks, decision-making, and competencies.

Composition and diversity

The Supervisory Board is composed in such a way that the knowledge, experience, and understanding of current and anticipated future developments at TKH including financial and sustainability, as well as the markets, products/technologies and activities relevant to the company, are well represented by its members. Each member of the Supervisory Board possesses specific expertise required to fulfill his or her supervisory role. The Board's effectiveness is determined by the team's composition in terms of knowledge, experience and competencies, as well as the cooperation between its members. In addition to contributing to the regular plenary discussions, each member of the Supervisory Board has his or her specific own focus area related to TKH's activities and end markets. Continuity in the composition and operation of the Supervisory Board is invaluable, given its overall responsibility for the governance of the various strategic interests aimed at sustainable long-term value creation. In accordance with the Dutch Corporate Governance Code (the "Code"), the Supervisory Board applies a maximum term of office of 12 years. In addition, as part of the annual (self-) evaluation and prior to each reappointment, an assessment is made to determine whether the profile of the overall composition of the Supervisory Board is "up-to-date," and whether the expertise, competencies, and contribution of the member in question are still suitable. An introduction program is being used for new members of the Supervisory Board, which considers the expertise and knowledge that the member brings to the Supervisory Board. The introduction program focuses on the general strategy, financial and sustainability reporting, and the organizational structure and activities of TKH, supported by site visits at selected operating companies.

The Supervisory Board values diversity in its composition in terms of age, gender, background, expertise, professional experience, and nationality, considering statutory requirements. These elements are also included in the profile drawn up by the Supervisory Board for any new members. In terms of composition, the Supervisory Board exceeds the quota stipulated in Dutch company law of a balanced distribution of seats of at least 1/3 female and 1/3 male members, insofar as these seats are allocated to natural persons. The Board strongly supports the view that diversity contributes to objective and sound decision-making, whereby diversity is not only considered important in terms of gender but also in terms of expertise, competencies, and background. The composition of the Supervisory Board is such that its members can act critically and independently of one another, of the Executive Board, and of any individual interests. In the opinion of the Supervisory Board, all members meet the independence requirements stipulated in best-practice provisions 2.1.7 up to 2.1.9 of the Code.

The composition of the Board and its committees have changed in the past year. At the AGM 2024, Mrs. Schöningh was reappointed for a further period of four years. In addition, Mrs. W.A.A. Peek was appointed as a new member of the Supervisory Board for a period of four years.

Meetings during the year under review

In 2024, five regular meetings were held and three additional meetings, which were all also attended by the Executive Board. The Supervisory Board meetings were well attended in 2024. In addition to the regular meetings, five closed meetings took place, attended only by the Supervisory Board members. During the year under review, there were no subjects on the agenda that could have potentially given rise to conflicts of interest. The 2023 annual financial statements were discussed in the presence of the external auditor. In preparation for the Supervisory Board meetings, as well as to discuss other relevant matters during the year, the chairman of the Supervisory Board maintained regular contact with the chairman of the Executive Board.

Company visits

At least one regular meeting annually is held at the location of a TKH operating company. Such visit allows the Supervisory Board to meet with local management and employees and to gain a better understanding on the status and progress of TKH's activities, technological developments, and organizational capacity. The Board is updated on local developments and possible challenges and opportunities faced by local management. These visits include presentations and guided tours of the facility, whereby particular attention is paid to the local company and safety culture.

In 2024, the Supervisory Board has visited the TKH operating company VMI in Epe, the Netherlands. During the company visit, the Supervisory Board was informed about technological and project developments, market and customer developments, operational challenges and opportunities, and other company-specific developments. Specific attention was paid to Artificial Intelligence (AI) and the opportunities of applying AI to further innovate the existing product portfolio. This was demonstrated during the tour of the facility by showing the value of the AI application 'Foreign Object Detection' on the VMI MAXX tire building machine. This in-line, high speed detection system utilizes a high-resolution camera to detect foreign objects in tread material which subsequently allows an AI algorithm to analyze the images in real-time ensuring extremely high levels of accuracy and minimizing the number of false-positive alarms, resulting in optimized levels of productivity, lower scrap rates, and minimized usage of energy and raw materials. This innovative solution is the result of successful cooperation between the operating companies VMI, Chromasens, LMI, TKH AI and TKH Technology Poland.

During the tour, special attention was also paid to other important topics such as health and safety. The Supervisory Board greatly values these company visits and the opportunity to meet with local management and employees, to provide a deeper and more comprehensive understanding of local capabilities and culture.

Supervisory Board competences and skills

Supervisory Board member	Strategy and business	International	TKH products and technologies	Human Capital	Financial and internal controls	Governance (incl. business ethics, legal)	Sustainability (incl. CSRD reporting)
Mr. Oosterveer	V	V	*	*	*	*	*
Mr. Kroon	V	V	*	*	*	*	*
Mrs. Gorter	*	*	*	*	V	V	*
Mrs. Schöningh	*	*	V	V	*	*	*
Mrs. Peek	V	*	*	*	*	*	*

* Has sufficient/advanced knowledge, skills and experience in the area and can make a balanced judgement on the matter.
V Is in addition considered an expert in relation to previous or current roles.

Regular meetings

Recurring agenda items include topics such as business review and financial results and developments, the progress of the Accelerate 2025 strategic program including the valuation of TKH, investments and divestments, technological, organizational, and market developments, as well as sustainability, which are discussed at each regular meeting. In 2024, specific attention was paid to the implementation of the CSRD, the divestments of EKB Groep and HE System Electronic, and the acquisitions of JCAI, Liberty Robotics and Comark, to the safety performance, cybersecurity, digitalization, and management development and succession. In addition, developments were discussed related to supply chain management, cost inflation of (raw) materials and labor, the impact of increasing interest rates and a possible recession, as well as the impact of global economic and geopolitical developments on the implementation of TKH's strategy, financial position, and results. Specific attention was paid to the opportunity for expanding TKH's scope in projects by providing engineering, installation, termination and testing services, in addition to the traditional supply of the cables only. The content of the press releases concerning the annual and half-year results, and the Q1 and Q3 Market Update was discussed with the full Supervisory Board prior to publication. Finally, during several meetings specific attention was paid to the valuation of TKH and the opportunities to further unlock the full potential of the company.

Each regular meeting was used to discuss the progress of strategic initiatives and business developments, including the order book, the competitive environment in which TKH operates, potential business risks, and how these risks are managed. The Board was furthermore also frequently updated on the progress of specific innovation projects as well as the progress on large capital investments. This strategic capital expenditure program of approximately €200 million will increase TKH's production capacity to respond to the higher market demand for automation, digitalization, and electrification. In September 2024, the state-of-the-art production facility to produce inter-array offshore cables in Eemshaven, the Netherlands, was opened. Throughout the year, a "deep dive" presentation was provided by the Executive Board regarding TKH's approach to digitalization whereby more insight was gained into the proposition of digitalization within TKH's portfolio, as well as to digitalization opportunities related to internal processes including ERP systems, knowledge sharing, and shared infrastructure to further enhance collaboration within the TKH group.

In the year under review, three additional meetings were held. In one of the meetings the press release concerning the Market Update Q3 was discussed. Another meeting was fully dedicated to the sustainability strategy. The third additional meeting was fully focused on an assessment and validation of the Company's strategy. With the strategic investment program completed, and a large part of our commodity-based portfolio divested, the strategy has been discussed in light of further value creation. More information is included in the section Strategy update: Focus and Optimization.

Closed meetings

The Supervisory Board met five times in the absence of the Executive Board. The most important topics of discussion were:

- Explanation by the Remuneration Committee of the Remuneration Policy for the Executive Board and Supervisory Board and the remuneration proposal for the Executive Board.
- Assessment and validation of the strategy in light of further value creation.
- Evaluation of the performance of the Supervisory Board, its committees, and its individual members.
- Composition of the Executive Board and the Supervisory Board and its committees – formal nominations for reappointments to the Supervisory Board to the 2025 AGM.

The Supervisory Board supervises and advises the Executive Board based on agenda items that recur at every meeting, and on specific subjects relevant for discussion at any given time.

Topics of Supervisory Board meetings in 2024

Q1	Q2	Q3	Q4
• Business review • Financial results and press release • Progress of strategic program – valuation of TKH • Investments and divestments • Sustainability • Supervisory Board committees • Explanation of audit report • AGM preparation/dividend proposal • Remuneration Policy • Acquisition of JCAI • Acquisition of Comark • Acquisition of Liberty Robotics • Divestment of HE System Electronic • Divestment of EKB Groep	• Business review • Financial results and press release • Progress of strategic program – valuation of TKH • Investments and divestments • Sustainability • Supervisory Board committees • Preparation for AGM • Acquisition of Comark • Acquisition of Liberty Robotics • Divestment of HE System Electronic • Divestment of EKB Groep	• Business review • Financial results and press release • Progress of strategic program – valuation of TKH • Investments and divestments • Sustainability • Cybersecurity • Supervisory Board committees • Company visit to VMI Epe, the Netherlands • Opening of Eemshaven factory • Strategy assessment and validation	• Business review • Financial results and press release • Progress of strategic program – valuation of TKH • Investments and divestments • Sustainability • Supervisory Board committees • Budget and Investment Plan 2025 • Outlook 2025-2027 • Interim Update letter external auditor • HR topics including management development and succession • Deep dive digitalization • Strategy assessment and validation

Culture and organization
TKH has an entrepreneurial culture with a focus on technological development and a proactive approach to the market. Given its decentralized organizational structure, responsibilities are delegated deep within the organization but governed by centralized oversight and a general (compliance) framework. The Executive Board leads by example and provides guidance on norms and values, including rules and other guidance. To validate the effectiveness of both the structure and the culture, the Supervisory Board uses annual as well as individual company visits to gain insights through discussions with and presentations by local management. Consultation with the Central Works Council is another important part of the assessment of the company culture.

HR and safety
HR developments are discussed at least once a year with the Executive Board, with particular emphasis on management development (programs) and succession, employee satisfaction, employer branding, and diversity. In 2024, special attention was paid to the implementation of action plans to increase the proportion of females in executive and senior management teams. In addition, the safety performance and actions for further improvements were discussed to ensure that safety will continue to be seen as one of the organization's top priorities, demonstrated through increased safety awareness in the organization and enabling employees to take personal responsibility for safety.

Sustainability (ESG)
The Supervisory Board is regularly updated on the progress of sustainability initiatives and developments. Last year, considerable attention was paid to the implementation of the EU Corporate Sustainability Reporting Directive (CSRD), including several deep dive sessions discussing the implementation of the CSRD, the challenges and opportunities for TKH, as well as the importance of the double materiality assessment. It is anticipated that the further implementation will include additional in-depth discussions with the Executive Board regarding the impacts, risks and opportunities as well as the challenges and ambitions related to reducing negative impacts of the material topics.

Progress on the defined key non-financial KPIs was discussed, including the progress made toward the target of CO_2e neutrality (scopes 1 and 2) by 2030 and diversity of the own workforce. The Supervisory Board is convinced that ESG has become more relevant strategically and needs to be further integrated within TKH's processes and structures and its therefore commendable that TKH made the choice to adhere to the ESRS reporting requirements earlier than being required by Dutch legislation, starting with this year's annual report.

Contact with the Central Works Council
The Supervisory Board maintains annual contact with the Central Works Council about TKH's strategy and topics of interest to the individual Works Councils. These topics include staff continuity and employability, safety, and cooperation between operating companies. In the context of the Central Works Council's (strengthened) right of recommendation, when there are vacancies in the Supervisory Board, a dialogue is initiated with a view to obtain input for reappointment of existing members or appointing new members. The members of the Supervisory Board have great respect for the professionalism



Supervisory Board visit to VMI, the Netherlands with which the Central Works Council deals with important issues and offers sound advice. The Board regards consultation with the Central Works Council as being open, constructive, and valuable. For the Supervisory Board, consultation with the Central Works Council is also an important element in assessing and validating the culture within TKH's organizations.

Committees
The Supervisory Board of TKH has three committees: the Selection and Nomination Committee, the Remuneration Committee, and the Audit Committee. The committees all have their own set of rules governing their conduct.

Selection and nomination Committee
The Selection and Nomination Committee consists of Mr. P.W.B. Oosterveer (chairman) and Ms. W.A.A. Peek (as from the AGM 2024). The Selection and Nomination Committee held two formal meetings in 2024. The committee also had frequent (virtual) contact on current topics, in particular regarding the composition of the Supervisory Board and the retirement schedule and ensuring that the knowledge and expertise within the Supervisory Board remains appropriate. Management development and succession planning is also an important topic of discussion within the TKH organization.

The Supervisory Board nominates Mr. Kroon and Mrs. Gorter as candidates for re-appointment to the Supervisory Board – based in part on the profile specified for the Supervisory Board – on the condition that, at the AGM 2025, the general meeting does not invoke its right of recommendation. The Supervisory Board has discussed the re-appointments, and its members unanimously agree that the knowledge and experience of Mr. Kroon and Mrs. Gorter bring great value to TKH, and match the expertise required in the Supervisory Board's profile. The members of the Supervisory Board consider the re-appointments to be in the best interests of TKH, given their extensive knowledge of TKH and their excellent performance as a Supervisory Board member.

The Selection and Nomination Committee reported to the Supervisory Board on the most important results of each of its meetings and consultations.

Remuneration Committee
The Remuneration Committee consists of Mrs. A.M.H. Schöningh (chairman), Mrs. C.W. Gorter, and Mr. J.M. Kroon (as from the AGM 2024). The Remuneration Committee held two formal meetings in 2024. The Remuneration Committee also had frequent (virtual) contact during the past year. The achievement of the Executive Board's targets was assessed, based on which the committee presented a proposal for a decision on the remuneration of the Executive Board to the Supervisory Board during a closed meeting. The targets for the Executive Board for the financial year 2025 have also been discussed and defined.

In 2023, the Remuneration Committee conducted a thorough review of the Remuneration Policy. The review focused, among other things, on the remuneration structure, KPIs, long-term value creation including sustainability, and the composition of the reference group. In addition, relevant legislative and regulatory developments such as the CSRD and the (in 2022) revised Dutch Corporate Governance Code was assessed. The review also included current market practice, societal trends and expectations, and developments in corporate governance. Based on the outcome of this review, the Remuneration Committee developed a draft Remuneration Policy 2024, which was submitted to the AGM 2024 for approval. The 2024 Renumeration Policy for the members of the Executive Board and the Supervisory Board were adopted by the AGM with 98.8% and 100.0% respectively. More information can be found in the Remuneration report section.

The Remuneration Committee reported the most important findings of each of its meetings and consultations to the Supervisory Board.

Audit Committee
The Audit Committee consists of Mrs. C.W. Gorter (chairman), Mr. J.M. Kroon, and Mr. P.W.B. Oosterveer. Mrs. Gorter also chairs the committee as an expert in the preparation and audit of the financial statements.

The Audit Committee held four regular meetings in 2024, and two additional meetings. The Audit Committee meetings were held in the presence of the external auditor EY, as well as the CFO, the Director Internal Audit, the Manager Internal Audit, and the Director of Finance & Control of TKH. The newly appointed external auditor for the financial year 2025 (Deloitte) was also present as an observer, in the context of the transition. TKH's Tax Director was present at two meetings to explain national and international tax developments and specific tax matters of importance to TKH, such as the application of the Dutch innovation box scheme, Pillar Two, tax compliance including the Tax Control Framework and risk management issues. The Audit Committee discussed the audit plan, on the basis of which the audit activities have been carried out, with the external auditor. The scope and materiality of the audit plan, as well as the key risks in the annual reporting that the external auditor has identified in the audit plan, were also discussed. During the year under review, the external auditor's audit approach and performance was reevaluated in consultation with the Audit Committee.

In addition, at each meeting, the Director Internal Audit provided an explanation of the findings concerning the internal audit activities. The company's internal risk management and control system is an ongoing point of attention for the Audit Committee. Other topics discussed within the committee's remit included impairment analyses and the impact of changes in the International Financial Reporting Standards (IFRS) on the income statement and balance sheet including disclosures (financial statements). Due to the relevance of IT & Security to both the day-to-day operations and TKH's business model in the context of software development and R&D, this topic is given high priority at every Audit Committee meeting.

During one of the additional meetings, a deep dive presentation was delivered on the implementation of the CSRD and related ESRS, including the outcome of the double materiality assessment, timing, and challenges. The relevant upcoming laws and regulations were also discussed and included topics such as sustainability (CSRD and CSDDD), cybersecurity (NIS2), and the risk management statement (VOR) which is likely to be required for Dutch stock listed companies in 2025 after being embedded in the Dutch Corporate Governance Code. The other additional meeting was devoted to the audit transition plan of the external audit for the 2025 financial year (Deloitte).

In the year under review, there was a discussion of the key audit matters identified by the external auditor as having the greatest impact on the audit approach and activities during the audit. The key audit matters identified include the recognition of revenue over time and the related valuation of contract assets and contract liabilities, and the valuation of capitalized development costs related to innovation projects in development. Specific accounting issues in the audit include the valuation of goodwill, non-compliance with laws and regulations, specifically (commission) payments to third-party agents and non-routine transactions in high-risk countries, the valuation and disclosure of acquisitions and divestments, the valuation of a specific right of use asset, and the valuation of inventory at one of the operating companies. In addition, the audit by the external auditor included other areas of audit emphasis related to the CSRD reporting, tax assessments, tax pillar II, and assets held for sale.

In the year under review, increased attention was devoted to developments in non-financial information, including the implementation of the CSRD and related ESRS. The outcome of the double materiality assessment was discussed, as well as the structure and content of the sustainability statements and risk management chapter 2024. Internal Audit developed and conducted review activities focusing on selected non-financial KPIs. This was also in preparation for the audit of non-financial KPIs by the external auditor. TKH has received limited assurance on the sustainability statements 2024. During the reporting year, further attention was also paid to supply chain management, cost inflation of (raw) materials and labor, the impact of interest rate volatility and a possible recession, and the influence of global economic and geopolitical developments on the execution of TKH's strategy, financial position, and results.

Forensic expertise is used in the development of the audit plan as well as in performing audit activities to gain a clearer picture of the possible risks of fraud and review internal control measures, also given the increased attention being paid to fraud and corruption in society. The Audit Committee discussed the company's fraud risk assessment, including inherent fraud risks, identified significant risks, and other risks and attention areas. The risk mitigating measures were also discussed, both at TKH group level and at operating company level.

The external auditor explained the interim update letter with findings in reporting, and administrative organization and internal control, where relevant to the audit of the financial statements. The main topics discussed were the valuation of development costs concerning two specific assets, a tax assessment received at one of the operating companies, tax pillar II legislation, the (completion of the) capital expenditures related to the new factory in Eemshaven, the acquisition and processing of the acquisitions of JCAI, Liberty Robotics and Comark, the divestment and processing of HE System Electronic, Shin-Etsu (Jiangsu) Optical Preform Co. Ltd. and EKB Groep, and the valuation of inventories at one of the subsidiaries. In addition, IT control measures and cyber-security, fraud and non-compliance management, the financial statements filing process related to ESEF reporting, and findings at operating companies that needed to be followed up were discussed. The external auditor also updated its audit plan to reflect recent developments, including the reassessment of materiality levels and scoping. Finally, relevant observations concerning the sustainability reporting were discussed.

The Audit Committee evaluates the performance of the external auditor annually, regarding the quality of the audit activities, the adequacy and implementation of the audit engagement, and the quality and depth of the reports, as well as any additional contributions. The committee discusses its findings with the external auditor and with the Executive Board and Supervisory Board. The Audit Committee also evaluates the internal audit function. The input for the evaluations includes the follow-up on the points of attention and improvement of the audit activities as formulated by the external auditor and TKH regarding the previous financial year. The Audit Committee also advises the Supervisory Board on the nomination for the (re)appointment of the external auditor and prepares the selection of the external auditor. In doing so, it considers the Executive Board's observations. The Audit Committee then submits a proposal to the Supervisory Board for commissioning and the Supervisory Board subsequently proposes appointment of the external by the general meeting to audit TKH's financial statements.

In accordance with best practice provision 1.7.4 of the Code, the Audit Committee held a meeting with the external auditor in 2024 without the presence of the Executive Board. It was established that the external auditor was independent of TKH.

The Audit Committee reported the most important findings of its meetings to the Supervisory Board.

Evaluation

The Supervisory Board also convened a closed meeting to discuss its own performance and that of its committees and individual members. An evaluation by each individual member of the Supervisory Board is carried out by an external advisor. The outcome of this evaluation is reported to the Supervisory Board. The evaluation covered the Board's composition, independence, expertise, and team effectiveness, as well as the quality of information provision, the role of the chairman, and relations with the Executive Board. Based on the evaluation, it was concluded that the Supervisory Board as a whole, as well as its individual members, functioned well. This honest and open relationship is characterized by mutual respect. The members complement each other sufficiently in their advisory and supervisory role toward the company and cover a wide range of relevant expertise. The available and desired expertise and knowledge within the Board was also discussed. It was established that there is a good working relationship between the Supervisory Board and the Executive Board, and that they are also sufficiently critical of each another.

Communication from the Executive Board to the Supervisory Board takes place in an open, professional, and constructive manner so Supervisory Board members have a strong understanding of strategic and operational issues. It was also established that no member of the Executive Board has more than two "demanding" supervisory positions as defined in the Dutch Management and Supervision Act. The Supervisory Board has no indication of any kind of conflict of interest between the company and members of the Executive Board. The chairman of the Supervisory Board discussed the findings with the chairman of the Executive Board.

During the closed meetings, the points in the Code's best-practice provision regarding the independence of the Supervisory Board (2.1.7), its individual members (2.1.8), and the chairman (2.1.9) were also assessed. It was concluded that all members of the Supervisory Board are independent.

Financial statements 2024

The report of the Executive Board and the 2024 financial statements were submitted to the Supervisory Board in accordance with the provisions in Article 31 of the Articles of Association. The financial statements were submitted for audit to EY Accountants B.V., which subsequently issued an unqualified auditor's report on the financial statements based on the audit.

The Supervisory Board discussed the financial statements with the Executive Board in the presence of the external auditor, and subsequently approved the financial statements on March 3, 2025. The Supervisory Board submits the financial statements for the 2024 financial year to the AGM and recommends adopting the financial statements. The Supervisory Board believes that the financial statements constitute a sound basis for the account given by the Executive Board of its management and by the Supervisory Board of its supervision of the management. The Supervisory Board also proposes that the proposed appropriation of profits be approved and that the Executive Board be discharged in respect of the policies pursued and the Supervisory Board in respect of the supervision exercised.

Haaksbergen, March 3, 2025

On behalf of the Supervisory Board,
P.W.B. Oosterveer, *chairman*

Attendance at meetings of the supervisory board and its committees

Meeting	Supervisory Board	Audit Committee	Remuneration Committee	Selection and Nomination Committee
P.W.B. Oosterveer (chairman)	8/8	6/6	2/2	2/2
J.M. Kroon [1]	7/8	6/6		2/2
C.W. Gorter	8/8	6/6	2/2	
A.M.H. Schöningh	8/8		2/2	
W.A.A. Peek [2]	5/5			
R.L. van Iperen [2]	3/3			

1 Mr. Kroon was member of the Selection and Nomination Committee until September 30th.
2 Mrs. Peek has been appointed as member of the Supervisory Board at the AGM 2024 (May 7, 2024).
Mr. Van Iperen was member of the Supervisory Board until the AGM 2024.

Remuneration report

This Remuneration Report describes the implementation of the Remuneration Policy for the members of the Executive Board and the Supervisory Board.

Letter from the Remuneration Chair

On behalf of the Remuneration Committee, I am pleased to present the 2024 Remuneration Report, which provides a summary of the remuneration policies for the Executive Board and the Supervisory Board and an explanation about how they were applied in 2024. The aim of the Remuneration Policy is to provide remuneration in line with the market in order to attract, motivate, and retain qualified Executive Board members of the publicly listed company, taking into account the Company's size, strategy, and unique characteristics. TKH aims to be an attractive employer and a sound investment for its Shareholders, with a focus on sustainable long-term value creation.

During (part of) 2023 and 2024, the Remuneration Committee conducted a thorough review of the Remuneration Policy for the Executive Board in line with the Dutch law, the Dutch Corporate Governance Code, and other relevant national and international developments. The Remuneration Committee was assisted by an external consultant. This process was guided by the following principles:

- Remuneration focused on the achievement of the Company's strategy.
- A competitive Remuneration Policy to attract and retain the right talent.
- Taking into account stakeholder perspectives and societal developments.
- Adherence to good corporate governance practices.
- Performance criteria that are measurable, transparent, and verifiable.

We have engaged in active dialogue with the Workers Council as well as with governance organizations, proxy advisors and major shareholders on the envisaged changes, all supported by an external advisor. The feedback received has been taken into account in the 2024 Remuneration Policy. The key changes in the 2024 Remuneration Policy compared to the 2020 Remuneration Policy, in addition to general textual improvements, are as follows:

- Updated reference group. The new reference group now includes an equal mix of Dutch publicly listed companies and international (largely European) sector-specific companies that are comparable to the Company in terms of size, complexity, and international scope.
- Addition of a range of 20%-30% sustainability performance criteria as part of the Short-Term Incentive (STI).
- Addition of 20% sustainability performance criteria as part of the Long-Term Incentive (LTI).
- Removal of the minimum guaranteed Long-Term Incentive (LTI) award, allowing for a threshold level of performance for each of the performance criteria. If the actual performance is below the threshold, the award for the relevant performance measure will be 0%. In addition, the minimum guaranteed total LTI award of 0.25 has been removed so that if the performance criteria are below the threshold performance level, no LTI will be awarded.
- Inclusion of a minimum share ownership guideline of four times the base salary (total regular income, TRI).

The revised Renumeration Policies were proposed by the Supervisory Board for adoption by the 2024 General Meeting of Shareholders, with effect from January 1, 2024. The Renumeration Policy for the members of the Executive Board and the Supervisory Board were adopted by the AGM with 98.8% and 100.0% respectively.

I would like to thank our shareholders and other stakeholders for their engagement and for sharing their views on the executive remuneration.

A.M.H. Schöninghe
Chair of the Remuneration Committee

Remuneration Policy of the Executive Board

The remuneration payable to the members of the Executive Board consist of the following:

	Total remuneration
Basic salary (TRI)	Total regular income. Attracts, engages, and retains Executive Board members to deliver on TKH's strategic objectives.
Short-Term Incentive (STI)	An annual performance bonus. Contributes to TKH’s short-term financial and non-financial performance objectives of TKH.
Long-Term incentive (LTI)	Incentive in the form of a share plan aligning the objectives of the Executive Board member with the long-term growth strategy and stakeholders' interests of TKH.
Pension	A pension commitment including the right to benefits in the event of poor health or disability, and a widows’ and orphans’ pension in the event of death.
Other compensation elements	Business allowances in accordance with what is generally accepted within the TKH organization.

	Long-Term incentive (LTI)
Share Plan	Members of the Executive Board receive shares based on the achievement of targets, on the condition that they personally invest in the same number of shares as they receive under the LTI plan.
Personal Investment	Members of the Executive Board receive shares on the condition that they personally invest in the same number of shares as they receive under the LTI plan. By personally investing in the same number of shares as they are awarded under the LTI, each member of the Executive Board invests a significant amount of money in a way that prudently manages risk but still encourages an entrepreneurial spirit to create long-term value. As a result, the interests of the Executive Board and the shareholders remain aligned.

The Remuneration Policy aims to provide remuneration in line with the market to attract, motivate, and retain qualified executives for the publicly listed company, taking into account the Company's size, strategy, and unique characteristics. TKH aims to be an attractive employer and a sound investment for its Shareholders, with a focus on sustainable long-term value creation. The Remuneration Policy aims to create sustainable long-term value for the Company and the sustainability of the Company as a whole in order to achieve its strategic, financial, and operational objectives. The Remuneration Policy is aligned with the business strategy through the establishment of specific short-term and long-term objectives that link the remuneration of each Executive Board member to the success of the Company. The size of the LTI (Long-Term Incentive) in the total compensation package and the fact that the members of the Executive Board must invest for their own account in the same number of shares as are granted to them within the framework of the LTI including a holding period of three years are important factors in ensuring the long-term value creation and continuity of the Company. Furthermore, personal objectives under the Short-Term Incentive (STI) are linked to and aligned with the identity, values, and mission of the Company.

The Remuneration Policy was designed in the context of national and international market trends, statutory requirements, corporate governance best practice, the societal context around remuneration, and the interests of the Company’s Shareholders and other stakeholders. The compensation package is periodically reviewed against market trends using information provided by external experts. The compensation package is designed to support both the short-term and long-term objectives of the company. Based on the objectives set, the Remuneration Committee performs scenario analyses regarding the Short-Term Incentive (STI) and Long-Term Incentive (LTI) to be awarded. The Company believes it is important to reward the achievement of growth targets, and the remuneration structure is designed to ensure that Executive Board members are not encouraged to take inappropriate risks.

Reference group

To attract qualified individuals to the Executive Board and retain the current members of the Executive Board for the long term, TKH Group takes into account external reference data when determining appropriate levels of remuneration. A specific reference group (peer group) for the employment market has been defined for this purpose. The reference group consists of an equal mix of Dutch publicly listed companies and international (largely European) sector-specific companies that are comparable to the Company in terms of size, complexity, and international scope. The Remuneration Committee, supported by external experts, regularly reviews this reference group to ensure that the composition remains appropriate.

AMX	International sector peers
Aalberts Industries	Barco
Arcadis	Basler
ASM International	Cognex
Basic-Fit	Huber+Suhner
Corbion	Jenoptik
Fugro	Mersen
Royal Vopak	NKT
SBM Offshore	SGL Carbon

Although the external market data provides a reference point, it is ultimately the responsibility of the Remuneration Committee and the Supervisory Board to determine and propose to the General Meeting a remuneration package at an appropriate level that reflects the specific context and requirements of the Company and the skills and capabilities of the individual Executive Board members. As such, external market data will be used to support rather than drive decision-making. The Remuneration Committee evaluates the external market data and recommends adjustments, if necessary, to the Supervisory Board for approval. The reference point is the median of total direct remuneration compared to the peer group.

Targets for STI and LTI

The annual targets for the STI and LTI relate to TKH's business plan as reflected in the financial and non-financial targets of the Accelerate 2025 strategic program.

Each year, the Supervisory Board sets the performance criteria, their respective weightings and specific targets for the year in question in line with the TKH Group's strategy, taking into account both financial and non-financial factors as well as personal objectives. This enables the Supervisory Board to respond in an agile way to changing business needs and/or strategy adjustments in a changing environment. In doing so, the Supervisory Board takes the following into account:

- Performance criteria must be derived from TKH Group's strategy;
- The focus should be on criteria that are essential for creating long-term value creation;
- Past performance, business prospects, and conditions; and
- Stakeholder expectations.

While financial and non-financial objectives focus on the achievement of overall strategic business objectives and sustainability ambitions, personal targets should relate to the individual member's specific role within the Executive Board. The above ensures that the STI contributes to TKH Group's strategy, long-term interests and sustain-ability. The full Remuneration Policy is available on the TKH website.

Financial and non-financial targets of the Accelerate 2025 strategic program

Turnover > €2 billion	ROS > 17%	Carbon neutral own operations 100% scope 1 and 2 by 2030	Employee satisfaction > 7.5
ROCE 22-25%	Net Debt/EBITDA < 2.0	Diversity > 25% Female executive and senior management by 2030	Accident rate (LITFR) < 1.0

Application of the Policy in 2024

1 Basic salary (TRI)

The Remuneration Committee regularly reviews the base salaries of the members of the Executive Board. Based on the recommendation of the Remuneration Committee, the Supervisory Board determines the adjustment (if any), taking into account, among other things, the collective labor agreement for the large metal industry (FME) and the development of base salaries within the reference group. As a result, the base salaries have been increased by 3.5% with effect from January 1, 2024.

2 Performance bonus (STI)

Short-term variable pay is an important part of the remuneration package for members of the Executive Board. Each year, the Supervisory Board sets the targets and criteria on which the performance bonus is based in advance. The Supervisory Board, acting on a recommendation from the Remuneration Committee, determines the amount of the performance bonus on the basis of the achievement of the targets and criteria. An 'at target' performance results in a bonus of 40% of base salary (TRI). The performance bonus is capped at 60% of the base salary (TRI). Achievement of threshold will result in a bonus of 8% of the base salary (TRI). For below threshold performance, the bonus is 0% of the base salary (TRI).

STI performance of the Executive Board in 2024

The performance bonus is based on the following performance criteria:

- 70% financial performance criteria
- 20% sustainability performance criteria
- 10% personal performance criteria

The STI for members of the Executive Board based on achievement of the 2024 targets is presented in the table below. Payment of the variable remuneration to members of the Executive Board is subject to the condition that the targets upon which the performance bonus is based or the circumstances under which the bonus was originally determined, are accurate.

Financial performance (70%)

Turnover (20% weighting) and EBITA (50% weighting) have been defined as financial performance criteria for 2024. The calculated turnover and EBITA are normalized for acquisitions and divestments, for both target and performance. TKH achieved a normalized turnover of €1,675.3 million and a normalized EBITA of €205.3 million in 2024. The performance, normalized for acquisition and divestments, resulted in a performance pay-out of 7.6% for turnover and 5.3% for EBITA.

Sustainability performance (20%)

For 2024, the following two sustainability targets have been defined:

- LTIFR 0.7 (10% weighting): To make safety demonstrable, emphasis is placed on specific, measurable performance targets for safety measures, including LTIFR (Lost Time Injury Frequency Rate). Further action was taken on health and safety programs at the production facilities. The LTIFR figure for 2024 of 0.7 was at target.
- Employee satisfaction 7.8 (10% weighting): The employee satisfaction score in 2024 of 7.8 was at target and similar to last year's score (7.8). In addition, in 2024 more companies were included in the employee satisfaction survey.

The performance in 2024 against sustainability targets results in an overall performance ratio of 20.0%.

STI 2024		Bandwith payout level			Targets			Performance					
KPI	Weight	Threshold 0%	On-target 100%	Maximum 150%	Threshold 0%	On-target 100%	Maximum 150%	Performance	Performance payout	Actual payout % of TRI	Threshold	On-target	Maximum
Turnover (in millions)	20%	0%	20%	30%	€ 1,538	€ 1,810	€ 1,900	€ 1,675	7.6%	3.0%			
EBITA (in millions)	50%	0%	50%	75%	€ 199.1	€ 234.0	€ 245.9	€ 205.3	5.3%	2.1%			
Financial performance [1]	**70%**	**0%**	**70%**	**105%**					**12.9%**	**5.2%**			
Sustainability performance	**20%**	**0%**	**20%**	**30%**		See commentary			**20.0%**	**8.0%**			
Personal performance	**10%**	**0%**	**10%**	**15%**		See commentary			**3.3%**	**1.3%**			
Total performance	**100%**	**0%**	**100%**	**150%**					**36.2%**	**14.5%**			

1 The calculated turnover and EBITA are normalized for acquisitions and divestments, for both target and performance.

Personal performance (10%)

The personal targets defined for 2024 are related to specific business issues and are not disclosed in detail due to (commercially) sensitive information. The achievement of the personal targets in 2024 results in an overall average performance ratio of 3.3%, consisting of the following performance ratios for each member of the Executive Board:

- 10.0% for J.M.A. van der Lof MBA
- 0.0% for E.D.H. de Lange MBA
- 0.0% for H.J. Voortman MSc

Total performance 2024

The performance percentages times 40% generates the actual payout percentage of TRI. This resulted in award payouts in €1,000 (STI) of the following values for:

J.M.A. van der Lof MBA:	42.8% x 40% x TRI =	135
E.D.H. de Lange MBA:	32.8% x 40% x TRI =	78
H.J. Voortman MSc:	32.8% x 40% x TRI =	75

3 Share plan (LTI)

An annual long-term variable compensation plan is in place that provides for share awards linked to long-term targets. This aligns the interests of the members of the Executive Board with those of the Shareholders.

The share plan has two components:

1 Acquisition of shares based on the achievement of long-term targets;
2 Purchase of shares by members of the Executive Board, for their own account, for an amount equal to the number of shares received free of charge (1).

Subject to the determination of the Remuneration Committee and approval of the Supervisory Board, the share plan enables members of the Executive Board to acquire shares free of charge in return for which the members of the Executive Board are required to invest for their own account in the same number of shares for the price quoted on the stock exchange at that moment. It is also important that the interests of the Executive Board of TKH Group are aligned with those of long-term Shareholders. As members of the Executive Board are required to purchase the same number of shares under the LTI as they have been granted free shares, each member of the Executive Board invests a substantial amount in TKH Group shares. This ensures that risks are carefully managed and that the entrepreneurial spirit for long-term value creation is maintained. The shares in question are to be held as a long-term investment and may not be transferred for a period of three years after their respective allocation. This applies both to shares purchased for no consideration and to shares purchased by members of the Executive Board. The Supervisory Board has adopted share ownership guidelines that specify the minimum ownership requirements for members of the Executive Board. The share ownership requirement is at least four times the base salary (TRI). Newly appointed members of the Executive Board are subject to a “phase-in” rule, whereby the minimum share ownership is reached after a maximum of eight years.

The Long-Term Incentive is based on the following targets:

- 40% Financial targets (multiplier A)
- 20% Sustainability targets (multiplier B)
- 40% Share price performance (multiplier C)

The financial targets (40%) are set annually and are based on long-term strategic objectives such as ROS (Return on Sales) and ROCE (Return On Capital Employed) and other relevant financial objectives. The sustainability targets (20%) are also set annually and are based on strategic sustainability targets. The performance of the share price (40%) over the last three years compared to the AMX index, which is relevant for the company, may lead to an allocation of shares.

The amount of the long-term bonus is based on the achievement of targets and is determined by a system of multipliers:

- Multiplier A (40%): The applicable performance range for the financial targets is 0.5 to 1.5, with an “at target” level of 1.0.
- Multiplier B (20%): The applicable performance range for the sustainability targets is 0.5 to 1.5, with an “at target” level of 1.0.
- Multiplier C (40%): The performance of the share price (40%) over the last three years compared to the AMX index relevant to the Company results in an index with a performance range of 0.75 to 1.5 with an “at target” level of 1.0. This index is converted into a multiplier ranging from 0.5 to 1.8, with an 'at target' level of 1.0.

The amount of the long-term bonus is calculated by multiplying the multipliers (multiplier A*B*C). The total of the multipliers multiplied by the standard award of 50% results in the net LTI award. A threshold performance level is used for each of the multipliers. If the actual performance for a KPI falls below this threshold, the relevant multiplier and therefore the portion of the LTI based on the weighting of the relevant multiplier is forfeited. For example, if the achievement of the financial targets (multiplier A) is below the threshold performance, 40% of the LTI award is forfeited and the remaining LTI award is calculated using the multiplier B*C. There is no minimum (total) multiplier; if performance is below threshold for all of the multipliers, the LTI will be 0%. The share scheme is capped at a total multiplier factor of 2.7 of base salary (TVI). After the publication of the audited annual figures, the number of shares awarded is determined based on the average closing price over the three trading days following the publication of the annual figures. The shares vest shortly thereafter.

Targets and performance 2024

TKH Group's strategy is to increase the ROS and ROCE through growth in activities related to high-end technologies where relatively high margins can be achieved. The ROS and ROCE are important criteria for monitoring TKH Group's differentiation power based on the group's technology base and the ongoing transformation towards achieving the ROS and ROCE targets. In addition, the development of TKH Group's share price against the AMX index of Euronext Amsterdam is an important confirmation of the Shareholders' appreciation of the strategy. The sustainability objectives focus on the achievement of sustainability ambitions as part of the Accelerate 2025 strategic program with targets on carbon footprint reduction and diversity in terms of percentage of females in executive and senior management positions.

The following multipliers were achieved for each KPI based on actual overall performance against the performance ranges.

- TKH achieved a ROS of 12.3% in 2024, resulting in a multiplier for ROS (A) of 0.78. The calculated ROS is normalized for acquisitions and divestments, for both target and performance.
- The ROCE in 2024 was 15.0%, and below the threshold. The calculated ROCE is normalized for acquisitions and divestments, for both target and performance. The relevant multiplier and therefore the portion of the LTI based on the weighting of the relevant multiplier is forfeited (20%).
- In 2024, a further reduction in the CO_2e footprint was achieved, resulting in a CO_2e footprint reduction of 70.3% compared to the reference year 2019 (2023: 64.3%), and is well on track towards the target of 100% carbon neutrality for scope 1 and 2 by 2030. The share of women in executive and senior management teams increased in 2024 from 19.2% to 21.6% and is well on track to meet the target of 25% by 2030. The performance on sustainability targets resulted in a multiplier of 1.50.
- The multiplier for the relative stock price developments (C) was 0.56 based on the stock price development of TKH shares compared to the AMX index of Euronext Amsterdam over the last three years (index of 78%).

These multipliers for each KPI resulted in a total multiplier for the LTI of 0.65 (A*B*C), based on a weight of 80%, which meant that 0.65 x 80% x the standard award of 50% was granted.

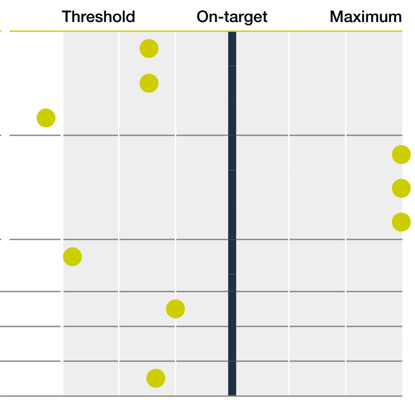
This resulted in award payouts in €1,000 of the following net values for:

J.M.A. van der Lof MBA:	0.65 x 80% x 50% x TRI = 206
E.D.H. de Lange MBA:	0.65 x 80% x 50% x TRI = 155
H.J. Voortman MSc:	0.65 x 80% x 50% x TRI = 149

The corresponding gross values are listed in the table showing "total remuneration" in section 6 of this Remuneration Report. The number of certificates of shares associated with the net award will be calculated based on the average closing price over the three trading days following the time of publication of the annual figures. The awarded shares as well as the individually purchased shares in accordance with the LTI plan are included in the Executive Board share ownership table.

Members of the Executive Board receive shares on the condition that they personally invest in the same number of shares as they receive under the LTI plan.

LTI 2024		Bandwith payout level			Targets			Performance		
KPI	Weight	Threshold multiplier	On-target multiplier	Maximum multiplier	Threshold 0%	On-target 100%	Maximum 150%	Performance	Weight	Multiplier/ payout %
A Financial [1]	**40%**	0.50	1.00	1.50					**20%**	0.78
ROS	20%				11.7%	12.7%	13.7%	12.3%	20%	0.78
ROCE	20%				17.4%	18.4%	19.4%	15.0%	0%	0.00
B Sustainability	**20%**	0.50	1.00	1.50					**20%**	**1.50**
CO_2 footprint reduction	10%				64.3%	67.3%	70.3%	70.3%	10%	1.50
Diversity	10%				19.2%	20.0%	20.8%	21.6%	10%	1.50
C Relative stock price development	**40%**	0.50	1.00	1.80	0.50	1.00	1.80	**index 0.78**	**40%**	**0.56**
Overall performance ratio	**100%**	Performance multiplier: A*B*C							**80%**	**0.65**
								Actual payout % of TRI	**26%**	



1 The calculated ROS and ROCE are normalized for acquisitions and divestments, for both target and performance.

Executive Board share ownership

	Balance at 1/1	Awarded shares	Individually purchased shares	Disposal (at least 3 years in portfolio)	Balance at 31/12
J.M.A. van der Lof MBA					
2023 [1]	118,147	6,547	6,547	-18,594	112,647
2024 [1]	112,647	17,388	17,388	-17,388	130,035
E.D.H. de Lange MBA					
2023 [1]	85,009	4,910	4,910	-14,730	80,099
2024 [1]	80,099	13,053	13,053	-26,106	80,099
H.J. Voortman MSc					
2023 [1]	35,935	4,456	4,456	-4,456	40,391
2024 [1]	40,391	12,575	12,575	-11,915	53,626

1 Achieved in the previous financial year and paid out in the following financial year.

4 Pensions

The Remuneration Committee ensures that the pensions of Executive Board members are in line with generally accepted standards and ensures that they are consistent with the pension plans offered for similar positions. In addition, the pension provisions include a right to benefits in case of ill health or disability and a widow's and orphan's pension in case of death on terms similar to those applicable to members of the collective pension fund. The associated costs, up to the maximum allowed under tax law, are included in pension costs. The pension compensation refers to any portion exceeding the maximum allowed under tax law (2024: €137,800).

5 Other employee benefits

The members of the Executive Board are entitled to certain business allowances in accordance with what is generally customary and accepted within the TKH organization, which are limited to an expense allowance, car, (mobile) phone, and insurance. Additional governance-related activities are not subject to any additional conditions or remuneration. No option rights are awarded to members of the Executive Board.

6 Total remuneration

The table below lists the various gross remuneration components and relative percentages of fixed and variable remuneration of the members of the Executive Board.

7 Pay ratio

In formulating the Remuneration Policy for the Executive Board, one of the factors the Supervisory Board takes into account is the organization's pay ratio. The Supervisory Board believes that there should always be a reasonable balance between the remuneration of the members of the Executive Board and the remuneration of the other employees. The internal pay ratio is understood to mean the ratio between the total annual remuneration of the CEO on the one hand, and, on the other hand, the average annual remuneration of the employees of the company and group companies whose financial data are consolidated by the company, where:

- The total annual remuneration of the CEO includes all the remuneration components (such as fixed remuneration, variable cash remuneration (bonus), the share-based part of the remuneration, social contributions, pension, expense allowance, etc.) included in the consolidated annual accounts on an IFRS basis.
- The average annual remuneration of the employees is determined by dividing the total wage costs for the financial year (as included in the consolidated annual accounts on an IFRS basis) by the average number of FTEs during the financial year. The labor mix had an important impact on the average total remuneration of employees in 2024, in addition to inflation effects.
- The value of the share-based component of the remuneration is determined at the grant date in accordance with the applicable rules under IFRS.

Total remuneration Executive Board

	Basic salary (TRI)		Variable income (STI) 1		Share plan (LTI) 1		Pension		Pension compensation		Total		Variable share in the total	
(in €1,000 unless stated otherwise)	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
J.M.A. van der Lof MBA	789	763	135	317	353	1,135	57	50	251	222	1,585	2,487	30.8%	58.4%
E.D.H. de Lange MBA	593	573	78	238	265	852	27	23	80	79	1,043	1,764	32.9%	61.8%
H.J. Voortman MSc	571	552	75	230	256	821	27	23	77	75	1,006	1,700	32.9%	61.8%
Total remuneration	**1,953**	**1,887**	**288**	**785**	**874**	**2,808**	**111**	**95**	**408**	**376**	**3,634**	**5,951**	**32.0%**	**60.4%**

1 Achieved in the previous financial year and paid out in the following financial year.

The pay ratio for 2020 is significantly lower due to the lower value of STI and LTI as part of the remuneration. This led to a significant reduction in remuneration in 2020 and, consequently, to a relatively low pay ratio for 2020. The pay ratio for 2022 is lower compared to 2021 due to the lower value of LTI, mainly as a result of a lower multiplier for the relative stock price development. The pay ratio for 2024 is 26.6 and significantly lower compared to 2023, due to the lower value of STI and LTI as part of the remuneration.

8 Comparative information on remuneration and company performance

The table below shows a five-year comparison of the changes in the remuneration of the Executive Board and the company's performance.

9 Personal loans

No loans, advances, or guarantees are granted to members of the Executive Board.

10 Change of control

There is no "change of control" clause in the employment contracts of the members of the Executive Board. This will be decided by the Supervisory Board taking into account customary practices for this type of situation as well as applicable laws and corporate governance requirements.

11 Severance pay

The maximum severance payment in the event of dismissal is one year's salary (TRI), including the notice period. No severance payment shall be made if the employment contract is terminated prematurely at the initiative of the member of the Executive Board or if the member is guilty of gross misconduct or negligence.

12 Claw-back

The Supervisory Board has the discretionary authority to claw back variable remuneration awarded to members of the Executive Board if it is based on inaccurate (financial) data. In line with claw-back legislation, the payment of variable remuneration to the members of the Executive Board is made on the condition that the relevant (financial) data are correct. For 2024, there was no full or partial recovery of a bonus.

Comparative information on Remuneration and Company performance

(in €1,000 unless stated otherwise)	2024	2023	2022	2021	2020
Remuneration Executive Board [1]					
J.M.A. van der Lof MBA	1,278	2,215	1,658	2,237	902
E.D.H. de Lange MBA	936	1,663	1,244	1,678	676
H.J. Voortman MSc	902	1,603	1,127	1,523	614
Company performance					
ROS	12.7%	12.8%	12.9%	12.4%	10.5%
EBITA	204	237	235	190	129
CO_2e reduction (vs. 2019)	70.3%	64.3%	42.7%	29.8%	
CO_2e reduction (vs. 2015)					5.8%
Illness rate of employees	3.97%	3.85%	4.04%	3.56%	3.51%
Average remuneration per FTE	60	58	57	55	50
CEO pay ratio	**26.6**	**43.0**	**33.7**	**45.3**	**22.4**

1 Based on TRI, STI, and LTI.

Remuneration Policy of the Supervisory Board

The policy aims to provide a competitive compensation package to attract, motivate, and retain qualified Supervisory Board members for a publicly listed company, taking into account the Company's size, strategy, and unique characteristics. The policy was designed in the context of national and international market trends, statutory requirements, corporate governance best practice, the societal context around remuneration, and the interests of the Company’s Shareholders and other stakeholders. The compensation package is periodically reviewed against market trends using information provided by external experts.

The overriding principle of the Company’s Remuneration Policy is to ensure fairness and transparency. The remuneration structure is designed to encourage Supervisory Board members to perform their role adequately and does not depend on the financial results of the Company. The Supervisory Board acknowledges its responsibility to be aligned with the identity, mission, and core values of the Company. In this context, it has been decided to have only a fixed remuneration income and no variable remuneration to be able to have an independent and objective role regarding the implementation of the Company's strategy, targets, long-term value creation, and sustainability.

In order to attract qualified persons to the Supervisory Board and retain current members of the Supervisory Board over the long term, the Company takes into account external reference data when determining appropriate levels of remuneration. A specific reference group (peer group) for the labor market has been defined for this purpose. The reference group consists of an equal mix of Dutch publicly listed companies and international (largely European) sector-specific companies that are comparable to the Company in terms of size, complexity, and international scope. The Remuneration Committee, supported by external experts, regularly reviews this reference group to ensure that its composition remains appropriate.

Although the external market data provides a useful reference point, it is ultimately the responsibility of the Remuneration Committee and the Supervisory Board to determine and propose to the Annual General Meeting a remuneration package at an appropriate level that reflects the specific context and requirements of the Company and the skills and capabilities of the individual Supervisory Board members. As such, external market data will be used to support rather than drive decision-making. The Remuneration Committee evaluates the external market data and recommends adjustments, if necessary, to the Supervisory Board for approval.

The General Meeting of Shareholders adopted the remuneration of the Supervisory Board in 2024 with 100.0%, with effect from January 1, 2024. The full Remuneration Policy is available on the TKH website.

Application of the Policy in 2024

1 Remuneration

The individual remuneration of the members of the Supervisory Board is determined by the General Meeting on a recommendation by the Supervisory Board. The remuneration for the members of the Supervisory Board is set at a level which is considered appropriate to attract individuals with the necessary international experience and the ability to make an important contribution to the Company’s affairs. The remuneration is determined taking into account the level of responsibility of each Supervisory Board member and the remuneration paid by other companies of similar size and complexity. Indexation of the remuneration for the Supervisory Board takes place annually.

The remuneration of Supervisory Board members needs to be at a reasonable level compared to the terms of employment and average income of the employees in the company, as well as in relation to the pay ratios that apply within the company. The compensation of a member of the Supervisory Board does not depend on the Company's results and reflects the time spent and the responsibilities of the position. All Supervisory Board members receive a fixed base remuneration to compensate them for the services they provide as members of the Supervisory Board. The Chairman of the Supervisory Board receives a higher remuneration for his services. Additional remuneration is also paid for membership of Supervisory Board committees. If circumstances require members of the Supervisory Board to perform substantially more than their normal activities, they will receive a remuneration of €1,000 for each part of a day, up to a maximum of €2,000 per day.

Supervisory Board members do not receive any performance or equity-related compensation. Supervisory Board members do not accrue any pension rights with the Company.

The 2024 remuneration of the Supervisory Board is based on the following amounts:

Chairman of the Supervisory Board	€67,481
Member of the Supervisory Board	€50,611
Chairman of the Audit Committee	€11,247
Member of the Audit Committee	€7,873
Chairman of the Remuneration Committee / Selection and Appointment Committee	€8,998
Member of the Remuneration Committee / Selection and Appointment Committee	€6,748

2 Total remuneration

The table on the right lists the total remuneration paid to individual members of the Supervisory Board.

3 Share ownership of the Supervisory Board

The current members of the Supervisory Board do not own any (depository receipts for) shares in TKH.

4 Comparative information on remuneration

The table on the right shows a five-year comparison of the changes in the remuneration of members of the Supervisory Board.

Total remuneration Supervisory Board

(x €1,000)	Regular remuneration	Remuneration membership committees	Total 2024	Total 2023
P.W.B. Oosterveer, chairman	67	21	88	62
J.M. Kroon	51	14	65	63
C.W. Gorter	51	19	70	68
A.M.H. Schöningh	51	7	58	56
W.A.A. Peek [1]	34	3	37	
R.L. van Iperen [2]	17		17	75
Total remuneration	**270**	**65**	**335**	**324**

1 As of May 2024.
2 Up to and including May 2024.
As amounts are expressed in thousands of euros, totals may not add up precisely due to rounding.

Comparative information on remuneration

(x €1,000)	2024	2023	2022	2021	2020
P.W.B. Oosterveer, chairman [1]	88	62	36		
J.M. Kroon MBA	65	63	60	58	58
C.W. Gorter	70	68	64	60	58
A.M.H. Schöningh [2]	58	56	52	51	34
W.A.A. Peek [3]	37				
R.L. van Iperen [4]	17	75	69	53	53
A.J.P. De Proft [5]			23	68	68
P.P.F.C. Houben [6]				23	55
Total remuneration	**335**	**324**	**304**	**313**	**326**

1 As of May 2022.
2 As of May 2020.
3 As of May 2024.
4 Up to and including May 2024.
5 Up to and including May 2022.
6 Up to and including May 2021.

Corporate Governance

TKH Group N.V., a public limited liability company under Dutch law, applies the two-tier board regime. The management of the company is delegated to the Executive Board under the supervision of the Supervisory Board. The general powers of the Executive Board derive from legislation and regulations, and are laid down in TKH's articles of association. The Executive Board and the Supervisory Board are responsible for the Corporate Governance structure of TKH and compliance with the Dutch Corporate Governance Code ("Code"). TKH applies the principles and best practice provisions of the Code and attaches great value to the Code. In a few cases, TKH deviates from the Code; the reasons for each of these deviations are described below.

Term of appointment of the Executive Board

The terms of appointment for the current CEO and CFO are not limited to the four-year term prescribed by the Code. TKH takes the position that contractual agreements made in the past cannot be modified, that existing employment contracts should be respected, and that the limitation of the appointment is not appropriate. It should be noted, however, that performance is assessed annually and the term of appointment is evaluated on an ongoing basis. However, the maximum four-year term of appointment does apply to the third member of the Executive Board. A maximum term of four years also applies to newly appointed members of the Executive Board, and the best practice provision is applied in such cases.

Share plan

There is a share plan for the Executive Board, but no share option scheme. The share plan involves a financial contribution by the Executive Board as the individual members have to purchase the same number of shares at their own costs as they are awarded within the framework of the share plan. Because this involves a financial contribution from Executive Board members, it has been determined that the shares must be held for at least three years. Additionally, as this scheme requires a private investment obligation of the individual members of the Executive Board, the Supervisory Board believes that it is reasonable and fair to adhere to a term of three years, and not a term of five years.

Internal Audit function

TKH has an Internal Audit function, but the position of this department has not been fulfilled completely independently in accordance with the Code. The Internal Audit team has been expanded in early 2024, which will further strengthen its independent position. According to best practice provision 1.3.2 of the Code, the functioning of the internal audit function should be assessed at least every five years by an independent third party. The evaluation of the Internal Audit function is conducted internally on a yearly basis. The external evaluation is scheduled for 2025.

General Meeting of Shareholders

A General Meeting of Shareholders is held annually. Extraordinary General Meetings are held as often as the Executive Board or Supervisory Board deems desirable and also as often as shareholders and/or holders of depositary receipts, representing at least 10% of the issued capital, request the Executive Board or Supervisory Board in writing to do so, specifying the items to be discussed. With regard to invoking a response time concerning proposals for fundamental strategy changes, TKH has applied the legal provision in Article 2:114b of the Dutch Civil Code with regard to a 250-day reflection period, above the 180 days specified in the Code. The basic principle here is to ensure that the operation and effectiveness of the measures that companies can take to respond adequately to proposals for fundamental strategy changes are safeguarded.

Depository receipts of shares

Stichting Administratiekantoor TKH Group ("TKH Trust Foundation Office") holds ordinary shares in the company. In exchange for these shares, TKH Trust Foundation Office issues depositary receipts for those shares.
The voting rights to the shares are vested in TKH Trust Foundation Office. Upon request, TKH Trust Foundation Office will authorize the holders of depositary receipts to vote for the shares for which the holder holds depositary receipts at a General Meeting specified in the proxy, to the exclusion of TKH Trust Foundation Office. The authorization is unrestricted and is therefore not subject to any exchangeability limit. TKH Trust Foundation Office is not required by law (article 2:118a of the Dutch Civil Code) to grant the proxy, and may withdraw a proxy that has been given if a) a hostile public offer is announced or made (or is expected to be made), b) one or more persons possess at least 25% of the depositary receipts and/or shares, or c) in the opinion of TKH Trust Foundation Office, the voting right of a holder of a depositary receipt is fundamentally in conflict with the interest of the company.
In the event of one of these scenarios, TKH Trust Foundation Office must notify the holders of depositary receipts and explain the reasons behind their actions. The company considers the issue of depositary receipts for shares as an important measure to protect the interests of shareholders, holders of depositary receipts and other stakeholders. This means that the company's intellectual property and its commercial interests are protected, which is also important for sustainable long-term value creation for our stakeholders. Although the Code states that the issue of depositary receipts is not intended to be used as a protective measure, TKH expressly chooses to take this form of protective measure and acts in accordance with the applicable law in Article 2:118a of the Dutch Civil Code. This is in derogation of the principle of the Code.

TKH Trust Foundation Office exercises the rights attached to the shares in such a way that the interests of the company, its associated businesses, and all its stakeholders are protected to the greatest extent possible, instead of focusing primarily on the interests of the holders of depositary receipts, as defined in best-practice provision 4.5.5 of the Code. The TKH Trust Foundation Office thus exercises its voting right in line with legal provision Article 2:118a of the Dutch Civil Code. In the General Meeting of Shareholders, the Board of TKH Trust Foundation Office may, on request, issue a statement of its intended voting conduct. A detailed explanation of TKH's Corporate Governance structure can be found on the TKH website.

Risk management

The Executive Board is responsible for complying with all relevant primary and secondary legislation and for managing the risks associated with the company's activities through the implementation of appropriate internal risk management, control, and auditing systems. This involves surveying and analyzing the risks related to the company's strategy and activities, establishing the risk appetite, and defining the necessary measures to manage and monitor the risks. The Executive Board is accountable to the Supervisory Board for setting up effective and well-functioning internal risk management and control systems.

Risk Management structure

Risk Management structure

TKH has embedded its risk management policy in all levels of the organization. This involves using risk management and control systems that contain the following key components:

- An Internal Control Framework (ICF) based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2017). TKH uses this framework to analyze and evaluate the strategic, operational, financial, and compliance risks for its operating companies.
- The TKH Manual containing:
  - regulations and guidelines for decision-making procedures and authorization levels for the management of our operating companies;
  - guidelines on the treasury policy (cash and foreign exchange management), as well as various rules of conduct, such as policy approval procedures, a Code of Conduct for staff members, a whistleblower procedure, and a privacy policy; and
  - guidelines for internal management and control measures including IT controls, internal and external financial and non-financial reporting, insurance, and how to deal with claims.
- A "strategic scorecard", which is issued every quarter or more frequently if necessary. It features "high-lights" and "low-lights", and (potential) risks per business segment. It also contains related short- and medium-term action points for discussion between the Executive Board and management of the operating companies.

TKH's risk management policy reflects the organization's size and decentralized structure. The components of this risk management policy are assessed by Internal Audit, focusing only on continuing operations. The main risks of each operating company are identified and analyzed, and their potential impact on the operating company is determined. For specific issues, including IT & Security and sustainability, external specialists are engaged on a project basis. The results of these assessments are discussed with the Executive Board. The most important findings of the assessments conducted by Internal Audit are discussed with the Audit Committee of the Supervisory Board. We follow the guidelines of the Institute of Internal Auditors (IIA) to ensure the internal audit function meets the IIA standards as closely as possible.

The Executive Board, internal Legal Advisor, Director Finance & Control, Tax Director, and Compliance Officer also evaluate the risk management system. The design and operation of the risk management and control systems for financial reporting are also assessed by the external auditor in the context of the audit of the financial statements. The outcome and impact on the external auditor's audit strategy are discussed with the Executive Board and the Audit Committee.

Risk culture

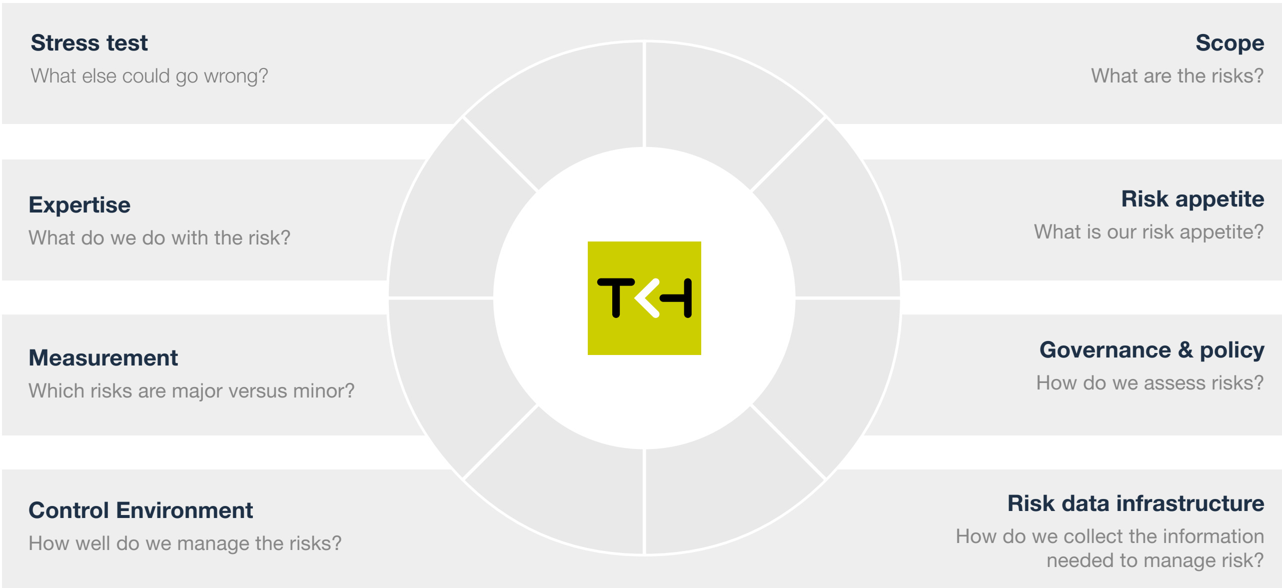
An open, transparent culture with sufficient critical capacity is a prerequisite for an organization to properly manage risks, responsibilities, and competencies. TKH considers a suitable risk management model to be an important tool for creating sustainable long-term value. A continuous focus on risk awareness is a key element of TKH's culture. The pursuit of a balanced risk profile is embedded in this culture through short lines of communication and is supported by closely monitoring agreed objectives through a comprehensive Key Performance Indicator (KPI) dashboard.

Employees are expected to be aware of the core values underlying our actions and our risk profile and to feel responsible for the (potential) risks they take. They are also expected to adhere to the principles of TKH's culture and to act in accordance with TKH's Code of Conduct. At the same time, we are committed to ensuring a safe work environment in which our employees can excel, regardless of their background, gender, or position. The Code of Conduct is fundamental to everything we do and describes how we act as a company and within the company, how we make decisions, and how we deal with different dilemmas. We have established a procedure that enables employees to report any suspicion of conduct that is unlawful or violates the Code of Conduct, including behavior related to sexual harassment, gender inequality, and abuse of power. Reports are reviewed and investigated by the local Confidential Officer and/or the Group Compliance Officer. If deemed necessary, disciplinary and mitigating measures are taken. External parties can also report to the Group Compliance Officer.

Developments in 2024

In 2024, we evaluated our internal risk management system and made several improvements. The activities carried out by Internal Audit did not lead to any material findings at group level with regard to the administrative organization and internal control. When deficiencies in the administrative organization and internal control are observed, areas for improvement are identified. The 2024 findings included the payment process, supplier master data management, purchase management, minor reconciliation differences in financial and sustainability reporting and internal controls carried out including documentation and consistency in way of working regarding sustainability reporting. Continuous monitoring enables us to adapt the internal risk management and control system to changing internal and external conditions as necessary. In 2024, we continued our focus on further

Risk culture



embedding the Internal Control Frame-work in our operating companies and on further standardizing controls within the operating companies.

For operating companies whose size, technology, and risks, such as privacy and reputation, are important in the context of implementing the TKH strategy, IT & Security risks have been identified and recommendations have been made to further mitigate these risks. These risks and their follow-up are frequently discussed with the Executive Board and the Audit Committee. In 2024, we have carried out specific assessments on the implementation of the EU NIS2 Directive.

Several small and non-material security incidents occurred during the year under review. However, we experienced one larger incident due to a successful ransomware attack at one of our operating companies, which impacted access to operating systems for two weeks but without material impact. The incidents reinforce the need to remain vigilant to IT Security risks.

In 2024, we focused on the implementation of the CSRD (Corporate Sustainability Reporting Directive) and the related ESRS (European Sustainability Reporting Standards). Although there is not yet a formal statutory requirement to report in accordance with the CSRD due to the delayed transposition, TKH prepared its sustainability statements 2024 based on the CSRD on a voluntary basis. At the same time, we obtained a voluntary assurance on the sustainability statements. The CSRD requires companies to report on quantitative and qualitative datapoints on sustainability topics assessed as material. This led to the extension of the existing non-financial KPIs and reporting through our reporting system Cognos. In addition, information has been collected manually, for example related to certain scope 3 emission categories. Because this is the first year of CSRD reporting and data collection for certain datapoints, partly manually, and due to the complexity and higher degree of judgements and estimations, changes in the assumptions and estimates could result in for example different GHG emissions than those recorded in the sustainability statements in this annual report 2024. In the year under review, Internal Audit performed reviews on selected non-financial reporting KPIs and operating companies and identified areas for improvement and optimization. No material deficiencies were identified. In 2025, we will continue to develop the review activities related to non-financial information, with the ambition to include all CSRD-related quantitative datapoints in the scope of internal audit over time.

In the year under review, we started the implementation of the risk management statement (VOR) which is required for Dutch stock listed companies in 2025 as part of the Dutch Corporate Governance Code. We also performed specific internal audits on the implementation of the Tax Control Framework related to VAT at selected operating companies in the Netherlands. Finally, we also paid specific attention to the application of the sanction regulation.

Risk overview

The risk connectivity matrix shows the most important risks for TKH. We divided them into four categories: strategic risks, operational risks, financial and reporting risks, and compliance risks. For each risk, we then assess its potential impact on the organization and the probability that this risk will occur. The impact includes financial and non-financial factors such as reputation. The table also includes the risk trend and risk appetite. The risk trend is the risk development compared to the previous year. The risk appetitive represents the risk (amount) we are willing to accept in pursuit of our strategic objectives. In addition, a link has been made with the material sustainability topics as identified through the double materiality assessment performed under the CSRD. More detailed information on the material sustainability-related impacts, risks and opportunities is included in the sustainability statements.

It is the duty of the Executive Board to weigh the business opportunities against the expectations and interests of stakeholders. Decisions to change or refine our business models are made by the Executive Board in accordance with TKH's risk appetite. A balance is explicitly sought between acceptable risk, on the one hand, and entrepreneurship conducted in the context of long-term value creation, on the other hand.

Other relevant risks

In addition to the key risks included in the risk connectivity matrix, we have identified other risks that are also included in TKH's internal risk management system. These include, among other things, the following risks:
- Natural disasters or incidents in production facilities e.g. accidents in production facilities that threaten business continuity.
- Infringement of intellectual property (IP) rights of and by third parties.
- Inadequate funding.
- Impact of a (global) pandemic on the world economy, the (end) markets in which TKH is active, and its business operations.

Risk matrix – Our main risk

Risk area	Risk category and topics	Risk description	Material sustainability topic (CSRD)	Risk trend	Risk appetite
Strategic	**1. Market & Geopolitics** • Market / geopolitics developments • Conflicts / wars • Protectionism / import duties • Recession	Influence of global economic, market and geopolitical developments on the execution of the strategy and financial position and results of TKH.	• Management of relationships with suppliers	increased	medium
	2. Portfolio • Innovation • Technology development • AI	Threat to TKH's long-term value creation due to insufficient technology development, innovation and application of AI.	• Sustainable innovation	equal	medium
	3. M&A agenda • Acquisitions • Integration • Divestments	Failure to successfully integrate (acquired) and/or divest companies can result in lower than expected profit contribution and the risk of impairment. Changing M&A market circumstances (e.g. interest developments) can impact (the timing of) our divestment and growth strategy program.		equal	medium
Operational	**4. Sustainability** • CO_2 footprint, climate change • Resource use and waste management • Pollution • Water consumption	Possible impact of climate change on our strategy and business model. Unsustainable business operations can have an adverse effect on the environment as well as on the (future) business. Future implementation of CO_2 tax/pricing could mean an increase in operational and compliance costs. Non-compliance with ESG and material CSRD topics, including pollution and water management, and not meeting ESG and defined CSRD targets and ambitions, can impact our operations and reputation.	• GHG emissions, energy efficiency and consumption (climate change mitigation) • Resource inflows, waste, and waste recycling • Pollution of air, soil, and water • Water consumption	increased	low
	5. IT & Security • IP protection • Continuity of operations • Cybersecurity • Privacy and GDPR	Risk of breach of data availability, confidentiality, and integrity (including IP), resulting in damage for the organization or customers.	• Privacy (cybersecurity)	increased	low
	6. Personnel • Scarcity • Development opportunities • Diversity • Healthy and safe work environment	Scarcity of well-qualified personnel and inability to retain qualified personnel. Health and safety incidents can cause risks for employees and lead to business stagnation. Inability to reach (young) potential employees can result in shortage of staff. A non-diverse workforce can result in limited perspectives, skills, and experiences, which can lead to decreased creativity, innovation, and problemsolving within TKH.	• Diversity • Health and safety	equal	low
	7. Supply Chain • Raw materials • Components • Energy • Working conditions in value chain (Connectivity)	Important raw materials such as copper, aluminum and plastics, and technical (electronical) components have long delivery times or are unavailable or only available in limited quantities. Limited availability of (green) energy could result in (potential) shortages of energy and higher price levels. Failing to address relevant human rights related risks in the value chain (Smart Connectivity systems) can result in regulatory fines, legal penalties, and reputational damage.	• Management of relationships with suppliers • Child / forced labor, health and safety (workers in the value chain)	decreased	low
	8. Project Management	Risk of projects not being delivered according to specification, agreements, time schedule, and planned margins. Expanded scope in projects towards turnkey structures increases contract value and risk exposure due to the extension of scope, for example by including besides the supply the engineering, termination and testing, and installation (e.g. inter-array cable contracts).		increased	low
Financial and reporting	**9. Currencies**	Volatility of currencies, which can put pressure on profit margins.		equal	medium
	10. Interest	Volatility of interest rates, which can put pressure on net result.		equal	medium
	11. Cost inflation • Raw materials • Components • Labor costs • Energy costs	Inflation of costs, including (volatility of) raw material prices, components and labor costs, which can put pressure on profit margins.		equal	medium
	12. Reporting • Financial reporting • Non-financial reporting (CSRD)	Risk that TKH's financial reporting contains material errors, and that new reporting requirements cannot be met timely and accurately. Inadequate disclosure of environmental, social, and governance (ESG) factors in accordance with the CSRD may lead to reputational damage and regulatory scrutiny. These can impact stakeholder trust and business resilience.		increased	low
Compliance	**13. Legal & Regulatory** • Sanctions • Fraud, corruption, bribery • Use of agents • Non-compliance with law and regulations (incl. AI)	Damage (including reputation) due to violation of legislation and regulations including export and sanction regulations, unfair competition, fraud, corruption, and bribery.	• Corporate culture • Corruption and bribery • AI and algorithm ethics	equal	avoiding
	14. Tax	Damage (including reputation) due to violation of tax legislation and regulations.		equal	avoiding

increased   equal   decreased   avoiding   low   medium   high

Strategic

1 Market & Geopolitics

The impact of global economic and geopolitical developments and conflicts (such as the Russia-Ukraine war) on the implementation of the strategy and the financial position and results of TKH. Economic and political confrontations between world powers (trade tariffs/ barriers, protectionism, availability and price of energy), the erosion of trade agreements, and the impact of (global) inflation as well as a potential recession may impact TKH's turnover and results.

Our specific risk mitigation measures:

- Diversification of activities across multiple product/ market combinations.
- Internal efficiency programs and cost reduction programs (of at least €15 million announced in 2024).
- Expansion of fibre optic cable production capacity in Europe, partially replacing production capacity in China.
- Relocation of fibre optic cable production capacity from the Netherlands to Poland.
- Energy reduction programs and conversion to alternative energy sources.
- Flexible shell by making use of temporary staff and by outsourcing the production of mainly commodity products and product modules.
- Geographical spread across Europe, North America, and Asia with multiple production sites, with a tendency to bring production capacity closer to end markets where possible.
- Solid financial balance sheet and position.
- Ongoing attention to risk analysis in the implementation of the strategy and Accelerate 2025 strategic program.

2 Portfolio

Insufficient technological development, innovation and application of AI can threaten TKH's long-term value creation. These risks may emerge in the following areas:

- The pace of technological development.
- The application of Artificial Intelligence in (new) portfolio.
- Conservativism in certain end markets to embrace our new disruptive technologies.
- The execution of the R&D roadmap.
- The contribution of our innovations to the sustainability performance of our customers.
- Our competitor's new technologies.
- Our payback capacity.
- The harmonization of niche specifications into standardized commodity products and technologies.

Our specific risk mitigation measures:

- Generate at least 10% of our turnover from innovations that have been introduced in the last two years.
- Acquisitions to strengthen market position and/or product portfolio.
- Spend approximately 4% of our turnover on R&D in the last few years.
- Focus continuously on innovation and executing the roadmap, including time-to-market.
- Creation of an AI center of excellence, developing state of the art algorithms and applying them to real-world R&D challenges across the TKH Group.
- Ensure that the Executive Board and local management frequently discuss technology and innovation developments.
- Capitalize on technology leadership by leveraging and accelerating growth from innovations and by utilizing the R&D pipeline. Bring key innovations to maturity with targeted profitability and limit the number of new and large "start-up" projects.
- Increase our market share by unlocking the full potential of our innovations and disruptive technologies by capitalizing on market growth driven by relevant megatrends.

3 M&A Agenda

Failure to successfully integrate acquired companies or execute divestments of business activities can result in lower-than-expected profit contributions and the risk of impairment. Changing M&A market circumstances (e.g. interest rate developments) may impact (the timing of) our divestment and growth strategy program.

Our specific risk mitigation measures:

- Apply necessary procedures and guidelines and organize sufficient expertise for valuations and due diligence.
- Ensure rapid integration of acquired companies into TKH's reporting and control systems.
- Harmonize business processes and systems where necessary and desirable.
- Continue to focus on identifying, creating and exploiting synergies.
- Ensure continued focus on portfolio management. Restructure or exit activities with limited potential for value creation or strategic overlap: limited strategic fit, low return on sales, and organic growth potential.

Operational

4 Sustainability

The potential impact of climate change and other material sustainability topics such as CO_2 emissions, climate change, availability of resources and waste management, pollution, and water consumption/availability on our strategy, business model, and reputation. Unsustainable business operations have an adverse effect on the environment and on the (future) business. Future implementation of CO_2 tax/pricing could mean an increase in operational and compliance costs. Non-compliance with ESG and material CSRD topics, including pollution and water management, and not meeting ESG and defined CSRD targets and ambitions, can impact our operations, access to markets/customers, and reputation.

Our specific risk mitigation measures:

- Based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), we are carrying out a comprehensive analysis of potential climate change risks and how these risks can be converted into opportunities.
- Continue to optimize our production processes via our operational excellence program.
- Deliver a strong performance on our sustainability targets, in particular CO_2 neutrality by 2030 (scopes 1 and 2), and further develop a sustainable portfolio based on SDG criteria.
- Engage with suppliers and customers on topics related to decarbonization in the value chain.
- Continue to improve relevant ESG ratings by external rating agencies.
- Measurement program to monitor pollutions to air, water and soil, in collaboration with external experts.
- Implement water policy including commitment to reduce water consumption.
- Continue to increase share of recycled content as part of our resource inflows.
- Continue to work towards achieving our waste reduction and recycling target so we can make a responsible and demonstrable contribution to the circular economy.
- Health and safety, and diversity programs and targets.
- More information can be found in the sustainability statements section.

5 IT & Security

IT & Security concerns the risk of a breach of data availability, confidentiality, and integrity (including IP). This also includes cyberattacks that compromise data (including IP) to disrupt business operations and infrastructure. This could lead to damage for the organization and/or customers. The following elements are important in this respect:

- A decentralized IT landscape.
- The use of multiple ERP systems.
- The continuity of production sites.
- The protection of developed technologies (IP protection).
- Data protection legislation, including GDPR.

Our specific risk mitigation measures:

- TKH has issued an IT & Security Policy containing guidelines outlining the requirements for an ICT infrastructure, including key IT controls, partly within the context of cybercrime risks.
- Companies in the same region or cluster are encouraged to achieve economies of scale in the field of ICT.
- IT managers from key operating companies discuss important IT developments, trends, and risks.
- The internal and external (IT) security environment is tested by a specialized external agency.
- Internal expertise is used to assess security environments of operating companies.
- Internal guidelines on data protection are established.
- Awareness of the need for information security is raised through ongoing training and frequent newsletters on relevant (cyber) topics (Security Awareness Program).
- Cyber insurance to cover costs from major incidents and secure external expertise in the field of IT (recovery), cybersecurity, legal and other expertise depending on the incident.
- Internal Audit oversees the implementation of data protection guidelines.
- Implementation of a AI Tools Policy in 2024 to establish guidelines for the appropriate use of AI within TKH, including the use of Generative AI and Algorithmic AI tools, to ensure that AI technology is used to enhance productivity, efficiency, and decision-making while complying with applicable law and respecting privacy, confidentiality, and data security.
- The risks are identified for operating companies with a high and medium risk in this area, based on size, technology, and reputation, and recommendations were made to further mitigate these risks. These risks and the monitoring of risk management are regularly discussed with the Executive Board and the Audit Committee.
- Specific assessments of the risk of ransomware and our resilience should such an event occur.

Operational

6 Personnel

A shortage of highly qualified personnel and the inability to retain qualified personnel can impact the (progress of the) of TKH's strategy. Health and safety incidents can create risks for employees and cause business to stagnate. Inability to reach young potential employees can lead to staff shortages. A non-diverse workforce can result in limited perspectives, skills, and experiences, which can lead to decreased creativity, innovation, and problem-solving within TKH.

Our specific risk mitigation measures:

- Performance/talent management programs in each operating company.
- Management Development Programs, partly in collaboration with Nyenrode University.
- Conduct regular employee satisfaction surveys.
- Use our good reputation as an attractive employer to recruit talented employees.
- Set up cooperation programs between operating companies and training institutes.
- Health and safety, and diversity programs and targets.
- Use employer branding and referral recruitment to reach and engage future talent.
- Increase attention on safety by tightening safety standards and creating even greater safety awareness, and by implementing ISO 45001.
- Creation of engineering centrum In India for tire building systems.
- Facilitate healthy and safe home-working practices.
- Communicate frequently with our employees through various channels about relevant general and business developments, and our impact on sustainability topics.

7 Supply chain

A situation where important raw materials such as copper, aluminum, steel and plastics, and technical (electronic) components have long delivery times, are unavailable or only available in limited quantities, as well as the limited availability of energy and price increases related to raw materials and energy can put pressure on profit margins. Failing to address relevant human rights related risks in the value chain (Smart Connectivity systems) can result in regulatory fines, legal penalties, and reputational damage.

Our specific risk mitigation measures:

- Maintain high level of inventory of critical raw materials and components where applicable.
- Redesign products to increase the use of alternative materials and components with better availability/pricing.
- Use alternative suppliers.
- Adapt terms and conditions in purchase and sales contracts.
- Optimize (regional) portfolio and local manufacturing footprint.
- Introduce energy reduction programs, targets, and switch to alternative energy sources.
- Perform risk assessments on suppliers to identity high risks related to environmental and human rights aspects, followed by an action plan and monitoring of implementation of the planned actions.
- Develop cooperation programs between operating companies to discuss developments, trends, and risks and to leverage buying power and knowledge within the group and business segments.
- Ensure that developments, including inventory positions and purchasing conditions concerning important raw materials and components are discussed frequently between the Executive Board and local management.

8 Project management

Inadequate project management can result in the risk that projects will not be delivered to specification, on time, to budget and within agreed margins. Expanded scope in projects towards turnkey structures increases contract value and risk exposure due to the extension of scope, for example by including besides the supply the engineering, termination and testing, and installation (e.g. inter-array cable contracts).

Our specific risk mitigation measures:

- Higher investment in qualified staff, training, and education. Ensure sufficient knowledge and professional competence, also related to turnkey (inter-array cable) contracts.
- Involve external experts to limit project risks related to complex and technical topics.
- Develop/team-up with competent partners in back-to-back structures.
- Back-to-back arrangements with subcontractors.
- Use generally accepted project management approaches and tools to limit project risks, define project milestones, and monitor development of projects and risk exposures.
- Ensure that guidelines and procedures are in place for the approval of projects with an above-average risk, project management, and adequate project administration.
- Make sure important projects are discussed at quarterly meetings between the Executive Board and local management.
- Monitor large projects with an above-average risk on a regular basis, if necessary with increased involvement of the Executive Board and/or Management Board and legal counsel.
- Align insurances with the risk exposure on large projects.
- Constantly evaluate lessons learned and incorporate them into the risk model, which may lead to strict acceptance criteria.

Financial and reporting

9 Currencies

Currency volatility, which can put pressure on profit margins.

Our specific risk mitigation measures:

- Treasury Statute that establishes a currency risk management approach, including responsibilities, authorizations, and reporting.
- Material exchange rate risks are hedged in accordance with the Treasury Statute if these risks cannot be passed on in the market.
- Exchange rate risk arising from the translation of net investments into currencies other than the euro is generally not hedged. Monetary assets and liabilities in the same currency are netted as much as possible to reduce exposure.
- Time differences between the settlement of forward transactions and sales and purchase contracts are managed by using foreign currency bank accounts or by rolling over forward contracts.

10 Interest

Interest rate volatility, which can put pressure on the net result.

Our specific risk mitigation measures:

- The interest rate policy is determined at corporate level.
- A treasury statute that establishes a interest risk management approach, including responsibilities, authorizations, and reporting.
- Balances with credit institutions are compensated to minimize interest charges.
- Long-term financing is obtained at variable rates, where appropriate, fixed by means of interest rate swaps.
- Reduce our working capital where applicable by means of working capital reduction programs per operating company.
- We have prepared a budget that includes projections of cash flows and liquidity requirements for the coming year. This forecast takes into account current market conditions, possible changes in results based on these conditions, and interest and currency volatility.

11 Cost inflation

Cost inflation including (volatility of) raw material prices, components, energy, and labor costs can put pressure on profit margins.

Our specific risk mitigation measures:

- Periodically analyze the impact of price changes per operating company based on a standard template.
- Frequently adjust market price lists where applicable.
- Redesign products to use alternative materials and components with better prices.
- Optimize (regional) portfolio and local manufacturing footprint in line with labor cost developments.
- Introduce operational excellence programs to improve (labor) efficiency.
- Develop energy saving and efficiency programs and eliminate (part of) price risks through medium-term energy contracts.
- Use alternative modes of transportation to optimize transport efficiency, costs, and sustainability impact.

Specific risk-mitigating measures for raw material prices related to copper and aluminum:

- The copper and aluminum positions of each operating company are monitored for the economic stock levels, stock prices, rate of turnover, and the expected relationship between copper prices and selling prices (price elasticity).
- Copper and aluminum price developments are factored into the selling price of products and/or services where possible, or temporarily hedged on the futures market.
- Raw material purchases for larger projects are hedged to eliminate price risks for customers.
- Copper and aluminum price developments, economic stock positions, and hedges are reviewed every month and discussed with TKH's CFO.
- Derivatives can be used to a limited extent to hedge the price risk on free inventories.
- Important raw materials, such as copper, are purchased forward to eliminate price risks on the sale of finished products, if:
  - a sales contract is concluded at a fixed price;
  - delivery does not take place within one month; and
  - a significant amount of the raw material is needed for production.

Financial and reporting

12 Reporting

Risk that TKH's financial reporting contains material errors, and that new reporting requirements cannot be met timely and accurately. Inadequate disclosure of environmental, social, and governance (ESG) factors in accordance with the CSRD may lead to reputational damage and regulatory scrutiny. These can impact stakeholder trust and business resilience.

These reporting risks mainly relate to the following material items in the financial and sustainability statements:

- Turnover – timing of turnover recognition.
- Goodwill and purchase price allocation – valuation and impairment testing.
- Development costs – valuation and impairment testing.
- Inventory – valuation.
- Contract assets and liabilities – valuation.
- Business combinations / held for sale – recognition and valuation of acquisitions and divestments.
- Sustainability statements and KPIs including:
  - value chain information;
  - expected developments to reach 2030 targets;
  - scope 3 emissions;
  - estimations used to calculate quantitative datapoints; and
  - 2024 is the first reporting year and the framework and implementation guidance are still in development. Different interpretations of the CSRD and ESRS requirements could result in different outcomes and reporting.

Our specific risk mitigation measures:

- Internal procedures and guidelines for internal and external financial reporting and assurance.
- Availability of a Sustainability Reporting Manual.
- TKH has developed internal guidelines in accordance with IFRS, including requirements for the capitalization of development costs.
- Regular controller meetings are organized to discuss important reporting topics.
- Training and education of (financial) staff.
- Deep dive sessions to discuss CSRD reporting and other sustainability topics.
- Involvement of external (topical) experts on certain complex sustainability topics.
- Engage with suppliers and customers related to decarbonization in the value chain, obtain supplier and customer specific (carbon) data.
- Regular impairment testing, including the annual strategic planning.
- Use of business intelligence tools to gain early insight into risks.
- Representation letter and in-control statement for each operating company.
- Internal Audit performs financial audits and internal audits on non-financial information.
- Assurance by the external auditor on the financial statements.
- Limited assurance by the external auditor on the sustainability statements.
- More information can be found in the sustainability statements section.

Compliance

13 Legal & Regulatory

Failure to comply with laws and regulations – including internal guidelines – can result in damage. Examples include:

- Unfair competition, export violations, and sanctions programs that can result in significant penalties and reputational damage.
- Global operations and the use of agents who may expose TKH to local bribery and corruption risks.
- Undesirable or unethical conduct by employees that results in unacceptable behavior towards other employees or fraud-related issues.
- AI algorithm could result in harms which may result from the use of AI algorithm, such as unjustified actions, bias, discrimination or breach of privacy (AI ethics).

Our specific risk mitigation measures:

- Internal guidelines include internal control measures, management responsibilities, and authorization requirements.
- Internal guidelines on compliance with sanctions and export regulations, including a checklist.
- Monitoring of financial flows by TKH, including by:
  - monitoring transactions through the central treasury system;
  - establishing banking authorizations; and
  - setting credit limits for each operating company, with no local credits allowed with banks outside of TKH's banking group, unless approved by TKH.
- The use of banks prescribed by TKH unless another bank is required locally because only a local bank can provide the required service.
- Controller meetings and the international management meeting will address the issues of sanctions, fraud, corruption, payment frameworks, and bribery by means of theory and case studies.

Compliance

- Through the TKH Code of Conduct, our employees are aware that they should adhere to our business ethics and confirm this by signing this Code of Conduct.
- Employees can report suspicions of misconduct internally and through a whistleblower policy. Such reports will not have any consequences for the position of whistleblowers, provided they follow the procedure established for this purpose. External parties can also report to the Group Compliance Officer.
- In all layers of our company, compliance with internal guidelines relating to integrity and behavior is strictly monitored (zero tolerance).
- Through the TKH Code of Supply, our strategic suppliers are aware that they should follow our business ethics and confirm this by signing this Code of Supply. Compliance with this code is verified during supplier audits.
- Strengthen internal legal skills and capacity.
- Internal Audit conducts internal audits on non-financial information focusing on the most important risks, including supplier assessments and internal policies (e.g. related to sanctions).
- AI algorithms are classified through internal risk assessments, using the EU AI Act as guiding principle.
- Establishment of an AI Ethics committee responsible for developing policies and supervising the risk assessments performed by the operating companies.

14 Tax

TKH is exposed to tax risks that could result in double taxation, penalties, and interest payments. The source of the risks could arise from local tax rules and regulations as well as international and EU regulatory frameworks (amongst others European ATAD directives, DAC initiatives, country-by-country reporting and Pillar Two). These include, but are not limited to, transfer pricing risks on internal cross-border deliveries of goods and services, tax risks related to acquisitions and divestments, tax risks related to permanent establishments, tax risks related to tax loss, interest and tax credits carried forward, and potential changes in tax laws that could result in higher tax expenses and payments. These risks can have a significant impact on (local) financial tax results, which, in turn, could adversely affect TKH's financial position and results.

Our specific risk mitigation measures:

- Centralized monitoring of compliance in relation to developments in (new) legislation and regulations in the area of tax laws (both national and international), sanctions regimes, and general tax and legal developments, with a focus on specific risks in the areas of transfer pricing, compliance with international standards such as Pillar Two, permanent establishment, and VAT.
- Availability and development of transfer pricing documentation in accordance with OECD Guidelines and compliance with local regulations.
- Periodic monitoring of the financial performance of operating companies in accordance with the transfer pricing documentation.
- Maintaining good relations with tax authorities based on mutual respect, transparency, and trust.
- Making use of external (tax) advisors for specialized subjects.
- Further rollout, monitoring and continuous update of the Tax Control Framework.
- Tax reporting, including standardized tax reporting packages for determining the tax position, which are also used for determining the tax position in the financial statements, as well as “country-by-country” reporting.
- The use of theory and case studies during internal training activities to address a broad spectrum of tax issues (including customs) and tax dilemmas.

Risk quantification and sensitivity analysis

For the most important risks, we have, where possible, quantified the impact on the result and financial position of TKH should these risks occur. A sensitivity analysis is also included. The financial statements, including note 20, outline TKH's objectives and policy regarding the use of financial instruments for risk management, also in the context of hedging risks associated with all major types of transactions to which TKH is exposed, related to capital, liquidity, interest, currency, credit, and price risks.

Going concern and outlook

We have prepared a budget that includes projections of cash flows and liquidity requirements for the coming year. This forecast takes into account current market conditions, possible changes in results based on these conditions, as well as our ability to adjust our cost structure in response to changing economic conditions and turnover levels. Our budget also takes into account the total amount of cash and cash equivalents and credit facilities available as at December 31, 2024, the possibility of renewing financing agreements and attracting additional financing, and whether we are operating within the financial ratio agreed with the banks in the covenant. On this basis, we believe that our available funds at the end of 2024 will be sufficient to finance our activities, investments, and existing contractual obligations for at least the next 12 months.

Risk quantification and sensitivity analysis

	change	impact	on	assumptions	relates to risk
Turnover	1%	€8.9 million	EBITA	No adjustment of operating costs.	1, 2, 3, 9, 11
Raw material price copper	10%	€1.8 million	EBITA	No derivatives to hedge price risks.	11
Gross margin	1%	€17.1 million	EBITA	No adjustments of operating costs.	1, 2, 3, 8, 9, 11
Operating costs	1%	€7.6 million	EBITA	No adjustment of turnover/gross margin.	Operational and financial risks
Currencies – financial instruments	10%	€14.4 million	Result before tax	All other variables remain constant.	9
Currencies – financial instruments	10%	€38.2 million	Group equity	All other variables remain constant.	9
Interest	1%	€5.1 million	Result before tax	Net bank debt including deduction of interest rate swaps held at variable interest rates.	Financial risks
Interest – financial instruments	1%	€4.3 million	Group equity	Based on concluded interest rate swaps.	Financial risks

Management statement

The Executive Board is responsible for the design and effectiveness of the internal risk management and control systems. The purpose of these systems is to identify and effectively manage the most significant risks to which the company is exposed.

During the year under review, Internal Audit assessed the administrative organization and internal control systems of TKH and its associated businesses, with a focus on the most important risks and current themes. No material shortcomings were found in the administrative organization and internal control. Improvements identified were related to non-material shortcomings. The Director of Internal Audit discussed the results of these audits with the Executive Board and reported the main findings to the Audit Committee. These activities did not result in any material findings at the group level regarding the administrative organization and the level of internal control. Based on the financial results for the 2024 reporting year and the expectations for the 2025 reporting year, the Executive Board has assessed the company's going concern assumption. Current market conditions and business plans for 2025 have been taken into account. The Executive Board has also assessed the key strategic, operational, sustainability, financial, reporting, and compliance risks, as well as the design and effectiveness of the internal risk management and control systems, as described in the Risk Management and Sustainability Statements section of this annual report.

The effectiveness and performance of the internal risk management and control systems are discussed each year with the Audit Committee and the Supervisory Board. Taking into account the aforementioned risks and measures designed to manage them, and in accordance with the best practice provision 1.4.3 of the Dutch Corporate Governance Code, the Executive Board confirms that to the best of its knowledge:

i. the management report (within the meaning of section 2:391 of the Dutch Civil Code) provides sufficient insight into any shortcomings in the operation of the internal risk management and control systems related to strategic, operational, reporting, and compliance risks;
ii. the aforementioned systems provide reasonable assurance that the financial reporting does not contain any errors of material importance;
iii. the current situation justifies financial reporting on a going concern basis; and
iv. the report describes the material strategic, operational, reporting, and compliance risks and uncertainties that are relevant to the expectation of the company's continuity for a period of 12 months after the preparation of the report.

In view of the above, the Executive Board confirms that it is in compliance with best practice provision 1.4.2 of the Dutch Corporate Governance Code. It should be noted that the above does not imply that the internal risk management and control systems provide certainty as to the achievement of operational, sustainability, and financial business objectives, nor can they completely prevent all misstatements, inaccuracies, errors or losses, incidents, fraud, or non-compliance with rules and regulations.

With reference to Section 5.25c(2c) of the Financial Supervision Act (Wft), the Executive Board declares that to the best of its knowledge:

- the financial statements provide a true and fair view of the assets, liabilities, financial position, and profit of TKH and the companies included in the consolidation;
- the management report gives a true and fair view of the situation on December 31, 2024, the state of affairs at TKH and its affiliated companies during 2024 (the details of which are presented in the financial statements), and that the management report describes the fundamental risks facing the company.

Haaksbergen, the Netherlands, March 3, 2025

J.M.A. van der Lof MBA, *Chief Executive Officer*
E.D.H. de Lange MBA, *Chief Financial Officer*
H.J. Voortman MSc, *Member of the Executive Board*

TKH shares

Listing on the stock exchange

TKH's (depositary receipts of) shares have been listed on the Euronext Amsterdam stock exchange since 1953, under the ticker symbol TWEKA and are included in the mid-cap index (AMX). Options on TKH shares are listed on NYSE Liffe, the European derivatives business of Euronext (ticker symbol: TKG). TKH shares are also included in the Euronext Next 150 Index, and the Euronext Tech Leaders segment.

TKH's shares issued and outstanding

	2024	2023
Ordinary shares (nominal value € 0.25 each)	**42,198,429**	**42,198,429**
of which depositary receipts	42,069,736	42,077,884
of which registered shares	128,693	120,545
Priority shares (nominal value € 1.00 each)	**4,000**	**4,000**
Total shares issued	**42,202,429**	**42,202,429**
of which held by the company	2,325,349	2,400,483

The number of depositary receipts of shares has decreased by 8,148 compared to December 31, 2023 due to the conversion of 8,148 depositary receipts of shares into ordinary shares. At the end of 2024, the company held 2,325,349 of its own depositary receipts of shares. The company may acquire depositary receipts of shares in its own capital for purposes such as employee share, option plans, and share buyback programs.

The ordinary shares, with the exception of the registered shares of the company, have been transferred by notarial deed to Stichting Administratiekantoor TKH Group ("Stichting Administratiekantoor"), which issues depositary receipts for the shares to the ultimate investors. Stichting Administratiekantoor is the party entitled to the ordinary shares and also exercises the voting right, unless it has granted power of attorney to the holders of the depositary receipts. The holders of depositary receipts are entitled to receive power of attorney to vote for the shares corresponding to the depositary 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 Annual General Meeting of Shareholders. The aforementioned power of attorney may be limited, excluded or revoked by the Board of Stichting Administratiekantoor in various situations specified by law (see also Corporate Governance section). In such cases, Stichting Administratiekantoor may (again) decide to 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 for shares is governed by administrative conditions. The depositary receipts can be exchanged for ordinary shares for a maximum of 1% of the total issued capital in the form of ordinary shares. This total includes both indirectly and directly held shares. The 1% rule does not apply to the transfer of ordinary shares to the company itself. Except as described under "Other information", the 4,000 priority shares do not carry any special rights.

The company has granted Stichting Continuïteit TKH an option to acquire preference shares up to a maximum of 50% of the sum of the other outstanding shares at the time that the preference shares are issued or up to 100% of the sum of the other outstanding shares at the time the preference 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 declaration to that effect with the Chamber of Commerce. Stichting Continuïteit TKH has not acquired any cumulative preference shares in TKH in 2024. Further information on the capital structure of TKH is included in note 7 to the company's financial statements. This information is incorporated by reference in the management report.

Trading information

The following key figures per (depositary receipt of) share apply in relation to the listing on Euronext Amsterdam.

Trading information

	2024	2023
Annual turnover of shares	21,030,162	20,161,005
Highest price	€44.78	€49.10
Lowest price	€30.18	€33.64
Closing price	€33.32	€39.50
Net earnings per share	€2.50	€4.07
Dividend	€1.50	€1.70
Price-earnings ratio as at the end of the financial year	13.3	9.7
Dividend yield on closing price	4.5%	4.3%
Market capitalization at end of financial year (in millions)	€1,329	€1,572

Shareholders

Under the Dutch Financial Supervision Act, shareholdings of 3% or more must be disclosed to the Dutch Authority for the Financial Markets ("AFM"). Based on the AFM register until the beginning of 2025, the following shareholders hold a stake of 3% or more in TKH.

Our major shareholders

Mandatory disclosing party	Interest	Date of last disclosure
HAL Trust (HAL Investments B.V.)	5.17%	February 3, 2025
Goldman Sachs Group Inc.	3.11%	January 28, 2025
Lucerne Capital Management, LLC	5.70%	January 25, 2025
FMR LLC	5.08%	May 31, 2024
Janus Henderson Group plc	5.01%	March 21, 2024
TKH Group N.V.	5.00%	November 24, 2023
AllianceBernstein L.P.	3.03%	January 20, 2022
Vinke Amsterdam B.V.	5.84%	May 28, 2020
Teslin Participaties Coöperatief U.A.	5.01%	July 6, 2017
ASR Nederland NV	5.11%	October 6, 2008

Dividend policy

TKH aims for an attractive return for its shareholders, which is reflected in an appropriate dividend policy. Healthy balance sheet ratios are very important for the company's continuity. In determining the distributable dividend, TKH takes into account the amount of profit the company needs to retain to carry out its medium- to long-term plans, while also ensuring a solvency ratio of at least 35%. Based on growth targets for the coming years, TKH will aim to pay out between 40% and 70% of the net profit before amortization and one-off income and expenses attributable to shareholders.

The total dividend paid in 2024 of €67.8 million amounted to a dividend payout ratio of 40.8% of the net profit before amortization and one-off income and expenses attributable to shareholders. The dividends were issued to the holders of (depositary receipts of) shares in cash.

Investor relations

TKH's investor relation activities are designed to ensure that current and potential shareholders, analysts, and other stakeholders are provided with timely, complete, and consistent information. TKH's investor relations activities focus on helping the market understand our business, our strategy, our markets, and our financial and sustainability performance. TKH is committed to transparent reporting. We communicate through our half-year and full-year earnings releases and presentations, market updates, quarterly analyst calls, the annual report, and other information published on our investor relations website. We host live webcast presentations of our half-year and full-year results, conference call of our third quarter market update, hold the Annual General Meeting of Shareholders, and have frequent contact with major and other share-holders, interested institutional investors, and analysts through roadshows, conferences, company visits, investor days and one-on-one discussions. TKH's activities comply with the applicable regulations and guidelines of Euronext Amsterdam and the Dutch Authority for the Financial Markets ("AFM"), the Dutch financial markets regulator.

Contact

For further information, please contact Jacqueline Lenterman, Director of Investor Relations and Corporate Communications at +31(0)535732900, j.lenterman@tkhgroup.com.

More information about TKH and its operating companies is available on our website at www.tkhgroup.com.

Financial Calendar

May 13, 2025	Market Update Q1 2025
May 15, 2025	General Meeting of Shareholders
May 19, 2025	Ex-dividend date
May 20, 2025	Dividend record date
May 23, 2025	Payment of dividend
August 12, 2025	Publication interim results 2025
September 25, 2025	Capital Markets Day
November 11, 2025	Market Update Q3 2025

Sustainability statements

4

Disclosure Requirements covered by the sustainability statements

General information

Basis for preparation

Under the CSRD (Corporate Sustainability Reporting Directive of the European Union), companies in scope will be required to report on sustainability issues in their management report for the 2024 financial year and to obtain an assurance conclusion on this report. However, the implementation of CSRD in Dutch law has been delayed. Although there is not yet a formal statutory requirement to report in accordance with the CSRD due to the delayed implementation, TKH prepared its sustainability statements 2024 based on the CSRD on a voluntary basis. At the same time, we obtained a voluntary assurance on the sustainability statements.
The CSRD requires companies to report their sustainability statements based on the ESRS (European Sustainability Reporting Standards), providing the framework and methodology for reporting. All material datapoints are reported on, other than those subject to phase-in or are voluntary. The EU Taxonomy is also included.

The sustainability statements are reported on TKH Group N.V. level and are prepared on a consolidated basis. The scope of the consolidation is equal to the scope of consolidation for the financial statements. Acquired companies are reported from the date of acquisition in accordance with the CSRD. In 2024, the following companies are acquired and added to the sustainability reporting: JCAI, Comark, and Liberty Robotics. VMI has opened a new location in India, and this has been added as well. In 2024, TKH divested the companies EKB Groep and HE System Electronic. The sustainability reporting of these companies are included until divestment.

We consolidated data for the non-financial reporting using the same system as for the consolidated financial data (Cognos). Any data procured through alternative methods, such as estimation or extrapolation in our value chain, is clearly marked as such. Data like this includes a level of estimation uncertainty. This applies to certain categories of the scope 3 emissions, for which the data has been collected manually (category 1, 4, 9, 11 and 12). The sustainability statements contains value chain information related to scope 3 GHG emissions (ESRS E1 climate change), ESRS S2 workers in the value chain, and ESRS S4 customers and end-users.
No relevant pieces of information were omitted for reasons related to classified and sensitive information and information on intellectual property. TKH did not use any exemptions provided under Article 19a and 29a of Directive 2013/34 of the European Parliament and of the Council of the European Union in the preparation of its sustainability statements. The basis of preparation, the resulting level of accuracy, the estimation of outcome uncertainty and, where applicable, planned actions to improve the accuracy and outcome uncertainty of sustainability information in future annual reports are disclosed for each material topic in the relevant section of the sustainability statements.

2024 is the first CSRD reporting year and the framework and implementation guidance are still in development. Different interpretations of the CSRD and ESRS requirements could result in different outcomes and reporting in the next reporting year.

Time horizons

The time horizons considered in these sustainability statements align with those applied in the financial statements. Short-term is the reporting period in our financial statements, one year; medium-term is from the end of the short-term up to five years; long-term is defined as more than five years.

Value chain and sources of estimation, and outcome uncertainty

All sustainability data from our operating companies, except for scope 3 GHG emissions, are reported on a quarterly basis in our financial and sustainability reporting tool Cognos, according to our Sustainability Reporting Manual that include definitions, (reporting) procedures and calculation methods. The sustainability data from our operating companies are tracked and reported to measure progress against our sustainability targets.

The KPIs are based on activity data as much as possible, which in turn are based mostly on meter readings, invoices, and data provided by suppliers. However, the preparation of the sustainability statements requires management to make judgments, estimates and assumptions that affect amounts reported. The estimates and underlying assumptions are reviewed on an frequent basis. The calculation of the scope 3 emissions have a higher degree of judgement and complexity for which changes in the assumptions and estimates could result in different results than those recorded in the sustainability statements in this annual report 2024. Data on GHG emissions are based on measurements and estimates at both TKH group and operating company level. The emissions figures reported are TKH's best estimate. The basis of preparation is data submitted by our operating companies, which is validated and consolidated by TKH Group's sustainability team. In 2024, we extended our scope 3 GHG emissions dashboard by adding category 1 purchased goods and services, category 4 upstream transport, category 9 downstream transport, category 11 use of sold products, and category 12 end-of-life treatment. This emissions data has been collected through the end of the year, via a manual process.

For the calculations of our scope 3 emissions, we make use of a high-level of estimations. The following estimations are most relevant:
- Emission factors are partly based on industry averages. The database used to retrieve the industry averages are the EcoInvent databases.
- The life-time of our sold products is partly estimated and based on the average portfolio of the operating company in question (scope 3 category 11 emissions).
- Energy consumption of our sold products is partly estimated based on the average portfolio of the operating company in question (scope 3 category 11 emissions).
- In case the exact treatment of our products at their end of life (scope 3 category 12) is unknown, we assume the most conservative and/or polluting outcome of a treatment (in most cases incineration).

Replacing industry average data to calculate the scope 3 emissions attributed to our suppliers and customers with supplier and customer specific carbon footprint data is a key driver to improve our data quality. The use of estimations are in more detail disclosed in the respective paragraphs, for estimation used for the GHG emissions reference is made to the Climate change section. Other metrics containing estimates are disclosed in more detail in the respective paragraphs. Part of the inventory of pollution to air, soil, and water, based on the list of pollutants and related threshold values specified in Annex II of Regulation (EC) No 166/2006, is based on estimates and own calculations, resulting in uncertainty about the outcome. More information is included in chapter Pollution E2.

Changes in preparation or presentation of sustainability information

In 2024, we implemented several changes in the preparation and presentation compared with previous periods, as we changed the format of the sustainability statements to align with the CSRD requirements. As a result, several metrics have been added versus the previous reporting year to disclose the metrics and targets required under the CSRD. This also improves the comparability and understandability of the sustainability information provided.

Reporting errors in prior periods

Reporting errors in prior periods are restated in the current reporting period. Where this is the case, we indicate this through an explanatory footnote. For 2024, we did not identify any material reporting errors which resulted in a restatement.

Incorporation by reference

Some disclosures are incorporated by reference. Wherever we incorporate information by reference (to other parts of the management report), this is clearly indicated. The following is a list of the ESRS disclosure requirements and specific datapoints incorporated by reference to other parts of the annual report.

#	Datapoint	Incorporation by reference
ESRS2.GOV-1	The role of the administrative, management, and supervisory bodies, composition of the Executive and Supervisory Board	• Members of the Executive Board, page 47 • Members of the Supervisory Board, page 48
ESRS2.GOV-3	Integration of Ssustainability-related performance in incentive schemes	Sustainability performance described in Remuneration Report, page 59 and 61 • Page 59: Sustainability performance (20%) paragraph with LTIFR and employee satisfaction performance • Page 59: sustainability performance in STI 2024 table • Page 61: Targets and performance 2024 paragraph with performance multiplier B on CO_2 footprint reduction and diversity • Page 61: B Sustainability in LTI 2024 table
ESRS2.21	iInformation about member's experience relevant to sectors, products and geographic locations of undertaking	• Members of the Executive Board, page 47 • Members of the Supervisory Board, page 48 • Report of the Supervisory Board, page 50 table Supervisory Board competences and skills
ESRS2.23	Sustainability-related expertise that the bodies directly possess or can leverage, and how those skills and expertise relate to material IROs	• Members of the Executive Board, page 47 • Members of the Supervisory Board, page 480 • Report of the Supervisory Board, page 50 table Supervisory Board competences and skills
ESRS2.38	Elements of strategy that relate to or impact sustainability matters, its business model and its value chain	For background information on our value chain refer to Long-term value creation, pages 28-29

Governance of sustainability issues

Administrative, management, and supervisory bodies

The Supervisory Board oversees the way the Executive Board defines and implements TKH's policies and strategy to achieve the identified objectives of the company and its affiliated companies. The Supervisory Board also monitors whether the interests of the various stakeholders have been sufficiently considered. In doing so, the Supervisory Board is provided with financial, commercial, operational, sustainability, and governance information, thereby focusing on the interests of the company's stakeholders. Sustainability is on the agenda of the Supervisory Board meetings on a quarterly basis. The Audit Committee of the Supervisory Board is responsible for overseeing sustainability reporting. The responsibilities are formalized in the rules of procedure for the Supervisory Board and its committees.

The Executive Board – the overall ownership of sustainability is with the CEO – is responsible for strategic risk management and for identifying the impacts, risks and opportunities using the double materiality analysis. The Executive Board is responsible for all assessments of and changes to sustainability aspects in the company strategy and business model. The Executive Board is also responsible for approving targets and sustainability-related policies. This also includes the monitoring of the performance of each operating company through the quarterly reporting cycle.

The Executive Board is informed about sustainability matters during each Management Board meeting, and quarterly through our internal sustainability reporting. This includes communication regarding our annual reporting, IRO identification from the DMA, reporting requirements based on IROs, and our quarterly sustainability performance. The Executive Board discusses the sustainability strategy, implementation of policies, KPIs and progress with the various operating companies at least once a quarter. This is based on financial and non-financial reports, with the latter covering all material sustainability matters. Thus, sustainability management is integrated into our regular risk management processes and controls.

The responsibilities for sustainability-related impacts, risks and opportunities are reflected in the Supervisory and Executive Board's mandates as part of the overall ownership and supervision on sustainability-related topics. The individual impacts, risks and opportunities are not allocated to individual members. The members have sufficient/advanced knowledge, skills and experience in the area of sustainability, and can make a balanced judgement on the matter. Members of the Executive and Supervisory Board follow internal sustainability training programs. In 2023 and 2024, various deep-dive sessions on sustainability topics have been organized, for example on the CSRD, the double materiality assessment process and outcomes including material impacts, risks, and opportunities management, other upcoming sustainability laws and regulations, cybersecurity, and bribery and corruption. The Supervisory Board has been further informed about developments in the field of sustainability and TKH's position in this regard, including the sustainability strategy. The outcome of the DMA including the material sustainability-related impacts, risks and opportunities are discussed within and approved by the boards. The KPIs connected to the impacts, risks and opportunities are part of the quarterly sustainability reporting, and discussed within the Executive and Supervisory Board. The role and composition of the Executive Board and Supervisory Board are in more detail described in the Governance section.

The Executive Board is supported by the Director Sustainability in the operational implementation of the sustainability strategy. The Director Sustainability, who reports to the CEO, is responsible for setting targets, monitoring and reporting on sustainability performance and progress, identifying and managing sustainability-related impacts, risks and opportunities, and developing sustainability-related policies. Sustainability is a standard item on the agenda at the monthly TKH's Management Board

Diversity administrative, management, and supervisory bodies

	2024			2023		
	male	female	total	male	female	total
Supervisory Board (non-executive members)	2	3	5	3	2	5
Diversity percentage	40.0%	60.0%	100.0%	60.0%	40.0%	100.0%
Diversity target Supervisory Board	33.3%	33.3%		33.3%	33.3%	
Independent board members percentage	100%	100%	100%	100%	100%	100%
Executive Board (executive members)	3	0	3	3	0	3
Diversity percentage	100.0%	0.0%	100.0%	100.0%	0.0%	100.0%
Diversity target Executive Board	33.3%	33.3%		33.3%	33.3%	

meetings. The Director Sustainability is a member of the Management Board. Each month the Executive Board receives an update of the Director Sustainability and evaluate the progress made within the sustainability program. Each quarter the Executive Board receives an update on the performance of sustainability-related KPI's.

The Director Sustainability is in close cooperation with other functions, such as finance & control, and with TKH's Internal Audit Department in relation to the auditing of sustainability matters during the internal audits. TKH's Internal Audit Department carries out sustainability internal audits on the processes to be carried out and the accuracy of the data as a permanent part of its work program. All internal audit reports are shared with the Executive Board once they are completed, the material findings are reported to and discussed with the Audit Committee during the Audit Committee meetings.

New sustainability initiatives are preferably developed in work groups, in collaboration with (topic experts of) operating companies. This expedites the building of support within the TKH Group and makes implementation of the sustainability strategy and related operational processes more efficient and effective.

Information about representation of employees and other workers is included in the section Engaging with our workforce.

Sustainability-related performance in incentive schemes

Members of the Supervisory Board do not receive variable remuneration, or incentives based on financial or sustainability-related performance of TKH. The variable remuneration for the Executive Board members consist of a short-term incentive (STI) in the form of a bonus, and a long-term incentive (LTI) in the form of a share plan.

STI

Variable remuneration is an essential part of the remuneration package for Executive Board members in terms of rewarding short-term results in line with strategic objectives. The STI is based on annual financial and sustainability-related performance measures including personal targets. On the recommendation of the Remuneration Committee, the Supervisory Board sets the targets and criteria for earning a performance bonus in advance of the reporting year. Once the reporting year has ended, the size of the performance bonus is determined by the Supervisory Board, based on the results achieved and the criteria set.

In 2024, the following sustainability topics were part of the STI targets:

- employee satisfaction (weight of 10% in STI): target of 7.8
- LTIFR - safety performance (weight of 10% in STI): target of 0.7 with a bandwidth pay-out between 0.6 and < 1.0

LTI

The long-term variable remuneration aims to align the interests of the Executive Board members with the long-term interests of TKH's shareholders. For that purpose, a share plan was enacted that provides for a long-term incentive. Under the share plan, members of the Executive Board receive shares based on the achievement of targets. Members of the Executive Board receive shares on the condition that they personally invest in the same number of shares as they receive under the LTI plan. By personally investing in the same number of shares as they are awarded under the LTI, each member of the Executive Board invests a significant amount of money in a way that prudently manages risk but still encourages an entrepreneurial spirit to create long-term value. As a result, the interests of the Executive Board and the shareholders remain aligned. In 2024, the following sustainability topics were part of the LTI targets:

- Diversity (weight of 10% in LTI): target of 20.0%
- CO_2 reduction (weight of 10% in LTI): target of 67.3% CO_2 reduction scope 1 and 2

A more detailed description of the key characteristics of the incentive schemes is included in the section Remuneration Report, on pages 59-61.

Management Board

- Alexander van der Lof *(Executive Board member)*
- Elling de Lange *(Executive Board member)*
- Harm Voortman *(Executive Board member)*
- Jacqueline Lenterman
- Gertjan Sleeking
- Derk Postma

Policy name	Key contents
Remuneration policy	• Aims to provide remuneration in line with the market to attract, motivate, and retain qualified executives for the publicly listed company, taking into account the Company's size, strategy, and unique characteristics. • Remuneration policy for Executive Board and Supervisory Board. • Remuneration Committee is responsible for implementation. • Based on good practices, Dutch Corporate Governance Code, and regulations. • Published on the website.

Policies, action plans, metrics and targets

The following sections (Environmental information, Social information, and Governance information) indicate the policies and action plans we have in place to manage each material topic. Overall, we have policies and action plans in place for the material topics of our own operations, although we identified opportunities to improve. A need remains to gain further insight into which resources we allocate to the execution of our strategy regarding our material topics and how we track our progress.

We currently have limited detailed policies and action plans in place for topics related to the value chain. We will prepare an action plan to follow up on these. Part of this plan is to determine ambitions, set up policies and action plans, allocate resources, set targets and track effectiveness. This will be aligned with our strategic goals and embedded in our operation (business planning cycle, measuring and monitoring). Part of it will always be qualitative analytics as some topics are not quantitatively measurable. The sections Environmental information, Social information, and Governance information contain short descriptions of the definitions of the datapoints disclosed.

At least once a year the Executive Board and the Supervisory Board will be informed by the Director Sustainability about the material impacts, risks and opportunities, the implementation of due diligence, and the results and effectiveness of policies, actions plans and the adopted targets. The Executive Board and the Supervisory Board will then evaluate and determine how they will oversee the strategy, risk management process and important decisions that need to be made, based on the defined material impact, risks and opportunities. The metrics included in the sustainability statements are not validated by an external body other than assurance provider. The targets are applicable to all operating companies, unless stated otherwise in the specific disclosure.

Due diligence process

The due diligence process performed to determine our material impacts, risks and opportunities are included in the section Impact, risk and opportunity management.

Reference to the information provided in our sustainability statements about our current sustainability due diligence process and performance is included in the table below.

We currently have limited detailed policies and action plans in place for topics related to the value chain. We will prepare an action plan in 2025 with the purpose to manage the identified value chain related IROs going forward.

Core elements of due diligence	Paragraphs
Embedding due diligence in governance, strategy and business model	• Administrative, management, and supervisory bodies • Policies, action plans, metrics and targets • Risk management and internal controls over sustainability reporting • Strategy, business model and value chain • Process to identify, assess, and prioritize material impacts, risks, and opportunities • Material impacts, risks, and opportunities
Engaging with affected stakeholders in all key steps of the due diligence	• Interests and views of stakeholders • Administrative, management, and supervisory bodies • Process to identify, assess, and prioritize material impacts, risks, and opportunities • Policies, action plans, metrics and targets
Identifying and assessing adverse impacts	• Process to identify, assess, and prioritize material impacts, risks, and opportunities • Material impacts, risks, and opportunities
Taking actions to address those adverse impacts	• E1 Climate change action plans • E2 Pollution - Actions • E3 Water - Actions • E5 Circular economy - Actions • Sustainable innovation – Actions • S1 Diversity – Actions • S1 Health and safety – Actions • S2 Workers in the value chain – Actions • S4 Consumers and end-users – Actions • G1 Business conduct • AI and algorithm ethics – Actions
Tracking the effectiveness of these efforts and communicating	• Environmental, Social, and Governance information.

Risk management and internal controls over sustainability reporting

The general risk management and internal control structure is included in the Risk management section. In addition to risk assessment, TKH's Internal Control Framework (ICF) based on the COSO 2017 framework includes a structured process for identifying and managing opportunities. These are evaluated based on their strategic, operational, financial, compliance, and sustainability impact. Risks are assessed on its potential impact on the organization and the probability that this risk will occur. The impact includes financial and non-financial factors such as reputation. The risk appetite is also taken into account, representing the risk (amount) we are willing to accept in pursuit of our strategic objectives.

Controls are in place to ensure reliable reporting on sustainability-related metrics. The sustainability reporting processes and definitions used by TKH have been formalized in our Sustainability Reporting Manual, which provides guidance on how to collect, consolidate, and report data. The data has been reviewed for plausibility and progress by the responsible company officers using the financial reporting model. The data has been validated by TKH's sustainability department on group level, and analysis have been done. For most of the reported datapoints differences greater than 10% compared with the previous year have been investigated. As the sustainability reporting scope has increased in 2024, we have established a wider range of internal controls deemed appropriate and adequate following an ongoing evaluation of the risks related to data accuracy and completeness.

In addition,TKH's Internal Audit Department carries out internal audits on the processes to be carried out and the accuracy of the data as a permanent part of its work program. All internal audit reports are shared with the Executive Board, the material findings are reported to and discussed with the Audit Committee. External expertise is sought for specific and complex sustainability issues, for example related to the calculation of scope 3 emissions. In the year under review, Internal Audit performed reviews on selected non-financial reporting KPIs and operating companies and identified areas for improvement and optimization. No material deficiencies were identified. The 2024 findings included non-material topics such as minor reconciliation differences in sustainability reporting including documentation, and consistency in way of working regarding sustainability reporting, partly as a result of the decentralized organizational structure. In 2025, we will continue to develop the review activities related to non-financial information, with the ambition to include all CSRD-related quantitative datapoints in the scope of internal audit over time.

Identified risks are prioritized based on impact and likelihood amongst others, following TKH's risk management approach. We currently have limited detailed policies and action plans in place for topics related to the value chain. We will prepare an action plan in 2025 with the purpose to manage the identified value chain related IROs going forward.

More information on the process to identify, assess, and prioritize sustainability-related material impacts, risks, and opportunities is included in the section Process to identify, assess, and prioritize material impacts, risks, and opportunities.

Strategy, business model, and value chain

For a general description of our strategy, business model, and key markets served, see section Strategy and performance. Details of the business model and value chain, including the inputs and approach to gathering, developing and securing those inputs, the outputs, and the outcomes in terms of current and expected benefits for customers, investors and other stakeholders are included in the section Long-term value creation.

TKH manufactures computer, electronic and optical products, as well as electrical equipment and machinery, which are classified under the NACE Code C26 Manufacture of computer, electronic and optical products, C27 Manufacture of electrical equipment, and C28 Manufacture of machinery and equipment. These activities are activities in high climate impact sectors, based on the sectors that are listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council (as defined in Commission Delegated Regulation (EU) 2022/1288).

TKH has offices and production sites in 34 countries and serves customers in over 90 countries. TKH's operations are grouped into three business segments: Smart Vision systems, Smart Manufacturing systems, and Smart Connectivity systems.

Turnover per business segment

in million	NACE	2024	2023
Smart Vision systems	C26	€489.6	€500.5
Smart Manufacturing systems	C28	€608.8	€573.6
Smart Connectivity systems	C27	€631.9	€800.5
Other and eliminations	others	€-17.6	€-27.1
Total turnover		**€1,712.7**	**€1,847.5**

Employees		
in headcount	2024	2023
Smart Vision systems	2,241	2,203
Smart Manufacturing systems	1,822	2,036
Smart Connectivity systems	2,438	2,426
Other	164	104
Total employees	**6,665**	**6,769**

More information per business segment is included in note 22 information by segment in the financial statements.

TKH's strategic program Accelerate 2025 includes actions to increase turnover and ROS by unlocking the full potential of our innovative technologies in the high-growth markets in which we operate. By leveraging our current market positions and the megatrends of automation, digitalization, and electrification, TKH is well positioned to take full advantage of the expected market growth.

In addition, we prioritized sustainability in our strategy, actions, and targets, driven to improve our performance on sustainability. TKH will further improve its strategic resilience through by addressing material impacts and risks while capitalizing on opportunities. This will be achieved through:

1 Diversified business model & market positioning:
- Operating across three business segments (Smart Vision, Smart Manufacturing, and Smart Connectivity systems) reduces dependency on a single industry or market.
- Focus on high-growth sectors (automation and electrification) aligns with long-term market trends.

2 Sustainability & risk management integration:
- The Accelerate 2025 strategy embeds sustainability into business operations, addressing risks related to climate change, resource scarcity, and regulatory shifts.
- Proactive supplier diversification and long-term contracts and engagement mitigate risks from raw material shortages (e.g., copper, aluminum).

3 Operational flexibility & innovation investments:
- A €200 million investment program completed in 2024, strengthening innovation capacity in AI, electrification, and smart manufacturing.
- Global production flexibility allows adaptation to supply chain disruptions and geopolitical risks.

4 Scenario analysis & actions 2025:
- Stress testing and risk assessment ensure adaptability to climate and regulatory changes.
- Investments in digital transformation and automation position TKH to take advantage of emerging opportunities.

Our defined (annual) sustainability targets and goals for 2030 are ambitious and present challenges. We focus on multiple markets and operate globally with a global value chain, which inherently results in regions facing potential political and industry/sector challenges in the areas of human rights, corruption/bribery and the environment. This includes topics such as human rights and working

Environment

Sustainability is a strategic priority and our operating companies have implemented relevant ISO environmental standards. By integrating sustainability into every aspect of our business, we are minimizing energy use, GHG emissions, waste, and raw materials.

Social

We create a healthy work culture where people and their safety always come first. We empower our employees to take the initiative, respecting and valuing every individual equally regardless of age, sex, race, religion.

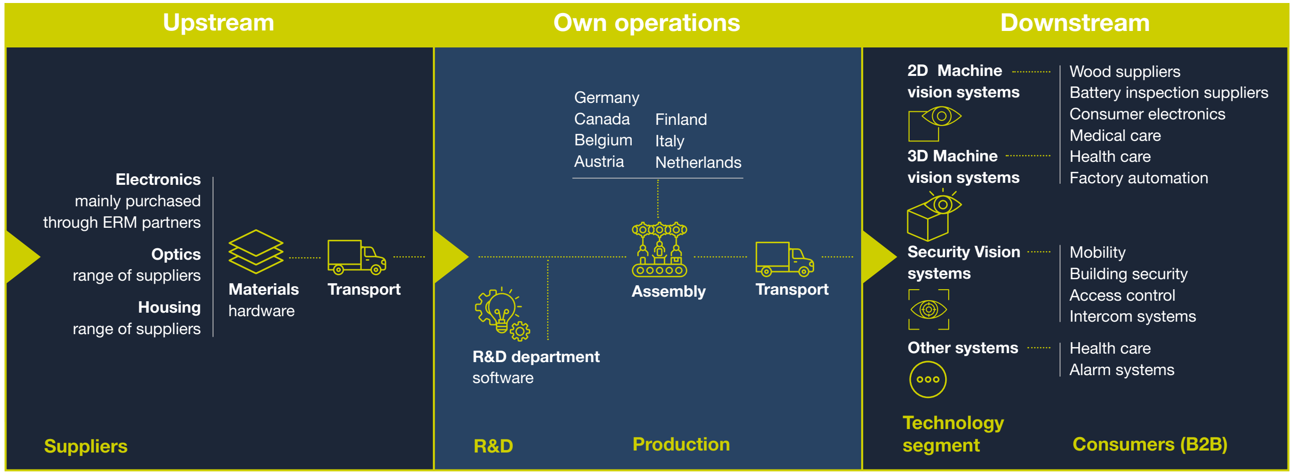
Governance

We conduct our business with honesty, integrity, accountability, and transparency. We continuously engage with stakeholders through dedicated events and relevant channels, while complying with all relevant sustainability laws and regulations wherever we operate.

Targets

Environment	Social	Governance
100% carbon neutrality in own operations by 2030 (scopes 1 and 2)	> 25% of female members in executive and senior management teams by 2030	> 90% strategic suppliers assessed
> 80% recycling (copper, aluminum, and plastics)	< 1.0 Accident rate (LTIFR)	Enhance (sustainability) policies and procedures
< 5% waste	< 4.0% Illness rate	
	> 7.5 Employee satisfaction score	

Vision technology's value chain



conditions of value chain workers, availability of renewable technologies to realize GHG emissions reduction targets for scope 1 and 2, resource shortages and diversity, and availability and collaboration in the value chain e.g. related to decarbonation of scope 3 GHG emissions and human rights. Sustainability-related challenges are disclosed in more detail in the respective paragraphs.

In 2024, the strategy and the business model of TKH were not amended. As part of the execution of the Accelerate 2025 strategy, TKH acquired the companies Liberty Robotics and JCAI. In addition, the companies EKB Groep and HE System Electronic were divested. The strategic investment program of €200 million was completed in 2024.

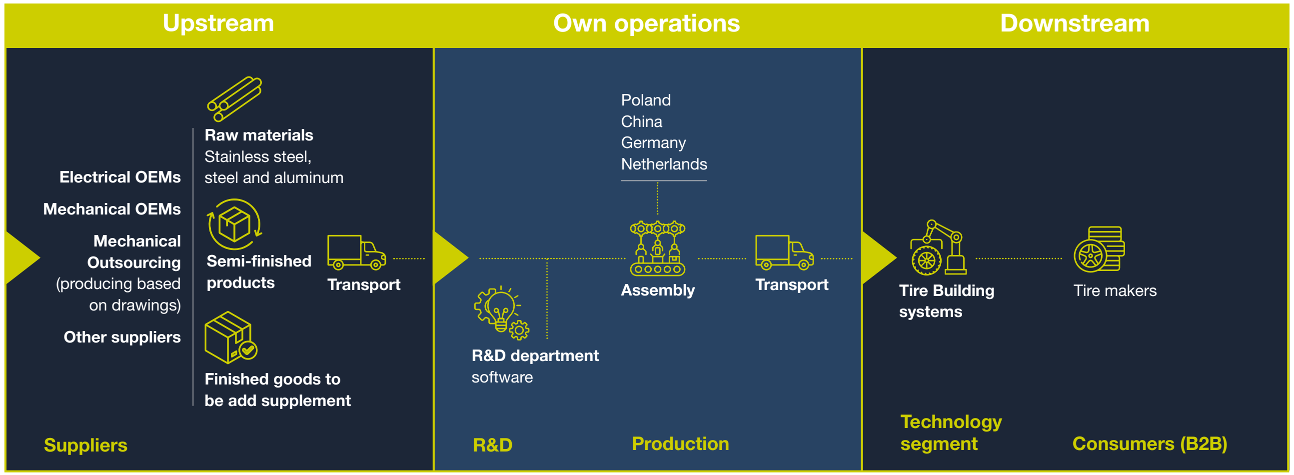
Smart Vision systems

TKH creates state-of-the-art Vision technology, which accounts for about 85% of the turnover of the Smart Vision systems segment. This technology includes 2D and 3D Machine Vision and Security Vision systems. TKH's 2D and 3D Machine Vision technology systems are used to improve quality inspections, operations, and object monitoring in numerous industries, such as consumer electronics, factory automation, logistics, the wood industry, intelligent transport systems (ITS), and medical and life sciences. Meanwhile, our Security Vision systems, combined with advanced communication technologies, enable customers to efficiently manage and control the urban environment. They also improve efficiency, safety and security in various markets, such as infrastructure and building security. Within this segment, there is no significant dependency on key-suppliers or customers, as there are diverse material inputs and substitutable suppliers, and different market segments and customers served.

Smart Manufacturing systems

At TKH, we leverage our unique expertise to create superior manufacturing systems, capitalizing on our deep understanding of the automation production processes in different industries. Our systems and machines contribute to highly efficient manufacturing and processing. Our Smart Manufacturing systems serve industries ranging from tire production for cars and trucks to factory automation and medicine distribution. Our Tire Building systems represent a share of about 83% of turnover within the Smart Manufacturing systems segment. Within this segment there is no major dependency on specific key customers, as a wide range of customers are served. There is a dependency on one particular supplier, because customers prescribe this supplier as their factory automation system.

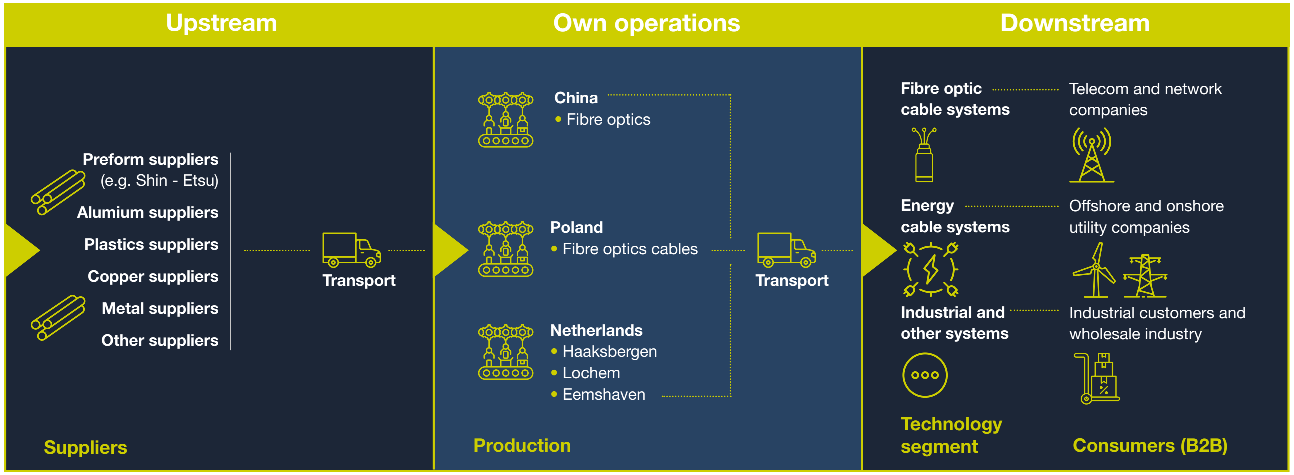
Tire Building's value chain



Smart Connectivity systems

TKH creates advanced Smart Connectivity systems, engineering complete, unique solutions that combine our integrated system approach with our connectivity proposition. Electrification and Digitalization represent a share of about 48% and 29% of turnover of the Smart Connectivity systems segment respectively. Our Electrification solutions are designed for on-shore and off-shore energy distribution. Digitalization represents Fibre Optic connectivity systems for data and communication networks. In addition to Electrification and Digitalization, TKH produces specialized cable systems for industrial automation applications in high-tech environments. In addition, TKH offers a unique connectivity technology for airfield ground lighting systems: Contactless Energy and Data Distribution (CEDD). This connectivity system consists of hardware components and intelligent software, to improve the efficiency and safety of specific airfield applications. Within this segment there is no major dependency on specific key customers, as a wide range of market segments and customers are served. There is a dependency on suppliers of raw materials (copper and aluminium), due to the limited numbers of global suppliers.

Electrification and Digitalization's value chain



Interests and views of stakeholders

TKH recognizes and acknowledges the importance of having a meaningful dialogue with its stakeholders about sustainability and the company's strategy including business model and value chain. Meaningful stakeholder dialogue is characterized by two-way communication and depends on the good faith of participants on the sides of both TKH and the stakeholders. TKH's Stakeholder Engagement Policy has been published on our website, and serves to include the interests of relevant stakeholders in defining and further developing the sustainability strategy. This requires effective consultation and engagement with our stakeholders, in which context we strive to optimally serve their interests and build lasting relationships with them. This policy provides guidelines and principles to maintain and strengthen these relation-ships. The CEO is responsible for implementation of the policy. The policy defines our key stakeholders being our employees, shareholders, customers, suppliers, analysts, banks, public bodies and other stakeholders including sectoral organizations and NGOs. If the (central) works council of the company is considered a participant in a stakeholders dialogue, the chair of the works council will be invited to participate in such dialogue in case the stakeholder dialogue will be held in groups. This is also the case when the stakeholder dialogue with the works council has already taken place in regular contacts between the Executive Board and the works council (and the Supervisory Board).

TKH uses various methods and channels to engage in dialogue with its stakeholders, depending on the nature, purpose, and frequency of the interaction. The Executive Board decides whether a stakeholder dialogue will be held with more stakeholders at the same time (collec-tively) or through (one or more) year-round bilateral contacts between the company and a specific stakeholder/ representative of a group of stakeholders (individually). The main outcomes of the stakeholder dialogues are discussed with the Executive and Supervisory Board.

We consulted with representatives from these key stakeholder groups on sustainability-related impacts, risks and opportunities. We prioritize the input from stakeholders, based on frequency (how often specific issues are mentioned by multiple stakeholders), severity (the potential magnitude of the impact on our stake-holders or business, and the alignment (how these issues align with our long-term strategic goals and regulatory requirements). The views of these stakeholders shape our strategic decision-making process. We incorporate feedback on specific areas of our business into our planning, actions, targets, policies and disclosures.

Table with stakeholders, channels of engagement and key engagement topics

Stakeholder	Relevance and purpose	Engagement channels	Key engagement topics	Supportive to our strategy
Employees	• Crucially important for the success of TKH. • The company's ambassadors. • Most important "authorized capital". • Good employment practices. • Development opportunities and a good package of primary and secondary employment benefits. • A safe and healthy working environment.	• Internet and intranet. • Staff magazine. • Employee satisfaction survey. • Staff meetings. • Conferences and seminars. • Webinars. • Performance reviews. • Survey on materials impacts, risks, and opportunities (IROs).	• Health and safety. • Diversity. • Climate change. • Sustainable employability. • SDGs. • IT & Security / Privacy. • Strategic program. • Defining materials impacts, risks, and opportunities (IROs).	• Commitment to the diversity of the workforce. • Learning organization. • Boost innovative capacity. • Leadership and entrepreneurship. • Integrity & zero tolerance.
Shareholders	• Investment through a shareholding in TKH, thereby strengthening our capital position. • Good return on investment with good dividend policy and long- term value creation.	• Internet. • Financial reporting and annual reports. • General meeting of shareholders. • Investor days. • Capital Markets Day. • Survey on materials IROs.	• Financial reporting and annual reports. • Sustainability. • SDGs. • Diversity. • Climate change. • Strategic program. • Defining materials IROs.	• Long-term shareholdings.
Customers	• Buy products and services. • Develop sustainable package of products and services through collaboration. • Offer innovative, high-tech technologies and comprehensive solutions. • Good ROI for customers.	• Internet. • Events, symposia, and trade fairs. • Customer satisfaction survey. • Survey on materials IROs.	• Sustainable product portfolio. • SDGs. • Customer satisfaction. • Climate change. • Defining materials IROs.	• Technological developments. • Growth targets.
Suppliers	• Supply of services and products for our business operations. • Fair business practices and doing good business at market rates.	• Business associates. • Negotiations. • Code of supply and site visits. • Survey on materials IROs.	• Sustainable product portfolio. • SDGs. • Defining materials IROs.	• Technological developments. • Sustainable procurement.
Analysts	• With the aid of analysis and research, prepare profiles and ratings on the basis of which investors can make a selection for their investments. • Honest and transparent communication about developments.	• Internet. • Financial reporting and annual reports. • IR meetings. • Capital Markets Day. • Reporting. • Survey on materials IROs.	• Financial reporting and annual reports. • Financial ratios. • Sectoral developments. • Strategic program. • Defining materials IROs.	• Long-term value creation and transparency.
Banks	• Financial service providers with the aid of which TKH is able to achieve its growth targets. • Creditworthy enterprise that is appropriately balancing risks against returns and complies with contractual agreements.	• Internet. • Financial reporting and annual reports. • Half-yearly discussions. • Survey on materials IROs.	• Financial reporting and annual reports. • Financial ratios. • Risk analysis. • Defining materials IROs.	• Sustainable funding policy.
Public bodies	• Act as initiator, facilitator of supply chain and other projects, and driver of sustainable initiatives. • Boost the economic appeal in the region with respect to business office location and employment. • Supply chain initiatives with a significant contribution to sustainability.	• Internet. • Network and thematic meetings. • Survey on materials IROs.	• Sustainable and other developments in the region. • Defining materials IROs.	• Strategic investment decisions.
Education and knowledge institutions	• Influx of new talent in order to compensate for such things as a shortage of technical personnel. • Providing a challenging work environment with ample development opportunities. • Providing traineeships – work experience.	• Internet. • Trade fairs and seminars. • Social media.	• Relevance of education (in relation to the relevant discipline). • Profiling TKH as an interesting employer.	• Sustainable workforce. • Learning organization.
Community and sectoral organizations (including NGOs)	• Possess an extensive network and knowledge of the positions in the supply chain. • Expertise in specific sectors. • Contribute ideas to and start up joint ventures.	• Internet. • Reporting and reports. • Annual reports. • Survey on materials IROs.	• SDGs. • Climate change. • Defining materials IROs.	• Sustainable business operations. • Consolidate social initiatives.

Material impacts, risks, and opportunities management

Process to identify, assess, and prioritize material impacts, risks, and opportunities
TKH identified material sustainability topics by following the double materiality approach (impact materiality/ financial materiality - DMA) brought forward by the European Sustainability Reporting Standards (ESRS). The following steps were taken from the start of the DMA project to the sign-off of material sustainability topics:

- Defining the scope and objectives
- Identifying potential material sustainability matters (longlist of sustainability topics)
- Determining definitions, thresholds and value chains
- Assessing of material sustainability matters (shortlist of sustainability topics)
- Internal validation of assessment outcomes
- Validation by other internal and external stakeholders
- Signing-off on material topics by the Executive Board and Supervisory Board

In performing this assessment, we used the list of sustainability matters covered in the topical ESRS provided in application requirement 16 of ESRS 1. Based on these sustainability matters we defined a comprehensive longlist of 130 potentially relevant sustainability topics. This longlist was narrowed down to a shortlist of 67 sustainability topics by scoping out sustainability topics which are not relevant due to the nature of our business and value chain (for example animal welfare and invasive alien species). For each of the 67 sustainability topics on the shortlist we assessed the impacts, risks, and opportunities (IROs) in the short, medium and long-term, as well as their respective materiality. The assessment on the IROs was enriched by including the business segments and value chains perspectives and experiences from across TKH Group. This ensures we do not miss possible IROs, taking into account TKH Group's various and globally dispersed (production) sites, the complex and diverse supply chains as well as the broad customer base in several end markets. All these 67 sustainability topics and the related IROs were evaluated and prioritized based on their respective nature (impact, risk or opportunity) by considering both the impact and financial materiality.

The impact materiality is defined as follow:

- Positive impact materiality: scale and scope of the impact
- Negative impact materiality: scale, scope, and irremediable character of the impact

Positive and negative impacts have been assessed for actual and potential impacts, where for potential impacts the likelihood is assessed.

The financial materiality is defined as follow:

- Risks and opportunities: financial size times likelihood

In determining the financial size and likelihood we used our existing risk management model, based on a five-point scale. The EBITA used to determine the financial size is based on the EBITA of the most recent full reporting year at the time of the execution of the DMA.

Size

Potential size category	Financial size in % of EBITA
1. Very low	<5%
2. Low	between 5% and 10%
3. Medium	between 10% and 20%
4. High	between 20% and 40%
5. Critical	>40%

Likelihood

Potential size category	Likelihood in %
1. Rare	<20%
2. Unlikely	between 20% and 40%
3. Possible	between 40% and 60%
4. Likely	between 60% and 80%
5. Almost certain	>80%

Also the scale, scope, and irremediable character are defined based on a five-point scale:

Scale, scope, and irremediable character

Scale	Scope	Irremediable character
1. Very low	1. Operating company	1. Very low (immediately)
2. Low	2. Local	2. Low (0-1 year)
3. Medium	3. Country	3. Medium (1-5 years)
4. High	4. Regional	4. High (5-20 years)
5. Critical	5. Global	5. Critical (>20 years)

The outcome of the DMA has been validated at the group level by leveraging internal expertise, industry reports, and specialist insights. This was followed by an assessment at the business segment level to ensure that key value chain topics are adequately addressed in the respective segments.

For our Smart Connectivity segment, we conducted an in-depth evaluation due to the heightened risk of adverse impacts on workers in the value chain. In this process, we:

1. Mapped dependencies and impacts by analyzing labor conditions, supply chain resilience, and regulatory developments.
2. Identified risk and opportunity linkages by assessing how labor risks could lead to operational disruptions,

reputational risks, and potential regulatory compliance costs, while also considering opportunities for enhanced worker welfare programs and stronger supplier relationships.
3 Integrated findings into risk management by aligning our assessment with scenario analyses and stakeholder consultations, ensuring that business decisions reflect identified connections.
4 Monitored ongoing developments through engagement with industry bodies, regulatory frameworks, and supply chain monitoring to track evolving risks and opportunities.

In addition, we consulted with representatives from key stakeholder groups on the sustainability-related topics. For this, we used the outcome of the internal assessment of the DMA and asked our external stakeholders to prioritize the material sustainability topics and to provide input if sustainability topics were missing or are of less importance in their perspective. The engagement with external stakeholders did not result in additional sustainability topics. More information on stakeholder engagement is included in the Interests and views of stakeholders section.

The DMA process was initiated in 2023, and formally finalized in 2024. We will update the DMA on an annual basis, including engaging with relevant stakeholders, but will monitor for significant updates on an ongoing basis. We will also assess how we can improve the DMA process further, to mitigate the risks that sustainability topics have been wrongly classified as non-material. There is a risk that an internal or external stakeholder does not have sufficient in-depth knowledge of the ESRS, which could lead to incorrect input or interpretations. Training programs on ESRS and sustainability topics are important in this sense. At the same time, this is the first year of reporting under the ESRS framework which is still in development by providing additional implementation guidance. This entails the risk that we have interpreted certain ESRS requirements differently than intended.

Material impacts, risks, and opportunities

The DMA resulted in 13 material sustainability topics, which are grouped into the ESRS categories Environmental, Social, and Governance in the graph and table on the next page, including the reference to the ESRS topical standard, the IROs, and the value chain boundary.

The material sustainability topics includes two company specific topics: sustainable innovation and AI and algorithm ethics. While most of the material sustainability topics are in line with the materiality analysis based on the reporting requirements of the GRI from the prior year, we have identified AI and algorithm ethics as an additional sustainability topic that requires attention because of changes in the execution of our strategy over the past year. Furthermore, we have now identified water use, compliance with environmental regulations, and human rights in the value chain as a distinct topic, which was previously included under respectively responsible production and responsible procurement.

Material IROs

Environmental
Climate change mitigation
Pollution of air, soil, and water
Water consumption
Resource inflows, waste, and waste recycling
Sustainable innovation

Social
Diversity
Health and safety
Child / forced labor, and health and safety (workers in the value chain)
Privacy (cybersecurity)

Governance
Corporate culture
Corruption and bribery
Management of relationships with suppliers
AI and algorithm ethics

Environmental - material IROs

Reasonably expected time horizons	Upstream	Own operations	Downstream
Short-term, Medium-term, Long-term	Climate change mitigation	Climate change mitigation	Climate change mitigation
Short-term, Medium-term, Long-term		Pollution of air, soil, and water	
Short-term, Medium-term, Long-term		Water consumption	
Short-term, Medium-term, Long-term		Resource inflows, waste, and waste recycling	
Short-term, Medium-term, Long-term		Sustainable innovation	

Sub-topic	Impacts	Risks	Opportunities
E1-Climate change GHG emissions, energy efficiency and consumption (climate change mitigation)	• Emissions contributes to global warming and climate change, and have an actual negative impact on the environment.	• Inability to reduce our carbon footprint through energy efficiency improvements and renewable energy sources, leading to missed net zero commitments or increased costs to meet targets. • GHG emissions may be subject to carbon pricing mechanisms, which can increase operating costs and reduce profitability.	
E2-Pollution Pollution of air, soil, and water Smart Connectivity systems	Potential negative impacts related to our cable production sites: • Pollution caused by spills in the soil of toxic/polluting materials as a result of accidents during cable production. • Emissions into the atmosphere of as a result of cable production activities (e.g. Nitrogen oxides (NOX), sulphur oxides (SOX)). • Pollution of water in the proximity of TKH cable production sites, as a result of release of pollutants into process water.	• Environmental pollution leading to remediation costs, sanctions, fines, and reputational damages.	
E3-Water and marine resources Water consumption	• The consumption and quality of water resources have an actual negative impact on the environment, as well as on communities that depend on those resources.	• Interruption of operations due to unavailability of water.	
E5-Resource use and circular economy Resource inflows, waste, and waste recycling	• Sourcing resources unsustainably and waste have an actual negative impact on the environment, including greenhouse gas emissions.	• TKH is dependent on resource inflows, limited availability of resource inflows such as copper and other (raw) materials could affect the company in a negative way. • Waste can pose financial risks for due to its impact on resource efficiency, operational costs, and environmental compliance.	
Entity-specific Sustainable innovation	• Sustainable innovation and technology are actually making a positive contribution to the achievement of the SDGs by promo-ting sustainable production and consumption, and addressing environmental challenges at customers. This can help create a more sustainable world.	• Insufficient technological development and innovation can threaten TKH's long-term value creation.	• Customer's need for sustainable innovation and technology offers TKH opportunities for growth and value creation.

Social - material IROs

Reasonably expected time horizons	Upstream	Own operations	Downstream
Short-term, Medium-term, Long-term		Diversity	
Short-term, Medium-term, Long-term		Health and safety	
Medium-term, Long-term	Child / forced labor, and health and safety		
Short-term, Medium-term		Privacy (cybersecurity)	

Sub-topic	Impacts	Risks	Opportunities
S1-Own workforce Diversity	• A lack of diversity could have a potential negative impact on the overall health, wellbeing, and performance of our own workforce.	• A lack of diversity can result in employees feeling not valued, respected, and supported, resulting in negative reputation, impacting performance of employees and organization and therefore costs.	
S1-Own workforce Health and safety	• Health and safety incidents have an actual negative impact on the health and safety of our own workforce.	• Health and safety incidents can increase the risk of illness, injury and death, leading to lower morale, increased absenteeism and decreased productivity.	
S2-Workers in the value chain Child / forced labor, and health and safety Smart Connectivity systems	• Bad working conditions, incidents, and violations of work-related rights, could have a potential negative impact on the overall health and wellbeing of workers in the value chain (copper mines).	• Suppliers in the upstream copper value chain who do not respect working conditions and labor rights, can pose a reputational risk, which could lead to financial losses.	
S4-Consumers and/or end-users Privacy (cybersecurity)	• Data leaks or cyber incidents involving GDPR-sensitive data, and loss of business sensitive information, have an actual negative impact on the right of data protection.	• Privacy can be a financial risk. If customer data is not adequately protected it could lead to violation of laws, fines, and penalties and loss of trust.	

Governance - material IROs

Reasonably expected time horizons	Upstream	Own operations	Downstream
Short-term, Medium-term, Long-term		Corporate culture	
Short-term, Medium-term, Long-term		Corruption and bribery	
Short-term, Medium-term, Long-term	Management of relationships with suppliers	Management of relationships with suppliers	
Short-term, Medium-term, Long-term		AI and algorithm ethics	AI and algorithm ethics

Sub-topic	Impacts	Risks	Opportunities
G1-Business conduct Corporate culture	• Absence of good corporate culture can potentially have a negative impact as a result of a lack of accountability, unethical behavior, and inadequate response to environmental and social challenges.	• Failing to address the potential negative impact can result in regulatory fines, legal penalties, and reputational damage.	
G1-Business conduct Corruption and bribery	• Not preventing the spread of unethical and illegal practice could have a potential negative impact on societal well-being.	• Corruption and bribery can result in a lack of transparency and accountability, leading to erosion of public trust and damage to TKH's reputation.	
G1-Business conduct Management of relation-ships with suppliers	• Conflicts, for example as a result of geopolitical developments (such as the Russia-Ukraine war, trade tariffs, availability and price of energy), could have a potential negative impact on people and the environment.	• Reputational risks, as well as legal and financial liabilities. TKH may also face risks from political instability, including expropriation or nationalization of assets of suppliers (based on their location). • Inadequate management of relationships with suppliers can result in non-productive relationships with suppliers, leading to inade-quate inflow of (raw) materials and thus, discontinued production and operations.	
Entity-specific AI and algorithm ethics	• Unjustified actions, bias, discrimination or breach of privacy due to the use of AI systems could have a potential negative impact on people.	• Insufficient adequate use of AI tools can lead to leakage of business sensitive information such as intellectual property. • Non-compliance with AI algorithm could lead to violation of laws, fines and penalties, reputational damage, and loss of trust.	

Environmental information

Climate change (E1)

Environmental	Value chain boundary			Material IROs		
Sub-topic	Upstream	Own operations	Downstream	Impacts	Risks	Opportunities
GHG emissions, energy efficiency and consumption (climate change mitigation)	*	*	*	• Emissions contributes to global warming and climate change, and have an actual negative impact on the environment.	• Inability to reduce our carbon footprint through energy efficiency improvements and renewable energy sources, leading to missed reduction targets or increased costs to meet targets. • GHG emissions may be subject to carbon pricing mechanisms, which can increase operating costs and reduce profitability.	

Our approach to determining our material impacts, risks and opportunities is described in the General information section. Climate mitigation is important; we are committed to minimizing our consumption and related impacts to the extent possible (scope 1 and 2). Our assessment showed both GHG emissions, as well as energy efficiency and consumption, to be assessed as material topics for TKH – the former for our full value chain and the latter for our own operations. As part of the DMA and related analysis, we have considered the climate-related physical risks and climate-related transition events listed in the climate change application requirements. We also assessed our impact on climate change through our GHG emissions. In 2024, we completed our scope 3 emissions inventory and started assessing our ambitions and identifying decarbonization levers for scope 3. We are currently working on the detailed plans for implementation in the coming years.

Introduction

TKH's production processes rely on energy and material inputs, leading to GHG emissions that contribute to climate change. TKH's cable portfolio is a key component in technologies that support the transition to a net-zero economy, including renewable energy development. With our vision and tire building systems, we improve the sustainability performance of our customers. Reducing the energy consumption of our products during their use phase, improving recyclability of our products and increased production output by using our technologies at customers sites reduces the environmental impact. As we continue to expand our activities, integrating sustainability enables us to minimize energy use and GHG emissions. Our operating production companies have implemented the ISO standards that share common ground with sustainability goals, including the ISO 14001 environmental management system and the EN-16247 energy audit system, which is related to the European Energy Efficiency Directive.

Climate-related risks and opportunities

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 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. The high-level 2024 assessment primarily focused on physical (acute) risks, while transition risks will be formally identified and assessed in the coming years as part of an expanded scenario analysis. The assessment performed is based on the current situation of TKH, and does not yet include a climate scenario analysis considering for example a high-emissions and 1.5 degree aligned scenario. In 2024, TKH did not conduct a comprehensive resilience analysis in accordance with the full requirements of the CSRD. These include defining time horizons for climate-related risks and opportunities, evaluating exposure of assets and business activities to transition risks (likelihood, magnitude, and duration), and integrating scenario analysis. While our general time horizons for sustainability align with our financial reporting (short-term: 1 year, medium-term: 2–5 years, long-term: >5 years), we have not yet explicitly defined these time

Risk area	Climate-related transitions risks
Regulatory risks	Future implementation of CO_2 taxation/pricing will mean higher operational and compliance costs
Technology risks	High investment costs to bring technology up to a level where it can meet the demand for products and services that can offer reduced emissions
Market demand and market change risks	Failure to meet the expectations of key stakeholders, including customers and investors, in relation to information on how we are addressing the challenges of climate change
Resource scarcity	Increasing volatility in the price and availability of (raw) materials/resources

horizons for specific climate-related risks and opportunities. We recognize the importance of such an analysis and plan to expand our assessment in the coming years to align with best practices and regulatory expectations.

Due to the locations of our (production) facilities, the physical (acute) risk is considered less relevant for TKH. However, physical (acute) climate change risks are part of the assessment when making business decisions, for example when changing locations or expanding our facilities or activities. We have also assessed the exposure of our strategic suppliers (suppliers with an annual purchase volume above €1 million) to any material first-order and second-order physical climate change impacts. This assessment includes impacts indirectly caused by the physical effects of climate change, such as a significant economic crisis due to physical damage to business, or human migration due to flooding.

TKH's strategy already integrates climate-related considerations through its transition plan, decarbonization roadmap, and sustainability-linked incentive schemes for executives. While we have not yet conducted a full resilience analysis, we are actively implementing mitigation strategies such as electrification, energy efficiency improvements, and supplier engagement. Future scenario analyses will help refine our adaptation strategies to ensure resilience against climate risks.

Opportunity area	Climate-related opportunities
Efficient production	Further implementing more efficient production processes via our Operational Excellence Program
Renewable energy use	Further implementing carbon neutral operations by purchasing green energy, self-generated energy through solar panels, green certificates, etc.
R&D and innovation	Accessing markets with our innovations
	Increasing turnover through demand for those of our innovations that result in lower emissions for our customers
	Differentiating ourselves from the competition
Renewable energy programs in value chain	Contributing to the achievement of internationally agreed climate mitigation targets, and acquiring and leveraging our knowledge by participation in initiatives for renewable energy
Circular economy	Continuing to pursue waste-reduction targets and recycling ambitions to make a sustainable and demonstrable contribution to the circular economy

Our analysis identified four potential climate-related transition risk areas that could impact TKH's strategy and operations, which are presented in the table on the left.

In addition to managing risks, we have identified seven key opportunity areas to drive climate adaptation and mitigation, which are presented in the table on the left. The climate-related risks and opportunities are also part of the DMA process.

Our approach and policies

In 2021, as part of our Capital Markets Days (CMD) targets, we announced ambition to reduce our GHG emissions for our own operations (scopes 1 and 2) with 100% by 2030 (carbon neutral). We take 2019 as our baseline, which represents TKH's activities prior to COVID-19.

The focus on sustainability performance including climate change is also reflected in the remuneration of the Executive Board. The main goals related to sustainability aspects are included in the short-term incentive (STI) as well as the long-term incentive (LTI) performance targets. The STI includes targets for employee satisfaction and safety performance. The LTI contains targets on diversity and CO_2 reduction, both related to the progress towards our 2030 targets.

A detailed breakdown of the targets, including the 2024 performance, is included in the General information on page 87 and the Remuneration report on pages 59-61. We have integrated environmental policies per operating company as part of the health and safety policy focusing on various environmental-related topics such as climate and energy, waste, transportation and supply chain. They also address our (local) compliance with environmental laws and continuous improvement of practices. We are in the process of considering an environmental policy that involves the whole group.

TKH is not excluded from any EU Paris-aligned benchmarks as we do not meet any of the exclusion criteria stated in Article 12.1 (d) to (g) of Commission Delegated Regulation (EU) 2020/1818.

Transition plan

In 2024, we further developed the existing transition plan, including by further developing the scope 3 GHG emissions inventory and targets. Our transition plan has been defined based on the following steps.

1 Develop a GHG Calculation Framework

We developed unified guidelines for all companies to calculate their scope 1, 2, and 3 GHG emissions according to the GHG protocol. The guidelines are included in our Sustainability Reporting Manual as well as in our Cognos system used for sustainability reporting.

2 Define Carbon footprint & baseline

We reviewed our calculated GHG emissions for scope 1, 2, and 3. We completed GHG calculations for previously unreported scope 3 categories. For scope 1 and 2, the base year for the emission target is set at 2019 as part of our Accelerate 2025 targets defined in November 2021. The base year for the emission target for scope 3 is 2024, because the carbon footprint inventory for scope 3 was completed in 2024.

3 Identify Emissions Hotspot

Based on the reported carbon footprint by each operating company, we have identified the (group of) operating companies and business segments with the highest emissions. These are Smart Manufacturing systems (VMI – tire building machines) and Smart Connectivity systems (TKF - cable production company) due to their size and global footprint. In the roadmap for achieving the reduction targets, these operating companies are prioritized.

4 Benchmarking

We benchmarked our carbon footprint with best practices and investigated peers' decarbonization initiatives. We also evaluated emission reduction potential of taken or planned actions, as per information collected in the as-is analysis.

5 Assessment of ambition and identification of levers

We collected external and internal views on our reduction ambitions. Also we identified emission reduction initiatives by assessing our product portfolio to determine potential portfolio shifts, and by assessing technology to determine feasible options to reduce emissions in our value chain.

6 Business case, Strategy & Recommendations

We created business cases for prioritized decarbonization initiatives. We still need to develop recommendations for additional decarbonization initiatives to close the gap and reach the target for scope 3 emission. Based on the information available, we formulated our decarbonization strategy.

7 SBTi Target setting

We assessed possible scenarios based on identified emission reduction initiatives. We agreed upon the target setting for scope 1 and 2 aligned with SBTi (science-based target initiative). For this we used the near-term SBTi tool, aligning with the Paris Agreement and 1.5°C scenario. We will consider to engage with SBTi for commitments and target approval.

8 Organizational implementation

The transition plan has been approved by the Executive and Supervisory Board. The CEO is responsible for the implementation of the transition plan, supported by the Director Sustainability. We analyzed the consequences of our defined strategy for our organization (e.g. finance, personnel capacity, procedures). We designed mechanisms to enable or accelerate organization implementation, such as awareness campaigns and integrating sustainability into our annual strategic plan and budget process. Progress of the implementation is monitored through the quarterly sustainability reporting. This ensures that the transition plan is embedded and aligned with TKHs' overall business strategy and financial planning.

GHG emissions reduction targets and ambitions

In 2021, as part of our CMD targets, we announced an ambition to reduce our carbon emissions for our own operations (scopes 1 and 2) by 100% by 2030. This is a carbon neutral market-based target, also taking into consideration GHG removals or carbon credits, if any. We take 2019 as our baseline, which represents TKH's activities prior to COVID-19. Because these CMD targets are more ambitious than the SBTI-aligned targets, they are also aligned with the Paris Agreement and 1.5°C scenario.

In 2024, we aligned our near-term reduction targets with SBTi, resulting in a 2030 carbon reduction target for scope 1 and 2 of 42.0%. The SBTi-aligned net-term carbon reduction targets by 2030 are based on net-zero science-based targets, meaning excluding carbon credits and including neutralization. The SBTi-aligned carbon reduction targets are calculated based on the SBTi

GHG emissions reduction targets scope 1 and 2	Reduction target	Target year	Base year
Scope 1 and 2 – SBTi-aligned	42.0%	2030	2023
Scope 1 and 2 – CMD carbon neutral market-based target	100.0%	2030	2019

The reduction targets value are in absolute terms as % of the base year. CMD: Capital Markets Day.

cross-sector (absolute contraction methodology) emission reduction factor and the base year 2023. The near-term reduction target includes a forward looking ambition (FLA) adjustment, which enables companies to count early emission reductions towards achieving their near-term SBTs, while at the same time prevents companies from setting targets that have already been achieved.

Future expected developments such as changes in sales volumes, autonomous growth, shifts in customer preferences and demand, and new technologies are part of the GHG emissions in the coming years and therefore also part of the reduction target. We have assumed that this will result in a 15% increase in our GHG scope 1 and 2 emissions. The impact of acquisitions and divestments in 2024 on the emissions inventory of the base year 2023 is considered to be non-significant because they relate to non-production sites. Influences from external factors in the base year, such as temperature anomalies, are considered to be non-material.

Terms used	Definition
Greenhouse Gas (GHG) Protocol	The Greenhouse Gas (GHG) Protocol is a comprehensive global standardized framework to help measure and manage GHG emissions from private and public sector operations, value chains, and mitigation actions. The SBTi's criteria and recommendations, including the Corporate Net-Zero Standard, rely on the accounting frameworks developed by the GHG Protocol.
Carbon	Carbon dioxide (CO_2 - by far the biggest contributor to climate change).
Near-term science-based targets	Near-term science-based targets outline GHG emissions reduction over the coming 5 to 10 years that are in line with what climate science deems necessary to limit warming to 1.5°C above pre-industrial levels.
Net-zero science-based targets	SBTi-aligned net-zero targets include both near- and long-term science-based targets. They are GHG mitigation targets that imply: • Reducing scope 1, 2 and 3 emissions to zero or a residual level as defined within eligible pathways; • Permanently neutralizing any residual emissions at the net-zero target year and any GHG emissions released into the atmosphere thereafter.
Neutralization	Neutralization refers to measures that companies take to counterbalance the climate impact of GHG emissions which are impossible to avoid after their net-zero target date. Neutralization involves permanent removal and storage methods of CO_2 from the atmosphere. In order to achieve net-zero, once companies have achieved their long-term target, they must neutralize any residual emissions (usually less than 10% of base year emissions) using permanent carbon removals and storage.
Forward looking ambition adjustment	An adjustment applied by SBTi target-setting tools to calculate the ambition of near-term scope 1 and 2 absolute and intensity targets that do not use the most recent reporting year as the base year.
Net-zero emissions	Net-zero emissions are achieved when human-caused GHG emissions are balanced by removing the same quantity of emissions from the atmosphere over a specified period of time. Net-zero GHG emissions must be achieved at the global level to stabilize temperature increase at 1.5°C.
Carbon neutral	Carbon neutral is generally used when counting the use of carbon offsets (i.e. investing in projects that remove carbon from the atmosphere to counterbalance some or all GHG emissions). Carbon neutral does not necessarily mean that direct emission reductions have taken place. Carbon neutrality claims also do not necessarily include GHGs other than carbon dioxide.

In 2024, we completed our scope 3 emissions inventory and started assessing our ambitions and identifying levers for scope 3. We are currently working on the detailed plans for implementation in the coming years.

Decarbonization levers

We evaluated emission reduction potential of taken or planned actions, as per information collected in the reported carbon footprint and sustainability-related plans for the period 2025-2029 as submitted by each operating company. This covers both identified emission reduction initiatives related to our own operations, as well as the feasible options to reduce emissions in our value chain. The table on the next page provides an overview of the most relevant decarbonization levers including the scope where it applies.

Scope 1 and 2

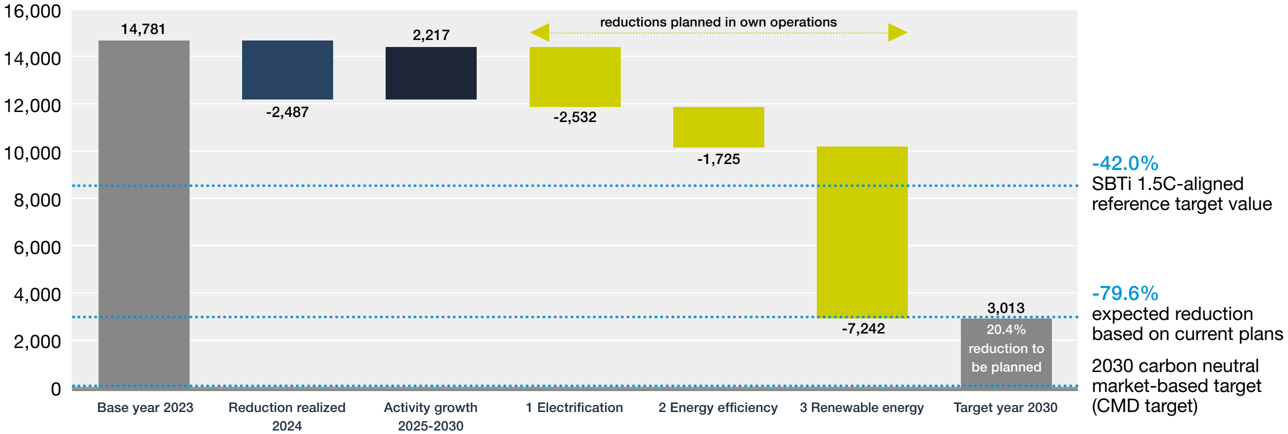
We have developed a decarbonization strategy (see waterfall chart on the next page) to assess and align our actions with our ambition of reducing our carbon footprint in our own operations by 100% by 2030 (carbon neutral). In the decarbonization strategy towards 2030 we assumed a 15% increase in our scope 1 and 2 emissions due to activity growth.

The first key decarbonization lever is electrification. This represent 17.1% of the reduction. We aim to replace 100% our fleet with electric cars by 2030. In the coming years we also scheduled several replacements of gas using (heating) systems by electric (heat) pumps. The second key decarbonization lever is energy efficiency by reducing the amount of energy we consume. This represent 11.7% of the reduction. The third key decarbonization lever is renewable energy, representing 49.0% of the reduction. The share of self-generated renewable electricity will increase in the coming years due to investments done and planned related to solar panels on our buildings and parking places. In

Decarbonization levers	GHG emission category	Description
1 Electrification	Scope 1	Electrify the organization fleet, and change of energy sources to electricity (reducing gas consumption).
2 Energy efficiency	Scope 1 and 2	Reduce energy consumption by using technologies with lowest possible energy consumption.
3 Renewable energy	Scope 2	Increase share of renewable energy and self-generated renewable electricity by installing solar installations.
4 Business model innovation	Scope 3	Transitioning from a product-based model to a service-based model, resulting in less emissions from the production and use of sold products.
5 Product and service design	Scope 3	Design products and services with sustainability as a priority to lower emissions throughout their lifecycle.
6 Supply chain and circularity (supplier engagement)	Scope 3	Collaborate with suppliers to enhance their environmental performance by setting joint emission reduction targets, providing training and resources, and establishing supplier sustainability programs. Prioritize sourcing from suppliers with lower carbon footprints and choose sustainable materials and products by incorporating carbon reduction criteria into procurement decisions.
7 Customer engagement	Scope 3	Educate and involve customers to encourage the sustainable use of sold products by offering recycling incentives and providing guidance on reducing carbon footprints (to reduce emissions associated with product use and disposal).
8 Waste management	Scope 3	Adopt operational policies on waste management by implementing waste reduction and recycling programs.
9 Transportation	Scope 3	Reduce emissions from transportation from suppliers (purchased goods) and to customers (sold products) by using other ways of transportation.
10 Travel	Scope 3	Adopt operational policies on business travel and employee commuting by promoting remote work to cut down on commuting emissions, and encouraging the use of public transport.

addition, the share of renewable energy will increase by purchasing renewable energy and green certificates. The planned actions are expected to further decarbonize our scope 1 and 2 footprint by 77.8% over the period 2025-2030. Compared to the base year 2023, we expect to decarbonize our scope 1 and 2 emissions by 79.6% (period 2023-2030), which is above the SBTi-aligned reduction target of 42.0%. The remaining expected reduction of 20.4%, to realize our carbon neutral ambition by 2030, will be further investigated in 2025 and included in our decarbonization strategy. The realization of the target is partly dependent on available and affordable low-carbon technologies and green certificates until 2030. This might be a challenge for some countries in which we operate. Replacing gas-based systems with electric heat pumps in older buildings presents challenges and may lead to locked-in emissions. Green certificates for gas will be used where possible for the residual emissions and any remaining emissions in 2030 would have to be offset.

Carbon emmisions reduction scope 1 and 2



Scope 3

In 2024, we completed our scope 3 emissions inventory. The boundaries and definitions for scope 3 emissions are aligned with the GHG protocol. The main contributors in our scope 3 emissions are the emissions resulting from the purchase of raw materials and products used to manufacture our products (category 1), and the emissions occurring during the use phase of our products (category 11).

Using our products during their life time results in direct and indirect emissions. Direct emissions are resulting from products that directly consume energy (electricity) during use, for example our vision systems or tire building machines. Our cables, for example energy and communication cables, together with accessories, transport electricity between two locations. During this transport, part of the energy is lost, as the passage of the electric current through the conductor produces heat, known as Joule effect. This energy loss is not related to a direct consumption of energy by the cable, but due to the inherent resistivity of the conductive material when electricity is transmitted through the conductor.

Therefore, these emissions resulting from energy losses are considered as indirect emissions within category 11 of scope 3, and included in the scope 3 category 11 emissions inventory according to the GHG protocol.

When it comes to reducing carbon emissions across our value chain (scope 3), we have identified seven key levers that should help us achieve our ambition. Collaboration with our value chain partners is key to collectively decarbonize. These collaboration projects are grouped under the categories supply chain and circularity (supplier engagement) and customer engagement. With business model and product innovations we targeted to reduce the emission during their use phase. Lastly, we identified decarbonization opportunities related to waste management, upstream and downstream transportation, and travel although the contribution of these categories are of less impact compared to the other decarbonization levers. In 2025, we will work further on the implementation of our decarbonization strategy for scope 3 and expected decarbonization opportunities by developing detailed plans per decarbonization lever.

Decarbonization levers	Key actions
1 Electrification	• Phase out gas installations. • Phase out petrol and diesel cars from our fleet. • New purchased or leased forklifts are electric, resulting in increasing percentage of electric forklifts.
2 Energy efficiency	• Develop smart buildings solutions, e.g. using LED lights, intelligent thermostats and other building automation (light sensors, automatic switch on/off). • Reduce unnecessary space in office facilities to reduce energy usage.
3 Renewable energy	• Increase percentage of renewable electricity. • Increase percentage of self-generated renewable electricity. • Add renewable electricity requirements in rental contracts.
4 Business model innovation	• Develop and implement new service programs, and extend existing service programs.
5 Product and service design	• Implement development principles based on EcoDesign. • Improve energy efficiency of products during use phase. • Improve recyclability of materials part of sold products.
6 Supply chain and circularity (supplier engagement)	• Increase share of recycled content part of copper purchase. • Prioritize sourcing from suppliers with lower carbon footprints and choose sustainable materials and products by incorporating carbon reduction criteria into procurement decisions. • Engaging with strategic suppliers to stimulate them to reduce their carbon footprint. • Setting joint emission reduction targets. • Providing training and resources, and establishing supplier sustainability programs.
7 Customer engagement	• Educate and involve customers to encourage the sustainable use of sold products. • Offering recycling incentives. • Providing training and guidance on reducing carbon footprints.
8 Waste management	• Implementing waste reduction programs. • Implementing recycling programs.
9 Transportation	• Reduce/eliminate use of air freight. • Implement green transport procurement strategy.
10 Travel	• Promote online meetings and remote work. • Encouraging the use of public transport. • Bicycle purchase and repair plans for employees as part of their employee benefit budget.

Key actions planned and progress 2024

The following key actions per decarbonization lever are planned.

Electrification, energy efficiency, and renewable energy

Efficient energy consumption and the reduction of CO_2 emissions are important performance indicators for all our sites. Under the terms of the EU Energy Efficiency Directive (2012/27/EU), member states must ensure that large organizations undergo an energy audit to gather information on real-time energy consumption and gain insight into the potential for energy savings. At a country level, where applicable, TKH developed an integrated plan for energy efficiency to meet the requirements of this Directive. We use these reports for our energy reduction plan, among other things. We regularly monitor the identified potential for energy savings to ensure our progress and compliance with improvement plans. Energy-saving measures that already have been implemented include replacing conventional lighting with LED lighting, replacing central-heating boilers with energy-efficient models, replacing LPG forklifts with electric forklifts, monitoring and reducing energy peaks, and investing in energy from sustainable sources, such as solar panels. With a total of 64,000 m^2 of office and factory space in Haaksbergen, 3,251 lighting fixtures have been replaced by LED. The total effect of replacing these 3,251 fixtures on electricity consumption was calculated at an annual saving of 1,840 MWh at the end of the project. By constantly improving our production processes and procedures, and continuing to explore new, energy-efficient solutions, and investigating the opportunities to invest in self-generated electricity, we aim to address the energy factor wherever possible. By doing so, we are attempting to minimize both CO_2 emissions and energy costs.

In 2024, our net carbon footprint for scopes 1 and 2 decreased by 70.3% compared with the reference year, 2019 (2023: reduction of 64.3% compared to 2019). We did not purchase any carbon offsets. At our sites, we reduced our scope 1 (direct) emissions. This was mainly driven by energy efficiency measures, our program to replace gas with alternative energy sources, the continuation of working from home, and mild winters. New buildings, such as our new subsea factory in Eemshaven in the Netherlands, are constructed without gas as much as possible. On balance, the emissions resulting from gas consumption decreased by 27.3% compared to the previous year. Emissions from transportation from own and/or controlled vehicles, which include emissions from lease cars, decreased by 11.2%. This is mainly due to the electrification of our lease car fleet and promoting online collaboration to limit travel as much as possible. Since 2022, new company cars leased in the Netherlands must be electric, resulting in a share of electric cars of 34.8% of the total lease car fleet. From 2024, all new lease cars within the group must be electric, with only a few exceptions. Additionally, we are investing in the essential charging infrastructure and continuously expanding our network of electric vehicle charging stations, conveniently including those within our employee and visitor parking areas.
Our scope 2 emissions were further reduced as a result of a higher share of renewable energy, resulting from a shift to renewable energy sources and self-generated energy through solar panels installed on our buildings and properties, combined with purchased green certificates which was the main contributor in the reduction of scope 2 emissions. The share of renewable energy consumption in the total energy consumption increased from 55.5% in 2023 to 61.9% in 2024.

Business model innovation, and product and service design

We use product life-cycle assessments as input for sustainable product innovations, including circularity. For example, our operating company VMI achieved a remarkable milestone by conducting a comprehensive Life Cycle Assessment for their MAXX tire building machine. This accomplishment marked a pioneering effort in the tire manufacturing industry, as VMI became the first manufacturer to undertake such an analysis specifically for tire building machines. This cradle-to-grave analysis examined the entire lifecycle of the machine, emphasizing aspects under VMI's control. EcoDesign is a crucial approach that VMI values, and VMI provides training on it to their lead engineers. This training equips engineers with the knowledge and tools to seamlessly incorporate environmental considerations into the product development process, leading to a more sustainable product and therefore lower scope 3 emissions. EcoDesign essentially means finding a balance between environmental and economic factors. It's about making sure that environmental concerns are a fundamental part of every step in developing a product. This approach aims to create products that have the least possible negative impact on the environment throughout their entire life cycle, from the initial idea to when they're no longer in use. During the training, engineers focus on a strategy called life cycle design using a tool called the LIDS wheel. This strategy encourages engineers to think about a product's entire life cycle, including how it's made, how it's used, how it's maintained, and what happens to it when it's no longer needed. By embracing EcoDesign principles and using the LIDS wheel, VMI's lead engineers are better equipped to develop products that not only work well and make economic sense but also contribute positively to environmental sustainability. This commitment not only benefits VMI but also aligns with global efforts to make products that have a smaller impact on the environment. In addition, transitioning from a product-based model to a service-based model will result in less emissions from the production and use of sold products.

Supply chain and circularity (supplier engagement)

We actively engage with our suppliers to share our ambitions and encourage these key stakeholders to do the same. Key impact areas for suppliers are: increasing process efficiency; moving to renewable energy; and reducing the use of fossil materials and fuels. We also see more intensive collaboration with suppliers on developing new innovative solutions as a key driver towards reducing our full value chain carbon footprint. We held in-depth discussions with selected key suppliers on how their plans can support our ambition and how we can collaborate to close any gaps. In 2024, one of our suppliers introduced a first-of-its-kind circular jacketing solution for low- and medium-voltage cables that marks a significant milestone in sustainable development for the wire and cable industry. This fully formulated natural medium-density polyethylene (MDPE) jacketing compound contains 50% post-consumer recyclate, reducing CO_2e emissions during production by an estimated 0.2 kg per kg of compounded polymer – a 13% decrease compared to its virgin equivalent.

Customer engagement
Many of our customers are setting targets for decarbonization themselves, moving to renewable electricity and cleaner sources of powering their processes. This is increasingly leading to a lower carbon footprint during the use phase of our products. Through customer engagements, we aim to align customers decarbonization targets with our ambitions.

Waste management
This lever focuses on reducing the end-of-life impact of the materials in our products. This can mainly be achieved by increasing the amount of renewable materials, which can be done through applying recycled materials, among others. In 2024, our operating company TKF introduced the green label, by announcing the Green YMvK: the first green installation cable. This cable consist of 100% recycled copper and bio-based plastics for minimal environmental impact. During the research we looked at the reuse of used raw materials, without making concessions to the quality and especially the user-friendliness of the cable. The packaging was also included in this. For example, this cable is supplied on 100 meter rings or on reels, where the reels are made of 100% recycled material and the rings are provided with a foil that consists of 50% recycled material and that is fully recyclable.

Transportation
We actively engage with our transportation service providers to share our ambitions. For example, our operating company TKF has worked with one of their transportation service providers for over two years to achieve zero-emission transport. Currently, 80% of TKF's transport in the Netherlands runs on 100% HVO (Hydrotreated Vegetable Oil), including the cranes. Additionally, since last spring, all our transport forklifts have been 100% electric. We are now taking it a step further by introducing new electric trucks.

Travel
Recognizing our global presence and the necessity of travel for meetings and maintenance at customer sites, we actively promote alternatives such as telephone and video conferences whenever feasible. This approach allows us to reduce the environmental footprint associated with travel while still ensuring effective communication with our customers on a global scale. At one of our operating companies, we use shuttle buses to make our company accessible via public transportation, contributing to sustainability by reducing individual car usage and promoting eco-friendly commuting options. Additionally, we provide bicycles for employees, further encouraging sustainable transportation choices and reducing the environmental impact of daily commutes.

Transition plan related investments
No capital expenditures (capex) have been made related to coal, oil or gas-related economic activities. There have not been any site-related investments in 2024 with locked-in GHG emissions that might impede our emission-related targets, based on our assessment as per end of 2024. Locked-in GHG emissions of our products could inhibit our scope 3 GHG emissions reduction. For a quantitative assessment of our potential locked-in GHG emissions associated with purchased foods and use of sold products, please refer to the GHG metrics section below.

For climate mitigation and adaption, the current expenditures are included in the EU taxonomy reporting (see Appendix). In the coming 5 years, we planned investments to support the implementation of our transition plan with regard to scope 1 and 2 GHG emissions. Identified investments in the form of capex amounts to €3.6 million and are mainly related to replacements of gas systems with electric heat pumps, installation of solar and photovoltaic panels, and other investments to reduce energy consumption. We identified €2.7 million additional operating expenses (opex) in the coming 5 years to implement sustainability related programs. This is calculated based on the identified additional opex for 2025 times the 5 years period. The additional opex are related to the hire of additional employees for sustainability functions at operating companies, supply chain programs, trainings, replacement of cars, purchase of green certificates, implementation of a leadership and development program for females, and other programs. The capex and opex investments are based on plans and estimates at this moment and will be examined again in 2025 whether additional investments and expenditures are necessary to meet the targets and our ambitions. These investments are not planned for aligning our economic activities (turnover, capex, opex) with the criteria established in Commission Delegated Regulation.

GHG metrics
The GHG emissions are prepared on a consolidated basis. The scope of the consolidation is equal to the scope of consolidation for the financial statements. The companies in which TKH has a minority ownership stake are not included in the sustainability statements, because we have no operational control over them. The GHG inventory boundaries for scope 1, 2, and 3 are based on the GHG protocol. The turnover to calculate the energy intensity rate and the GHG emissions intensity reconciles with the total turnover included in note 22 of the financial statements. The total turnover included in the financial statements is based on the requirements in accounting standard IFRS 15.

We have not used contractual instruments for the sale and purchase of energy bundled with attributes about the energy generation or for unbundled energy attribute claims.The percentage of scope 1 GHG emissions from regulated emission trading schemes is zero.

GHG emissions scope 1 and 2

in ton CO_2-equivalent unless otherwise stated	2024	2023 base year	Retrospective movement	Retrospective %	Milestones and target years 2030 target year	Milestones and target years % target / base year
Scope 1 GHG emissions						
Gross scope 1	5,049	6,285	-1,237	-19.7%	3,645	42.0%
Scope 2 GHG emissions						
Gross scope 2 (location-based)	54,794	55,677	-883	-1.6%		
Gross scope 2 (market-based)	7,245	8,496	-1,251	-14.7%	4,928	42.0%
Total scope 1 and 2 GHG emissions (location-based)	**59,843**	**61,962**	**-2,119**	**-3.4%**		
Total scope 1 and 2 GHG emissions (market-based)	**12,294**	**14,781**	**-2,487**	**-16.8%**	**8,573**	**42.0%**

GHG emissions scope 3

in ton CO_2-equivalent unless otherwise stated	2024 base year	% of total
Significant scope 3 GHG emissions		
Cat. 1 – purchased goods and services	420,168	12.8%
Cat. 2 – capital goods	19,843	0.6%
Cat. 3 - fuel- and energy-related activities	11,330	0.3%
Cat. 4 - upstream transportation and distribution	4,805	0.1%
Cat. 5 - waste generated in operations	5,246	0.2%
Cat. 6 - business travel	4,941	0.2%
Cat. 7 - employee commuting	10,237	0.3%
Cat. 9 - downstream transportation	4,282	0.1%
Cat. 11 - use of sold products	2,731,018	83.1%
Cat. 12 - end-of-life treatment of sold products	74,436	2.3%
Total gross scope 3 GHG emissions	**3,286,306**	**100.0%**

GHG emissions total

in ton CO_2-equivalent unless otherwise stated	2024
Total GHG emissions	
Total GHG emissions (location-based)	3,346,149
Total GHG emissions (market-based)	3,298,600
GHG emissions intensity (location-based)	1,954
GHG emissions intensity (market-based)	1,926

Scope 1

Our scope 1 emissions derive from fuel for leased and owned cars, fuel for buildings, and gas for building heating. Scope 1 emissions decreased by 19.7% compared to previous year, mainly driven by a reduction of our gas consumption and electrification of our fleet. Emissions from gas consumption reduced by 27.3% due to energy efficiency, and an impact from divestments. The share of electric cars in the total fleet increased from 26.1% in 2023 to 34.8% in 2024, on balance resulting in an emission reduction of 11.2% compared to previous year.

The basis for scope 1 emissions is activity data, which in turn are based mostly on meter readings, invoices, and data provided by suppliers. All conversion factors are reviewed annually and updated if necessary. For scope 1, TKH calculates the energy use and the related CO_2 emissions, using conversion factors from co2emissiefactoren.nl. TKH uses tank-to-wheel emission factors.

Scope 2

Our scope 2 accounts for electricity consumption at our production sites and offices. Scope 2 location-based emissions decreased by 1.6%. This decrease is a

GHG emissions scope 1 and 2 – progress towards CMD targets			
in ton CO_2-equivalent unless otherwise stated	2024	2023	2019 base year
Gross scope 1 GHG emissions	5,049	6,285	8,642
Gross scope 2 GHG emissions (market-based)	7,245	8,496	32,773
Total Sscope 1 and 2 GHG emissions (market-based)	**12,294**	**14,781**	**41,415**
Carbon footprint reduction scope 1 and 2 compared to based year (market-based)	-70.3%	-64.3%	

combination of factors, such as an impact of divestments, and the shift from cable production activities from China to Poland resulting is on balance less energy consumption. Due to the nature of the reporting, the location-based method does not take investments in renewable energy into consideration. Scope 2 market-based emissions decreased by 14.7% as a result of increased purchased renewable energy (20.8%) and self-generated renewable energy (43.8%) compared to the previous year. Electricity consumption covered by green certificates was on a similar level as 2023.

Location-based emissions
Emissions are calculated by using the country-specific conversion factors for electricity for the energy grid. This method reflects the energy mix within the specific country of consumption and does not consider any purchase of renewable energy or credits. To calculate GHG emissions, the EcoInvent 3.11 database has been used.

Market-based emissions
Emissions are calculated by taking a specific conversion factor which an organization uses for its purchased electricity. Renewable energy purchases and green certificates are considered when accounting for indirect GHG emissions using the market-based approach.
To calculate the residual GHG emissions, the conversion factor of co2emissiefactoren.nl been used for all remaining entities.

Scope 3

Scope 3 emissions are the indirect GHG emissions attributed to an organization's value chain. Scope 3 comprises 15 categories. The main development during the year was the completion of the scope 3 GHG emissions calculation, by adding the categories purchased goods and services (1), capital goods (2), transportation (4 and 9), employee commuting (7), use phase (11), and end-of-life treatment of sold products (12). In addition, the collection of waste data for waste generated in own operations (5) has been extended. With these additions, we cover approximately 97% of our value chain emissions. Category 1 and 11 accounted for approximately 96% of the total scope 3 emissions.

1 purchased goods and services
GHG emissions associated with the purchase of services are calculated as the direct cost associated with a specific type, multiplied by a matching emission factor from Exiobase (2019).

The GHG emissions associated with the purchase of goods are calculated as follows. 56.2% of the reported emissions is based on the asset tool 2024v2.2. of CE Delft. The asset tool values are based on EcoInvent 3.9.1 processes, the used LCIA method is IPCC 2021 GWP100 V1.02.

33.1% of the reported emissions is based on the average-date method. The GHG emissions are calculated using material weight per material type, multiplied by a matching emission factor from the EcoInvent 3.11 database.

10.7% of the reported emissions is based on the spend-based method. The costs per material per operating company has been corrected for inflation in the relevant country of spend using inflation rates from IMF2024, and converted from local currency to EUR, multiplied by the corresponding spend-based emission factor from Exiobase (2019).

For emissions derived from purchases of goods, 12.8% of the emissions have been based on supplier-specific data.

2 capital goods
GHG emissions associated with the additions to tangible assets, are calculated as the amount of capitalized cost per type of investment (land, buildings, machinery installations, and other equipment), multiplied by a matching spend-based emission factor from Exiobase (2019).

3 fuel- and energy-related activities
GHG emissions related to fuel- and energy-related activities not accounted for in scope 1 or scope 2, comprise indirect emissions associated with the production of purchased fuels, gas and electricity. The GHG emissions are calculated using the country emission factors from the EcoInvent 3.11 database multiplied by the scope 2 (electricity) consumption, and the emission factors from co2emissiefactoren.nl for the others.

4 upstream transportation and distribution
The GHG emissions associated with the upstream transportation are calculated as follows.

18.3% of the reported emissions is based on the asset tool 2024v2.2. of CE Delft. The asset tool values are based on EcoInvent 3.9.1 processes, the used LCIA method is IPCC 2021 GWP100 V1.02.

46.3% of the reported emissions is based on the average-date method. The GHG emissions are calculated using distance, weight, and method of transportation per shipment (road, rail, water, and air), multiplied by a matching emission factor from the Defra 2024 database. In case the exact distance cannot be derived from our systems, we have assumed the distance between the capitals of the countries. In case the exact weight cannot be derived from our systems, we have assumed an estimated weight per material based on the total weight.

35.4% of the reported emissions is based on the spend-based method. The transportation costs per operating company has been corrected for inflation in the relevant country of spend using inflation rates from IMF2024, and converted from local currency to EUR, multiplied by the corresponding spend-based emission factor from Exiobase (2019).

5 waste generated in operations

GHG emissions of waste generated in own operations refers to the emissions resulting from the disposal and treatment of waste produced by a company's operations. The GHG emissions are calculated using actual waste data per operating company. The following material categories are used: copper, plastics (PVC, XLPE, PE), other plastics, steel, aluminium, wood, paper and board, electronics, hazardous materials, and other materials. For each category the waste treatment has been reported being recycling, incineration, landfill or unknown. In case the waste treatment is uncertain, the treatment is reported under unknow. This means that that highest waste treatment emission factor is used for that particular material category. We applied the assumption that the majority of copper, aluminium, and steel waste will be recycled. The GHG emissions are calculated using the material-specific emission factors from the EcoInvent 3.11 database multiplied by the weight of waste per material. For the category other materials we used the median of the emission factors applied for the other material categories.

6 business travel

GHG emissions associated with the business travel activities are calculated as the amount of kms per travel category (air short-haul, air medium-haul, air long-haul, rail, bus, and car) multiplied by the travel-specific emission factors from the EcoInvent 3.11 database.

7 employee commuting

GHG emissions related to employee commuting are linked to the indirect emissions generated from the transportation of employees between their homes and their place of work. The emissions are calculated as the amount of kms per commuting category (car, public transport, and other) multiplied by the commuting-specific emission factors from the EcoInvent 3.11 database.

Emissions have been calculated based on a combination of activity data and estimations. Estimations are for example based on answers to a survey with questions regarding the means of transportation and type, and average weekly days spent working in the office. These average commuting weeks have then been multiplied by the number of employees of the particular operating company.

9 downstream transportation

The GHG emissions associated with the downstream transportation are calculated as follows.

16.9% of the reported emissions is based on the asset tool 2024v2.2. of CE Delft. The asset tool values are based on EcoInvent 3.9.1 processes, the used LCIA method is IPCC 2021 GWP100 V1.02.

81.2% of the reported emissions is based on the average-date method. The GHG emissions are calculated using distance, weight, and method of transportation per shipment (road, rail, water, and air), multiplied by a matching emission factor from the Defra 2024 database. In case the exact distance cannot be derived from our systems, we have assumed the distance between the capitals of the countries. In case the exact weight cannot be derived from our systems, we have assumed an estimated weight per material based on the total weight.

1.9% of the reported emissions is based on the spend-based method. The transportation costs per operating company has been corrected for inflation in the relevant country of spend using inflation rates from IMF2024, and converted from local currency to EUR, multiplied by the corresponding spend-based emission factor from Exiobase (2019).

11 use of sold products

GHG emissions of the use of sold products refers to the direct and indirect emissions resulting from the use of our products during their life time.

Direct emissions are resulting from products that directly consume energy (electricity) during use, for example our vision systems or tire building machines. Our cables, for example energy and communication cables, together with accessories, transport electricity between two locations. During this transport, part of the energy is lost, as the passage of the electric current through the conductor produces heat, known as Joule effect. This energy loss is not related to a direct consumption of energy by the cable, but due to the inherent resistivity of the conductive material when electricity is transmitted through the conductor. Therefore, these emissions resulting from energy losses are considered as indirect emissions within category 11 of scope 3. The GHG emissions are calculated as follows.

75.4% of the reported emissions is based on the asset tool 2024v2.2. of CE Delft. The asset tool values are based on EcoInvent 3.9.1 processes, the used LCIA method is IPCC 2021 GWP100 V1.02.

24.6% of the reported emissions is based on the average-date method. The GHG emissions are calculated using the number of products sold, the estimated energy use per product or group of products, and the expected lifetime, multiplied by the country-specific emission factors from the EcoInvent 3.11 database. We assumed that the area in which the use phase takes place is equal to our customer's location. In case the exact energy usage of our product cannot be derived from our systems or other sources, we used estimates or general available sources.

12 end-of-life treatment of sold products

GHG emissions of end-of-life treatment of sold products refers to the emissions resulting from the disposal and treatment of our product at the end of their lifetime. The GHG emissions are calculated as follows.

92.0% of the reported emissions is based on the asset tool 2024v2.2. of CE Delft. The asset tool values are based on EcoInvent 3.9.1 processes, the used LCIA method is IPCC 2021 GWP100 V1.02.

0.3% of the reported emissions have been based on LCA data obtained from suppliers.

7.7% of the reported emissions are calculated using material weight data per operating company. The following material categories are used: copper, plastics, other plastics, steel, aluminium, wood, paper and board, electronics, lenses, fibre, hazardous materials, and other materials. For each category the waste treatment has been reported being recycling, incineration, landfill or unknown. In case the waste treatment is uncertain, the treatment is reported under unknow. This means that that highest waste treatment emission factor is used for that particular material category. We applied the assumption that copper, aluminium, and steel waste will be 100% recycled. The GHG emissions are calculated using the material-specific emission factors from the EcoInvent 3.11 database multiplied by the weight per material. For the category other materials we used the median of the emission factors applied for the other material categories.

Other categories

The other scope 3 categories are considered as not-applicable for TKH, because we have limited activities connected to these categories.

- Category 8 upstream leased assets: we do not have any leased assets that are not in our control.
- Category 10 processing of goods sold: we do not sell physical products that require further processing by our clients.
- Category 13 downstream leased assets: we do not act as a lessor.
- Category 14 franchises: we do not operate with franchises.
- Category 15 investments is designed primarily for private financial institutions (e.g., commercial banks), but is also relevant to entities with investments not included in scope 1 and scope 2. Our business activities do not involve significant financial investments that lead to indirect GHG emission.

Energy consumption and mix

in MWh unless otherwise stated	2024	2023	movement	%
Fuel consumption from coal and coal products	1,276	1,105	171	15.5%
Fuel consumption from natural gas	16,710	20,147	-3,437	-17.1%
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	15,837	20,876	-5,042	-24.1%
Total fossil energy consumption	**33,823**	**42,131**	**-8,308**	**-19.7%**
Share of fossil energy consumption in total energy consumption (%)	*37.7%*	*44.5%*		-6.8%
Consumption from nuclear sources	**336**	**0**	**336**	
Share of consumption from nuclear sources in total energy consumption (%)	*0.4%*	*0.0%*		0.4%
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	53,852	51,449	2,403	4.7%
Consumption of self-generated non-fuel renewable energy	1,658	1,153	505	43.8%
Total renewable energy consumption	**55,510**	**52,602**	**2,908**	**5.5%**
Share of renewable energy consumption in total energy consumption (%)	*61.9%*	*55.5%*		6.4%
Total energy consumption	**89,668**	**94,733**	**-5,065**	**-5.3%**
Energy intensity rate (for high climate impact sectors) in MWh/turnover in million €	52.4	51.3	1.1	2.1%

Pollution (E2)

Environmental	Value chain boundary			Material IROs		
Sub-topic	Upstream	Own operations	Downstream	Impacts	Risks	Opportunities
Pollution of air, soil, and water		* Smart Connectivity systems		Potential negative impacts related to our cable production sites: • Pollution caused by spills in the soil of toxic/ polluting materials as a result of accidents during cable production. • Emissions into the atmosphere of as a result of cable production activities (e.g. Nitrogen oxides (NOX), sulphur oxides (SOX)). • Pollution of water in the proximity of TKH cable production sites, as a result of release of pollutants into process water.	• Environmental pollution leading to remediation costs, sanctions, fines and reputational damages.	

Our approach to determining our material impacts, risks and opportunities is described in the General information section. For pollution, the material sub-topics identified are pollution of air, soil and water. The sub-topic microplastics has not been considered material. The material topics are relevant to our own cable production sites, as part of our business segment Smart Connectivity systems. We have not conducted specific consultations with potential affected communities, other than through our stakeholder engagement process.

Introduction

Our products, including parts and materials from suppliers, are subject to regulation by various government and regulatory agencies, e.g., Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and other (local) regulations regarding pollutions. Since part of our raw materials are delivered to us in the form of pellets, TKH actively recognizes the potential risks of environmental pollution and contamination by pellet loss. In addition, pollution could occur by spills in the soil of toxic/polluting materials as a result of accidents during cable production. Cable production results into emissions into the atmosphere, for example Nitrogen oxides (NOX) and sulphur oxides (SOX). Pollution of water in the proximity of TKH cable production sites also could occur, as a results of release of pollutants into process water.

Our approach and policies

All operating companies to whom the Health, Safety & Environment (HSE) policy is relevant have established and implemented it, including a clear commitment to preventing pollution and minimizing health risks. Stakeholders are not directly involved in policy and target setting. We are actively exploring the development of a comprehensive pollution policy that applies to the entire group, further strengthening our environmental commitments. To proactively identify and mitigate pollution-related risks, we conduct structured screenings of our site locations and business activities. These assessments evaluate both actual and potential pollution-related impacts within our operations. The methodologies, assumptions, and tools used in this process includes ISO 14001-certified environmental management systems at all production locations. Each relevant operating company (mostly cable production companies) has established internal awareness programs and procedural safeguards to minimize pellet loss and prevent contamination.
Our cable production companies demonstrate a strong commitment to pollution mitigation by implementing specific measures, amongst others by filtering dust from the factories' chimneys, by purifying the chimney gases. Environmental matters are managed by the local Health, Safety & Environment (HSE) function. In performing the local HSE functions, systems are adopted with the intention to guarantee strict compliance with the regulations in accordance with best practices. The systems collect and analyze environmental data using a platform, it monitors the exposures to risks using specific indicators, organizes specific training and conduct audit work at the production locations. The HSE policy of operating companies include explicit commitments to preventing incidents and managing emergency situations through structured risk assessments, proactive control measures, and targeted employee training. Additionally, it defines

Policy name	Key contents
Health, safety and environmental (HSE) policy (at operating company level)	• Describes how the operating company deals with health and safety issues, including safety instructions and procedures. • Applicable for all production sites, and if relevant for other locations. • Managing director of the operating company is responsible for implementation. • Based on ISO 14001 standard. • Published on the intranet of the operating companies, and part of local procedures/handbooks.

clear response procedures to minimize the impact of incidents on people and the environment. This update aligns with our broader risk management framework and reinforces our commitment to safety, sustainability, and operational resilience.

Pollution metrics

In line with the HSE policy's commitment to preventing pollution and minimizing health risks, we monitor emissions from our cable production processes. In this way, we can measure reductions in emissions by gradually introducing new methods and/or products, particularly for cable degassing, isolation and printing operations. The inventory of pollution to air, soil, and water, is based on the list of pollutants and related threshold values specified in Annex II of Regulation (EC) No 166/2006. For part of the pollutants, we have determined on the basis of (laboratory) measurement reports and reports from external sources that the listed threshold values have not been exceeded in 2024. We used estimates for the pollutants which are not measured through (laboratory) measurements reports provided by external parties. These estimates are calculated by internal technical engineers and the health, safety and environmental department. Information used in the calculation is based on available internal information, e.g. related to chemicals used in the production process, internal registration of pollution and losses of pollutants, impact of filter systems used, and the impact of suspended particles, amongst other things. Based on this, we concluded that the listed threshold values have not been exceeded in 2024. Due to the use of estimates and own calculations, there is uncertainty in the outcome of the assessment. We will further optimize the process in 2025, including by having measurements carried out by external experts for the remaining relevant pollutants in order to further substantiate that the listed thresholds for the relevant pollutants are not exceeded. While we are in the optimization the emissions inventory, no target has been defined yet.

We record all environmental incidents, breaches, and fines, with voluntary targets of zero environmental breaches and fines related to our own operations. The target is based on compliance. An environment incident is an incident having environmental impact. An environmental breach occurs when there is a failure to comply with an environmental legislative obligation, e.g. breaches or non-compliances (which can result in fines). The amount of environmental incidents, breaches and fines provides an indication of how well we control air pollutants, emissions to water, and pollution to soil. In 2024, no confirmed environmental breaches or fines were reported, while five environmental incidents reported. Each incident is assessed to determine if additional internal control measures or other actions are needed. Depending on the topic, an external researcher may be appointed to ensure independence and objectivity. If deemed necessary, disciplinary and corrective measures are taken. The reported 2024 environmental incidents are related to small oil leakages from machines or during transportation. Therefore, we concluded that no further action was deemed necessary, as all remediation actions were addressed directly upon detection.

Environmental compliance table

	annual target	2024
Number of environmental incidents	0	5
Fines for environmental breaches (in €)	€0	€0
Number of environmental breaches	0	0

Actions

We defined the following actions for 2025:

- Review whether it is necessary to develop a group-wide pollution policy to ensure consistent approach to all operations.
- Completion of the inventory of relevant emissions at our cable production sites, supported by (laboratory) measurement reports, followed by defining a target to prevent and control the emissions.

Actions related to pollution are revisited every year and integrated in the activities at operating company level. Due to the nature of the actions, the resources needed for these actions are opex-related and do not require any significant capex. The opex are also not significant, since these initiatives are embedded in ongoing environmental management efforts. Targets are determined by the Executive Board. Tracking effectiveness is part of our quarterly sustainability reporting. In cases where no quantitative measures are available we report on progress based on qualitative information. The ambitions and annual targets set are included in the relevant tables.

Water (E3)

Environmental	Value chain boundary			Material IROs		
Sub-topic	Upstream	Own operations	Downstream	Impacts	Risks	Opportunities
Water consumption		*		• The consumption and quality of water resources have an actual negative impact on the environment, as well as on communities that depend on those resources.	• Interruption of production sites due to unavailability of water.	

Our approach to determining our material impacts, risks and opportunities is described in the General information section. For water and marine resources, the material topic identified is water consumption, mainly related to our sites in water scarce areas. The material topic only applies to our own operations. We have not screened our assets and activities using specific methodologies or tools to identify impacts, risks and opportunities in our own operations and its upstream and downstream value chain, other than by assessing the business description, portfolio and asset base per operating company. We have not conducted specific consultations with potential affected communities, other than through our stakeholder engagement process.

Introduction

The significance of water use lies not only in its direct impact on the operating costs of a business, but more essentially, on the broader environmental implications. Importantly, careful and intentional management of water use demonstrates the commitment to sustainable operations. At TKH, we acknowledge the inherent water use of our operations. Being active with manufacturing companies in the cable production industry, we rely on water for our production processes. Water is essential for cooling and serves both drinking and sanitary purposes at our factories and offices. Therefore, water has proven to be material in this report's materiality analysis.

Our approach and policies

At TKH, our water policy focuses on reducing our operational impact on water consumption and quality. Interests of key stakeholders in setting the policy are not considered specifically. Water-related considerations are not a direct factor in product and service design across our business segments. Our primary focus is on operational water efficiency, compliance with environmental standards, and responsible water management within our production facilities. We commit to transparently disclose relevant water management indicators in line with global reporting standards, including CDP Water and ISO 14001 Environmental Management. We measure and monitor the water risk and stress, applying internationally accepted methodologies and mitigate risks through efficient water management, conservation and protection. Our established processes are integrated into the functions that are responsible for daily adherence to our policies. Environmental topics are continuously addressed through our ISO 14001 certifications.

Policy name	Key contents
Water policy	• Describes how we strive to reduce our impact related to water, defining goals, implementing actions, and monitoring results. • Applicable for all operating companies. • Not based on a specific framework or guidelines. • Managing director of the operating company is responsible for implementation. • Provided to managing directors and available for all functions having access to the reporting system Cognos.

We also ensure adequate water, sanitation, and hygiene facilities at all workplaces globally. We raise awareness of water related environmental impacts and possible actions that can be taken to reduce them. We reduce water consumption by using efficient equipment or technology, and minimize water consumption by reusing water and we promote industrial closed-loop water processes. We concentrate our water consumption reduction efforts at our sites in water scarce areas. ISO norms such as 14001, which are already established in our production companies, help us understand and manage these valuable resources better. Annually, we perform an assessment of our operational sites to address potential water-related risks. We utilize publicly accessible tools such as the Aqueduct Water Risk Atlas by WRI and WWF Water Risk Filter to define and respond to these risks.

We have no policies or practices adopted related to sustainable oceans and seas, because this subtopic is not material for TKH. Prevention and abatement of water pollution is considered to be not-material and not part of the water policy.

Water metrics

We have not identified any material targets relevant to disclose. We have the ambition to keep the average water consumption per headcount on the same level as the previous reporting year, to monitor water consumption and to identify measures.

Among our production sites, one location has been identified as exposed to substantive financial and strategic risks related to water. This site is situated in China in an area with extremely high-water stress. In response, we defined the risk exposure and anticipated potential losses, and implemented proactive measures to mitigate business interruption. Important production sites are flexible to ensure we can shift production capacity from high-water stressed areas to other locations. In addition, we have office locations are based in high-water stress areas. For these locations we assessed that the anticipated potential losses and business interruption are limited.

At this stage, specific mitigation actions have not yet been fully implemented due to the need for a comprehensive feasibility study on the technical, financial, and regulatory aspects of water sourcing and operational flexibility. Additionally, in 2025, we will assess the cost-effectiveness and long-term sustainability of potential solutions to ensure alignment with broader strategic objectives.

The water intensity ratio is calculated based on the total water consumption (in m^3) divided by the total turnover, with the total turnover included in note 22 of the financial statements. Reported water consumption is sourced from direct measurements from water meters and water invoices which are stored locally at the operating companies.

The total water consumption in 2024 was 116,821 m^3, a 24.1% decrease compared to 2023. This decrease is mainly the result of the closing of cable production activities in China, and the shift from fibre cable production activities from China and the Netherlands to Poland.

For our cable production activities we assumed that water is not stored but reused, because part of the water withdrawal is used in a closed system. For the cooling of our extrusion lines we have a central cooling system where water is evaporated via a condenser. The cooling water is pumped from there to the factory to cool the lines. In 2024, we improved our estimation on water reuse. Based on meter reading of the pumps, we calculated that water is pumped around 154 times before the water has completely evaporated. We calculated this by dividing the flow rate of the circulation pump (the amount of water that flows through a certain point on the pump per unit of time) by the flow rate of the water supply (the amount of water that flows through a certain point on the water supply per unit of time). The water recycled and reused of 10,840 m^3 for 2024 represents the (one-time) water withdrawal which is then used in the closed system (and reused approximately 154 times).

Water metrics table

	2024	2023
Water consumption (in m^3)	116,821	153,948
Water consumption in areas of high-water stress (in m^3)	27,021	26,339
Water recycled and reused (in m^3)	10,840	13,670
Water stored (in m^3)	0	0
Changes in water storage (in m^3)	0	0
Water intensity ratio	68.2	83.3

The consumption in areas of high-water stress is based on an assessment via Aqueduct Water Risk Atlas (wri.org).

Actions

Going forward, we will continue our efforts to maintain our ISO 14001 certification, and promote responsible environmental behavior both internally and in dialogue with business partners.

One of our production sites is located in China, an area experiencing extremely high-water stress. We have identified a material risk of business interruption due to potential water shortages. In response, we have assessed risk exposure and anticipated potential losses. As part of our 2025 action plan, we will strengthen our disclosure on water-related risks and implement the following mitigation measures for relevant operating companies:

- Water efficiency optimization: improve water management practices in production processes to reduce consumption and enhance efficiency.
- Diversified water sourcing: conduct feasibility studies and evaluate alternative water supply solutions to ensure operational continuity.
- Operational resilience: assess potential scenarios for adjusting production planning, including shifting production to other sites in the event of severe water scarcity.

The implementation of our 2025 action plan may result in investments in research and technical assessments, for example collaboration with environmental experts or water resource specialists. These measures will be integrated into our broader sustainability strategy, ensuring transparency, financial planning, and long-term water resilience across our operations.

Circular economy (E5)

Environmental	Value chain boundary			Material IROs		
Sub-topic	Upstream	Own operations	Downstream	Impacts	Risks	Opportunities
Resource inflows, waste, and waste recycling		*		• Sourcing resources unsustainably and waste have an actual negative impact on the environment, including greenhouse gas emissions.	• TKH is dependent on resource inflows, limited availability of resource inflows such as copper and other (raw) materials could affect the company in a negative way. • Waste can pose financial risks for due to its impact on resource efficiency, operational costs, and environmental compliance.	

Introduction

Our approach to determining our material impacts, risks and opportunities is described in the General information section. For circular economy, the material topics identified are resource inflows, waste, and waste recycling. The material topics applies to our own operations. We have not screened our assets and activities using specific methodologies or tools to identify impacts, risks and opportunities in our own operations and its upstream and downstream value chain, we rely on analysis of the business description, portfolio and asset base per operating company. We have not conducted specific consultations with potential affected communities, other than through our stakeholder engagement process.

The main raw materials used by TKH are copper, aluminum, and plastics, being part of the supply chain of Smart Connectivity systems. Within Smart Manufacturing systems the main materials used are steel and electronics. Lasty, within Smart Vision systems the main materials used are steel, aluminium, and electronics. Other materials used are mainly packaging materials (wood, paper and board, plastic foils). The majority of the waste is classified as non-hazardous (2024: 96.6% of total waste). More information on our value chain is included in the section Strategy, business model and value chain.

Companies that generate waste and fail to implement effective waste management practices may face regulatory fines, legal liabilities, and reputational damage. On the other hand, implementing sustainable waste management practices, such as reducing waste production, recycling, and repurposing, can improve resource efficiency, reduce operational costs, and enhance the company's reputation. By considering waste as a potential source of financial risks and opportunities, TKH adopted more sustainable waste practices, to reduce our environmental impact, and increase our financial stability.

As a strategic priority, sustainability is firmly embedded in our day-to-day operations, and sustainability initiatives are being integrated into our organization. Integrating sustainability enables us to minimize waste. Raw materials are becoming scarce due to the increasing demand. As a company, we want to take responsibility for our incoming products, which is why we are aiming for a sustainable supply chain.

Our approach and policies

Sustainable business practices also include the sustainable management of resources. Our Operational Excellence Program focuses on production efficiency, so we never lose sight of issues such as reducing energy consumption and the use of raw materials. At all our manufacturing sites, we aim to select raw materials and other materials that have little or no environmental impact from the design stage. Efficient management of materials and raw materials is important because of the consumption of valuable metals such as copper and aluminum, which are essential components of the cable production process, and because of the waste that is inevitably generated. Our ambition is to eliminate waste to the extent that it has the least impact on the environment. This also helps us to avoid unnecessary costs. We have adopted the following two approaches to this:

- Quantitative: we aim to reduce the amount of waste at source, structurally by using the raw materials most efficiently and therefore increasing material productivity. We also reduce waste through process improvement and innovation.
- Qualitative: we aim to minimize the harmful effects of waste by maximizing the use of recycled materials and optimizing waste treatment through greater cooperation throughout the value chain.

The Executive Board of TKH is accountable for implementing current and future policies related to resource use and the circular economy. The Internal Audit Department is responsible for overseeing policy execution, and ensuring compliance with environmental regulations. The Managing Directors of each operating company are responsible for local execution, ensuring alignment with TKH's environmental objectives. TKH integrates globally recognized environmental management and sustainability standards into its operations to ensure alignment with industry best practices and regulatory requirements. These include:

- ISO 14001 certification. All TKH production sites comply with ISO 14001 environmental standards, ensuring a responsible disposal and recycling of electronic waste, promoting circular economy principles.
- Industry initiatives & ESG Ratings (e.g., EcoVadis, CDP, or other programs). TKH and part of the operating companies participates in relevant third-party sustain-ability assessments to track environmental performance and identify improvement opportunities. These standards form the foundation of TKH's waste reduction, resource efficiency, and sustainable procurement efforts, ensuring regulatory compliance and industry best practices.

TKH actively incorporates stakeholder perspectives into the development of policies related to resource use and circular economy. Key stakeholder engagement methods include:

- Regular sustainability meetings to align with evolving environmental and business expectations.
- Supplier dialogues to ensure responsible sourcing and compliance with sustainability criteria.
- ESG reporting consultations to address investor and regulatory concerns regarding sustainability performance.
- Regulatory updates and industry working groups to stay aligned with global best practices and emerging standards.

This structured approach ensures that TKH's circular economy strategy remains relevant, effective, and aligned with external expectations while fostering collaboration across the value chain.

TKH ensures that practices and policies on resource use and circular economy are and will be accessible and communicated effectively to both internal and external stakeholders through multiple channels:

- Internal distribution: Policies are published on the TKH intranet, integrated into operating company handbooks, and included in employee training programs.
- Supplier engagement: Sustainability criteria and environmental expectations are embedded in supplier contracts, procurement guidelines, and Code of Supply.
- Public transparency: Policy commitments are disclosed in TKH's sustainability report, website, and investor ESG presentations.
- Regulatory compliance and audits: Policies are subject to internal audits, external assessments, and compliance reviews to ensure proper implementation and accountability.

Policy name	Key contents
Health, safety and environmental (HSE) policy (at operating company level)	• Describes how the operating company deals with environmental, health and safety issues, including safety instructions and procedures. • Applicable for all production sites, and if relevant for other locations. • Managing director of the operating company is responsible for implementation. • Based on ISO 14001 standard. • Published on the intranet of the operating companies, and part of local procedures/handbooks.

We have health, safety and environmental (HSE) policies at operating company level. These HSE policies do not explicitly include measures to reduce virgin material, increase recycled content, and promote sustainable sourcing.

Resource inflows metrics

The main (raw) materials used by TKH are copper, aluminum, steel, plastics, and electronics which results in respective waste streams. Other materials are mainly related to packaging materials, and consists of wood, paper and board, plastic foils and other materials.

In addition to price and quality, we consider sustainability criteria when selecting raw materials and other materials. Partnerships in the value chain also play a role in the successful introduction of sustainable product innovations. By working closely with our partners in the value chain, we will achieve the innovations needed to meet this goal. Sustainable cable composition is a high priority for cable manufacturing companies, and we continue to look for innovative manufacturing techniques and ways to improve efficiency in the value chain. We are engaged in discussions throughout the value chain on how to make processes and products more sustainable, so we can use resources more effectively. A key example is that approximately 23% of purchased copper is from secondary reused or recycled sources, which means that 23% of the copper we purchase contains recycled content. This is calculated based on information provided by suppliers, and public available information on recycled content.

Our resource inflow is calculated based on recorded purchases in the reporting year. To determine the weight of the materials, we used the weight recorded on the purchase orders, purchase invoices, or transportation documents. In case a weight could not be obtained, the weight is estimated based on the estimated share of the material in the total weight of the product. To avoid double counting, intercompany shipments are not included, ensuring only external material purchases are accounted for.

Waste metrics

We have not set any material targets relevant to disclose. Our established processes at our operating companies are anchored within the functions that have day-to-day responsibility for ensuring adherence to our policies. Environmental topics are also addressed on a continuous basis through our ISO 14001 certifications for our production sites.

Due to the importance of the materials, and their contribution to the total waste resulting from our own operations, we focus mainly on the raw materials copper, aluminium and plastics used to produce our products, covering our cable production activities. Our internal targets are not aligned with ESRS metrics, and are focusing on the total waste from the most relevant raw materials used in cable production (copper, aluminum, and plastics) compared to total relevant material consumption, and the percentage of recycling of this waste. More information is included in the section Sustainability performance.

Our waste is calculated based on recorded waste in the reporting year. To determine the weight and treatment method of the waste, we used the weight and treatment method recorded on reports of external recycling and waste processing companies. In case a weight could not be obtained, the weight is estimated based on the estimated share of the material in the total weight of the product. In case the treatment method could not be obtained, we have assumed that the waste is incinerated. To avoid double counting, intercompany shipments are excluded.

Resource inflows

in ton	2024
Overall total weight of materials used	84,022
Percentage of biological materials that is sustainably sourced	0%
Weight of secondary reused or recycled components, secondary intermediary products and secondary materials	3,488
Percentage of secondary reused or recycled components, secondary intermediary products and secondary materials	4.2%

Waste from own operations

in ton	2024	% of total
Total waste	**11,509**	**100.0%**
Copper	2,265	19.7%
Aluminum	1,339	11.6%
Steel	479	4.2%
Plastics (e.g. PVC, XLPE, PE)	2,235	19.4%
Wood	2,122	18.4%
Paper and board	824	7.2%
Electronics	9	0.1%
Other plastics (e.g. foils, packaging)	161	1.4%
Hazardous materials	394	3.4%
Other materials	1,682	14.6%
Hazardous waste disposal	**394**	**100.0%**
Incineration	381	96.7%
Landfill	1	0.3%
Recycling	8	2.0%
Other disposal operations	4	1.0%
Non-hazardous waste disposal	**11,115**	**100.0%**
Incineration	2,279	20.5%
Landfill	951	8.6%
Recycling	6,839	61.5%
Other disposal operations	1,046	9.4%
Total weight non-recycled waste	**4,663**	
Total percentage non-recycled waste of total waste	**40.5%**	

Approximately 55% of the waste is related to our main raw materials copper, aluminium, steel, and plastics. Our operational excellence programs are focused on right-first-time production to reduce waste in our own operations. TKH does not have radioactive waste.

Our copper suppliers reprocesses pure copper waste into fully usable copper. This means that copper waste is 100% recycled. This also applies to aluminum and steel. Plastics that have become unusable during the cable production process, but are suitable for recycling, are offered to waste processing companies for conversion into new raw materials. Mainly due to the product mix, we increased the use of plastics, which resulted in more plastic waste. As a result, the total recycling percentage decreased. Cables (particularly odd lengths of cable) are sorted as much as possible, and we are looking into the possibility of completely recycling these cables – and the same applies to the plastics used in insulation and sheathing material.

Since 2023, our cable production company TKF participates in the International Responsible Business Conduct (IRBC) agreement for the Renewable Energy Sector. While the renewable energy sector has achieved great progress on environmental and societal issues, including climate change, there are still numerous obstacles to overcome. As a prominent player in the cable production and telecom industry in the Netherlands, TKF understands the vital importance of sustainable practices and responsible behavior in an ever-evolving world. TKF has a responsibility as a supplier of subsea cables for offshore wind energy to bring the industry expertise to the forefront and acknowledge the hurdles faced by our company and many others involved in the renewable energy value chain. By participating in this agreement, TKF is committed to collaborating with our stakeholders, as well as all others participating in the renewable energy agreement. We aim to identify and mitigate our own (including suppliers) risks and impacts on both society and the environment. We are also in continuous conversation with our main copper suppliers regarding a responsible supply chain. Our largest supplier in terms of purchase volume is part of The Copper Mark industry initiative. The Copper Mark is an initiative that requires a review of the sustainability standards at copper production sites including mines, smelters, and refineries. The Copper Mark covers the 32 sustainability criteria set out in the Responsible Minerals Initiative's (RMI) Risk Readiness Assessment and incorporates all major environmental, social and governance issues, such as child labor and occupational safety. The Copper Mark is also aligned with the United Nations Sustainable Development Goals (SDGs).

In the year under review, TKF received several certificates for validation of raw material passports. The raw material passport was created a few years ago and makes it possible to clearly calculate the degree of circularity of a raw material and the CO_2 emissions. This certification validates the circularity data in raw material passports. Our ambition is to have raw material passports available for all our cable portfolio.

Actions

We defined the following actions for 2025:

- Review whether it is necessary to develop a group-wide procurement policy, to reduce virgin material, increase recycled content, and promote sustainable sourcing.

Actions related to circular economy are revisited every year and integrated in the activities at operating company level. Due to the nature of the actions, the resources needed for these actions are opex-related and do not require any significant capex. The opex are also not significant, since these initiatives are an integral part of our day-to-day expenses and procurement activities.

Sustainable innovation (entity-specific material topic)

Environmental	Value chain boundary			Material IROs		
Sub-topic	Upstream	Own operations	Downstream	Impacts	Risks	Opportunities
Sustainable innovation		*		• Sustainable innovation and technology are actually making a positive contribution to the achievement of the SDGs by promoting sustainable production and consumption, and addressing environmental challenges at customers. This can help create a more sustainable world.	• Insufficient technological development and innovation can threaten TKH's long-term value creation.	• Customer's need for sustainable innovation and technology offers TKH opportunities for growth and value creation.

Our approach to determining our material impacts, risks and opportunities is described in the General information section. The material topic only applies to our own operations.

Introduction

Sustainable innovation is an entity-specific material topic, because innovation is key to TKH's success and supported by the outcomes of the DMA process. Our sustainable innovations and technologies contribute to the achievement of the SDGs by promoting sustainable production and consumption, and addressing environmental challenges for customers. This helps creating a more sustainable world.

Investing in innovative technologies is vital to maintaining our position as a leading technology company and maximizing sustainable value for our stakeholders and the world around us. Innovation and customer focus are key to keeping us at the forefront of creating best-in-class and innovative technologies and responding quickly and effectively to changing market trends.

Insufficient technological development and innovation can threaten TKH's long-term value creation.

These risks may emerge in the following areas:
- The pace of technological development
- Conservativism in certain end markets to embrace our new disruptive technologies
- The execution of the R&D roadmap
- Our competitor's new technologies
- Our payback capacity

Our approach and policies

We do not have a specific policy for sustainable innovation other than the target we have set. We will review whether it is necessary to develop a group-wide sustainable innovation policy. We focus continuously on innovation and executing the strategic roadmap, ensuring efficient time-to-market. The Executive Board and local management frequently discuss the latest technology and innovation developments. We capitalize on technology leadership by leveraging and accelerating growth from innovations and by utilizing the R&D pipeline. We bring key innovations to maturity with targeted profitability and limit the number of new and large "start-up" projects. In addition, we are focused on expanding market share by unlocking the full potential of our innovations and disruptive technologies and aligning our innovation strategy with relevant megatrends that drive long-term industry growth.

The Sustainable Development Goals (SDGs), developed by the United Nations, are a blueprint for achieving a better and more sustainable future. TKH recognizes their importance and aims to contribute to the SDGs through its business operations and innovative product portfolio, in line with its long-term value creation process.
To make an effective and targeted contribution through the SDGs, we focus on areas where we believe we can have the greatest impact and make the most direct contribution. Sustainability is a key element in our product portfolio and enables our customers to improve their sustainability performance. In this context, we are focusing on four SDGs. Sustainability is increasingly integrated in our operations and supply chain, with two other SDGs we focus on internal operations and business practices.

SDG 3: good health and well-being

TKH's technologies and solutions support the care process, resulting in greater efficiency and reliability in the healthcare sector, for home care, professional care, and pharmaceutical companies.

Impact

When it comes to the continuously evolving technological support of the care process, TKH believes that care can become more efficient and reliable by tailoring technology more closely to each client. In fact, "tailor-made" is at the heart of TKH's care solutions for both extramural and intramural care. Our care technology platform, which includes customized alarm scenarios and smart sensors, facilitates the rapid and flexible connection of care systems to a comprehensive range of functions and applications for care needs. It also helps to make care delivery more user-friendly and accessible. Our Smart Manufacturing technology responds to increasingly stringent quality measures imposed by the pharmaceutical industry to package different medicines with the highest precision. In addition, the risk of contamination of medicines is eliminated.

Examples of our innovative SDG solutions

- Care technology platform
- Mission critical communications systems
- Medication distribution and inspection system
- Special cable systems for medical equipment
- 2D Vision systems for medical equipment
- Blood pressure sensors
- Thermal camera systems

SDG 7: affordable and clean energy

With its Connectivity technologies, TKH is developing innovative cable systems that contribute to the energy transition and the use of sustainable energy sources, including offshore wind farms. In this way, we contribute to Europe's energy reduction targets.

Impact

TKH's Connectivity technology plays a fundamental role in the distribution of green energy, such as wind power. Our innovative subsea cable concept, for example, connects wind turbines in offshore wind farms and is characterized by high performance, risk reduction, installation efficiency, and sustainable composition. With the trend towards electrification, there is a considerable need to upgrade and expand power grids; TKH's power cable systems offer a solution to alleviate this enormous demand.

Examples of our innovative SDG solutions

- Energy cable systems for the energy transition
- Subsea cable systems for offshore wind farms

SDG 9: industry, innovation and infrastructure

TKH has a strong reputation as an innovator in the tire building, robotics, and mechanical engineering industries. We pioneer technologies and innovations to capitalize on the pillars of "Industry 4.0", and the demand for increased productivity, and improved product quality and production processes. Our technology also makes infrastructure safer and more available.

Impact

TKH's Connectivity, Vision and Security technologies make it possible to build sustainable infrastructure that meets strict safety and efficiency standards. Our innovative vision and manufacturing systems also enable our customers to make products more efficiently, reliably and flexibly. Our Vision technology is used for inspection, quality, product, and process control in amongst others industrial automation, battery inspection, consumer electronics, and scientific research. TKH leverages its unique expertise and deep understanding of the automation of production processes for controlling and monitoring industrial processes, as well as comprehensive manufacturing systems for car and truck tire production.

Examples of our innovative SDG solutions

- Fibre-optic cable systems
- Access control and security systems
- CEDD/Airfield Ground Lighting system
- Industrial 2D and 3D Vision systems
- Tire Building systems
- Special cable systems for robotics and mechanical engineering
- Test & measurement systems for e-mobility

SDG 11: sustainable cities and communities

By combining communications and Security technology to develop innovative, comprehensive solutions for the built environment, we help to improve the efficiency, safety, and security of the systems used in and around cities.

Impact

TKH's technologies and resulting solutions contribute to making cities safer. Our Security technology enables the built environment to be monitored and controlled with alarm systems, mission-critical communication systems, access and recording systems, and evacuation systems. Mobility security solutions focus on vehicle tracking, video analytics for public transport and security solutions on toll roads. In addition, TKH technologies improve efficiency, safety, and security in multi-story car parks, football stadiums, schools, and financial institutions.

Examples of our innovative SDG solutions

- Mobility inspection systems and security solutions
- Mission-critical communication systems
- Parking guidance and security systems
- Connectivity systems

SDGs 8 and 12 focus on our internal operations and business practices

SDG 8: decent work and economic growth

Through knowledge sharing and our strong R&D focus, we offer a distinctive and innovative portfolio of high value-added products. Healthy balance sheet ratios and a solid operating cash flow also support TKH's growth strategy. Through good employment practices, we offer our employees a vibrant and safe working environment with ample development opportunities. We have set KPIs and targets on health and safety as well as employee satisfaction.

Impact

TKH is committed to providing a safe and inspiring work environment for our employees. We offer our employees the training and resources they need to perform their activities and develop their skills effectively. By sharing knowledge, TKH further develops its sustainable portfolio in response to market needs. Through our operational excellence programs, which systematically focus on both customer value and on making the best possible use of our people's knowledge and skills, we excel in our business operations.

SDG 12: responsible consumption and production

Through our business operations, TKH focuses on responsible operations and production, and on reducing our negative impact on the environment as much as possible. All our production companies are certified in accordance with the ISO 14001 environmental management system and work according to the LEAN principle to eliminate waste in the production process.

Impact

TKH's sustainability policy is designed to ensure that we continuously improve our environmental performance and minimize the negative impact of our operations on the environment. All of the raw materials used by TKH production companies are selected, to the greatest extent possible, to have little or no harmful effect on the environment from the initial design stage. TKH's production environment focuses on eliminating waste as much as possible, and sets targets for reducing waste and recycling raw materials. We regularly discuss sustainability opportunities and our Code of Supply with our suppliers.

Sustainable innovation metrics

To measure how effective our practices are in increasing positive outcomes for the environment and related financial effects, we set a target on turnover resulting from our innovations. Our target is to generate more than 10% of our turnover from products that have been introduced in the prior two years. As a result, a major part of our technology portfolio is always in the early stages of the product life cycle, which is an essential strategic foundation for securing future growth. With the various strategy programs implemented in the past decade including acquisitions, we strengthen our portfolio of proprietary technologies. To reflect the current position in the transformation of TKH towards a technology company, we adjusted the innovation target in 2024 (from 15% in 2023 to 10% in 2024). We do not engage directly with stakeholders in setting targets related to sustainable innovation. TKH generated €301 million turnover in 2024 from innovations across our three business segments. The percentage of turnover generated from innovations was 17.6%, well above our target of 10%. Investing in R&D and accelerating and scaling innovations are vital for future growth, and for maintaining and expanding our leadership positions in the niche markets in which we operate. In 2024, we spent €80.7 million on R&D activities (2023: €77.2 million).

TKH has a strong sustainable portfolio and has selected six Sustainable Development Goals (SDGs) to guide our approach to sustainability. Two of these focus on our internal operations and business practices, while the remaining four focus on our innovative product portfolio. TKH's innovative products make a significant contribution to the SDGs. Our target is to have at least 70% of our turnover linked to SDGs. In 2024, 71.6% of our portfolio's total turnover is linked to the SDGs that we have defined as relevant. In this way, we support our customers in achieving their sustainability goals and simultaneously provide a clear direction for our own company's sustainable development.

To measure the result of our innovations, we also monitor the number of live patents. We also use patents to secure our value proposition. In addition to investing in our own technology development, we also invest in partnerships for specific specialisms and speed up the time-to-market for selected technology systems. Lastly, via acquisitions we aim to strengthen market position and/or product portfolio. We have 1,422 live patents in 2024. Continually accelerating and scaling our innovations is essential to maintaining our leading position and driving growth.

Turnover from innovations is based on the turnover in the reporting year from new products launched in the current and previous two reporting years. Innovation as percentage of turnover is calculated based on the turnover from innovations divided by the total turnover, with the total turnover included in note 22 of the financial statements. TKH positions itself as an innovative technology company. This measure provides useful information of the ability of TKH to bring innovations to the market and translate these in turnover. Turnover linked to SDGs is calculated by allocating TKH's portfolio based on internal reporting of turnover in the reporting year by end-market combined with portfolio information included in quarterly reports of operating companies, divided by the total turnover, with the total turnover included in note 22 of the financial statements. This measure provides useful information about the ability of TKH to bring portfolio to the market which is connected to one of the SDGs.

Sustainable innovation table

	annual target	2024	2023
Turnover from innovations (in million)		€301.4	€297.5
Innovation as percentage of turnover	> 10%	17.6%	16.1%
Turnover linked to SDGs (percentage)	> 70%	71.6%	70.2%
Number of live patents		1,422	1,400
Total R&D spend (in million)		€80.7	€77.2
R&D capitalized (in million)		€46.5	€41.8
R&D capitalized as percentage of total R&D spend		57.5%	54.2%

Actions

We defined the following actions for 2025:

- Increase comparability of reported metrics by exploring industry benchmarks and standardizing measurement methodologies.
- Further development and integration of our technologies through the execution of our R&D roadmap.
- Review whether it is necessary to develop a group-wide sustainable innovation policy.

Actions related to sustainable innovation are revisited every year and integrated in the activities at operating company level. More information on differentiation through innovation is included in the section Strategy and business. Due to the nature of the actions, the resources needed for these actions require significant capex. For 2025, we expect a similar level of R&D spending and percentage of capitalized as in 2024. The opex are not significant, since these initiatives are an integral part of our day-to-day expenses and R&D activities.

The ambitions and annual targets set are included in the tables. Targets are determined by the Executive Board. Tracking effectiveness is part of our quarterly sustainability reporting. In cases where no quantitative measures are available we report on progress based on qualitative information.

Social information

Our workforce (S1)

Social	Value chain boundary			Material IROs		
Sub-topic	Upstream	Own operations	Downstream	Impacts	Risks	Opportunities
Diversity		*		• A lack of diversity could have a potential negative impact on the overall health, wellbeing, and performance of our own workforce.	• A lack of diversity can result in employees feeling not valued, respected, and supported, resulting in negative reputation, impacting performance of employees and organization and therefore costs.	
Health and safety		*		• Health and safety incidents have an actual negative impact on the health and safety of our own workforce.	• Health and safety incidents can increase the risk of illness, injury and death, leading to lower morale, increased absenteeism and decreased productivity.	

Introduction

TKH has a decentralized structure with an open business culture and a high level of entrepreneurship with short lines of communication. Our organization is also characterized by delegated authority, trust, and transparency. A key component of our strategy is a strong, diverse workforce of talented people, with the passion and drive to make things happen. Working together with talented and qualified people is vital to achieving our mission of creating best-in-class Smart Technologies. We strongly believe that the diversity of our workforce will further strengthen the success of our defined strategy. Therefore, one of our priorities is to promote and safeguard diversity within our organization.

We also want to ensure that we have an attractive and safe workplace. Being an attractive and responsible employer is an important commitment that we take seriously. TKH offers an inspiring, safe, and healthy working environment for our workforce, and we are constantly striving to improve. It must always be our key priority to make sure that all our employees return home safe and sound at the end of each workday.

The contributions of our workforce are essential to our achievements. A lack of diversity can result in employees feeling not valued, respected, and supported, resulting in negative reputation, impacting performance of employees and organization and therefore costs. Health and safety incidents can negatively impact employees by increasing their risk of illness, injury and death, leading to lower morale, increased absenteeism and decreased productivity.

Our people

Our own workforce consist of employees and non-employees. Employees are on the payroll based on an employment relationship according to national law or practice, and consists of permanent and temporary hires with a contract for an indeterminate or a limited period for full-time or parttime work, including employees with a non-guaranteed hours contract. Non-employees are not on the payroll and consist of interns/stagiaires, and other temporary workers hired for a short duration mostly from employment agencies (e.g. in Dutch “uitzendkrachten”, self-employed people).

Identified potential material negative impacts on the overall health and wellbeing of our own workforce applies to all own workforce and are not related to individual incidents. Our policies to manage material impacts, risks and opportunities applies therefore to all own workforce. We have no operations at significant risk of incidents of forced or child labor or compulsory labor, either in terms of type of operation or countries or geographic areas with operations considered at risk. Own workforce performing production activities may be at greater risk of harm related to health and safety issues. TKH employs people with a disability and/or disadvantage in the labor market. TKH is acknowledging these people to be particularly

Central Works Council

Olaf Karsten (VMI), *chairman*
Gerard Roolvink (TKF), *secretary*
Jan Jaap Derksen (VMI)
Maurice Fliescher (Intronics)
Onno Verkerk (TKH Security)
André van Loon (TKF)

vulnerable. No material impacts on workers that may arise from transition plans for reducing negative impacts on environment and achieving greener and climate-neutral operations were identified. There are no material positive impacts.

Our policies

Code of Conduct

We have included provisions regarding the respect and protection of human rights in our Code of Conduct towards our employees. Our policy is based on the UN Guiding Principles on Business and Human Rights, to not tolerate any violation of human rights. We use the OECD Guidelines and ILO Declaration on Fundamental Principles and Rights at Work as a reference framework to enable us to quickly identify potential risks. These OECD Guidelines refer to the Universal Declaration of Human Rights, which states that all parties in society, including companies, have an obligation to respect and protect human rights. In 2024, we endorsed the guidelines provided in the UN Global Compact. Related to our own workforce we do not accept trafficking of human beings, forced or compulsory labor and child labor. In case of violations human rights, possibilities to remediate human rights impact are investigated and implemented. Existing policies are also reviewed as well as other measures to prevent this in the future.

Discrimination

TKH has a strict policy of equal treatment for all employees regardless of race, nationality, ethnic background, color, age, religion, gender, sexual orientation, political opinion or disability. Through our Code of Conduct we ensure discrimination is prevented, mitigated and acted upon once detected. Violations can be reported though our internal procedures. We have established a process for recruiting new employees based on an appropriate profile for the function. We do not differentiate between male and female employees' base salaries and apply market-based remuneration. There may be differences between countries depending on local market practices and tax and social security structure. We have a remuneration policy based on the requirements of the job, and the experience and skills of the individual.

Enhancing inclusion

In our recruitment, we are committed to providing a suitable work environment for people with a disability and/or disadvantage in the labor market. Disability is an umbrella term that covers illnesses/disorders, activity limitations, and participation restrictions. An illness/disorder is a problem in the function or structure of the body. An activity limitation is a difficulty encountered by an individual in executing a task or action. A participation restriction is a problem experienced by an individual in a range of everyday situations that results in a disadvantage in the labor market. TKH creates work experience opportunities for the long-term unemployed or people returning to the labor market. Since 2022, TKH has been PSO certified ("prestatieladder socialer ondernemen"). This certificate is a quality mark that proves our organization has an above-average level of social entrepreneurship and focuses on the employment of vulnerable groups in the labor market. We have a proven record of contributing to an inclusive society. By participating in the PSO, organizations around TKH are also encouraged to do business in a more socially responsible way.

Engaging with our workforce

Engaging with employees

We gain insight into the perspectives of our own workforce included the people who may be particularly vulnerable to impacts via direct engagements, meetings with works councils, employee satisfaction surveys, and yearly performance reviews.

The Executive Board maintains direct contact with employees in all parts of the organization, for example by attending employee presentations, participating in project meetings, or taking part in informal gatherings. In addition, at least one regular Supervisory Board meeting is held annually at the location of a TKH operating company. Such a company visit allows the Supervisory Board to meet with local management and employees and to gain a better understanding of TKH's activities, technological developments, and organizational capacity. The Supervisory Board is updated on local developments and possible challenges faced by local management. Company visits, presentations, demonstrations, and guided tours are always part of the program. Particular attention is also paid to the local company culture.

The interests of the employees are represented at the level of the operating companies by the local Works Councils, and at the TKH group level by the Central Works Council. These councils ensure ongoing employee representation under the terms of the Works Councils Act (Wet op de Ondernemingsraden). During the year under review, the Executive Board and the Central Works

Council held three informal meetings. From the Executive Board, the CEO was present as the function and most senior role within TKH that has operational responsibility for ensuring that engagement happens and that results inform TKH's approach. Topics discussed included the results and organizational developments, progress on the strategic program including acquisitions and divestments, the budget, and TKH's annual report including the performance on non-financial KPIs compared to the targets. This includes sustainability-related matters such as diversity, and health and safety. An annual Works Council day is held on a regular basis to strengthen the ties between the various Works Councils of the Dutch operating companies and to promote the exchange of knowledge and experience. TKH considers consultation with the Central Works Council and other Works Councils to be important and places great value on an open dialogue. We believe that an active approach to employee representation helps us to remain vigilant.

Process for remediating negative impacts and channels to raise concerns

It is very important to measure good employment practices and the effectiveness of engagement with our own workforce. Important aspects are assessed through employee satisfaction surveys and employee performance reviews. The surveys and review meetings provide important information regarding the motivation, satisfaction, and expectations of our employees. Identified areas for improvement are included in the HR plans at the concerning operating company.

We have a long history of conducting employee satisfaction surveys within a four-year cycle combined with “are we on track” surveys during this cycle. The surveys provide important information regarding the motivation, satisfaction, and expectations of our employees. Follow-up surveys also measure the effects of improvements made in response to the findings. We carry out these surveys in collaboration with a specialized third-party research agency. Some operating companies have carried out a satisfaction survey focusing on (company) specific topics. Based on the results of the survey, we evaluate where we need to amend our working methods, policies and develop a robust action plan. The employee satisfaction score in 2024 was 7.8, reflecting surveys from 2021-2024 among 4,788 employees, representing 72% of the number of employees (headcount) as of December 31, 2024. The employee satisfaction score is equal compared to 2023 (7.8) but increased compared to the previous years, demonstrating the effectiveness of the measures and action plans implemented.

Yearly performance interviews are conducted to discuss performance and opportunities for further development, as well as possible improvement for the organization and expectation of our employees. In 2024, 63% of all employees received a performance review (2023: 76%). This is not 100% because not all of the employees are eligible for performance review, for example because they just have been hired and the one-year period has not yet passed.

TKH is committed to an open culture in which employees can openly discuss any concerns, problems or abuses. Employees are encouraged to report matters to their (direct) manager or supervisor. Employees can report in confidence and the employee shall suffer no detriment from making such a report. In addition, we established a Whistleblower Procedure for a clear course of action for employees who wish to raise issues or concerns such as a possible criminal offense or violation of the law, giving or receiving a bribe, disclosure of confidential information, dishonesty or unethical behavior (such as discrimination, (sexual) harassment, bullying, etc.), and tax-related issues. TKH has implemented specific measures to ensure that any form of retaliation is prevented, and it remains vigilant in safeguarding whistleblower anonymity and protection. Reports are reviewed and investigated by the local confidential officer and/or the Group Compliance Officer. Depending on the topic, an external researcher may be

Policy name	Key contents
Code of Conduct	• Describes how we act as a company, how we make ethical decisions, and how we deal with different dilemmas within our company. • Applicable for all operating companies. • Managing director of the operating company is responsible for implementation. • OECD Guidelines is used a reference framework, in addition to the guidelines provided in the UN Global Compact. • Published on our website and should be read and signed by each employee.
Whistleblower procedure	• Procedure to raise issues or concerns such as a possible criminal offense or violation of the law, a violation of TKH's internal policies and/or procedures, giving or receiving a bribe, disclosure of confidential information, dishonesty or unethical behavior, etc. • Applicable for all employees and third parties. • Managing director of the operating company is responsible for implementation. • Based on the EU Whistleblower Directive 2019/1937. • Provided to managing directors, confidential officers, and available for all functions having access to the reporting system Cognos.

appointed to ensure independence and objectivity. If deemed necessary, disciplinary and corrective measures are taken. We track and monitor the issues raised by ensuring all received reports are recorded, investigated, and closed. We track the effectiveness of the procedure via engagement with our own workforce, including via employee surveys, and performance reviews. TKH promotes awareness of the whistleblower procedure through internal training and various communication channels such as shared folders. In case of violations or incidents, possibilities to remediate the impact on own workforce are investigated and implemented. Existing policies are also reviewed as well as other measures to prevent this in the future.

More information is included in Business conduct policies and corporate culture.

Our people: key figures

Total number of employees (in head count), at December 31, 2024 is 6,665. Total average number of employees (head count), during 2024 is 6,795. Total number of full-time equivalent (FTE) is 6,492, and reconciles with the FTE number in note 22 of the financial statements. Total number of employees who have left TKH in 2024 is 826. Percentage of employee turnover is 12.4%. This is calculated based on the number of employees who left TKH in 2024 divided by the number of employees at December 31, 2024.

The total number of employees decreased slightly from 6,769 end of 2023 to 6,665 end of 2024. This is caused by, on the one hand, divestments and relocation of production activities from China and the Netherlands to Poland, and on the other hand, the scaling up of activities resulting from our strategic investment program (for example the new subsea factory in Eemshaven).

Employees by gender

	2024	2023
Male	5,095	5,154
Female	1,569	1,615
Other	1	0
Total	**6,665**	**6,769**

Employees by type and gender

	2024			
	male	female	other	total
Permanent employees	4,476	1,358		5,834
Temporary employees	535	170		705
Non-guaranteed hours	84	41	1	126
Total	**5,095**	**1,569**	**1**	**6,665**

Employees by region

	2024	2023
Netherlands	2,375	2,458
Germany	1,153	
Europe (other)	1,475	2,830
Asia	848	883
North America	565	498
Other	249	100
Total	**6,665**	**6,769**

The employees included in the tables are reported in head count and at the end of the reporting period (31 December). HR data are obtained every quarter. HR data are derived from the HR accounts held by TKH's operating companies. The table with employees per region is based on the location of the operating company where the employee is contracted. The nationality or actual place of work/living is irrelevant for this breakdown.

Diversity (S1)

Our approach and policies

A diverse workforce can bring a variety of perspectives, skills, and experiences, which can lead to increased creativity, innovation, and problem-solving within TKH. Diversity can also contribute to a more inclusive and equitable workplace, where all employees feel valued, respected, and supported. At the same time, there could be a potential negative impact on the overall health and wellbeing of our own workforce in case this topic is not managed properly. To advance the positive impacts and manage potential negative impacts we create an open culture in which employees can openly discuss any concerns, problems or abuses. Also, we integrated diversity in our HR policies, amongst other things concerning recruitment, development and retention of women. TKH is an international group of companies with a workforce of many nationalities. In such an international environment, we take a broad view of diversity. The diversity practices at TKH focuses on a variety of abilities, skills, and nationalities, and we employ a mix of men and women and age distribution. The current age structure results in a manageable level of staff turnover due to retirement.

We developed targeted programs to raise awareness of diversity and to better embed it in the organization. For example, there are programs for middle and senior management to achieve a better gender balance in jobs and consultation structures. Moreover, this is also important in the context of succession planning. By ensuring the work seamlessly matches the skills and capabilities of each employee, we not only save costs but more importantly, relieve our highly qualified technical staff of repetitive tasks, allowing them to focus on more complex tasks. This approach enhances our technical employees' job satisfaction, thereby enhancing their long-term connection with our organization.

Diversity metrics

To measure effectiveness of diversity initiatives, we monitor KPIs and have set an ambitious diversity target in 2021 to increase the proportion of female employees in executive and senior management roles to at least 25% by 2030. This target was determined based on the 2020 diversity figure of 16.8%, benchmarking with other technical companies, and engagement with various stakeholders. Operating companies are responsible for improving the gender balance within their own organizations, and progress is closely monitored by the Executive Board.

The executive and senior management positions (top management) are defined as follows:

- Executive management: statutory management director level (reporting directly to the Executive Board).
- Senior management: managers who are members of the operating company's management team and responsible for specific business units or departments (e.g. finance, human resources, sales, marketing, legal, R&D, QHSE, supply chain and operations).

To recruit new (female) talent, TKH maintains close contact with business schools and universities. We are in contact with educational institutions that provide job-specific or management training courses. We offer internships, graduation projects, and short courses to attract potential talent at an early stage. In addition, we use targeted programs to attract more (female) students with limited or lower levels of education – such as those in vocational training – to give them an opportunity to improve their skills in practice, and to interest them in a possible job in our organization.

Recruitment of this kind is a high-priority area. There is an increasing shortage of qualified (female) personnel, especially in technical and technological positions. It will become more challenging to fill such positions in the coming years. However, we have seen that the positioning of our operating companies under the TKH brand has had a positive effect in attracting new employees. Employer branding is increasingly being used to reach and interest future talent. When recruiting external (female) candidates, we are increasingly using referral recruitment, i.e. asking our current employees to recommend new colleagues. By recruiting in this way, we have a higher chance of finding a match, as our employees can make a good assessment of a potential candidate's suitability for the position and fit with the organization. When capacity became available due to reduced demand or other constraints, employees were (in some cases temporarily) reassigned to fill other positions, where possible.

In 2024, the proportion of women in our total workforce decreased slightly to 23.6% (2023: 23.9%). The male-to-female ratio was relatively high due to the technical and technological nature of our work and the labor market supply. However, women are increasingly choosing technical and technology-related careers, so we can continue to target and recruit more women for the positions in our organization. In 2024, the proportion of female executive and senior management employees increased to 21.6% from 19.2% in 2023. In the year under review, we expanded our diversity program, which will continue in 2025 to meet our ambitious target of 25% by 2030. We initiated specific programs to recruit women, including a trainee program for young women. Through this program, female employees have the opportunity to work in different (technical and technological) positions combined with a specific development program to further develop their other skills including management skills and personal development. We have also established specific working groups to promote women within our organizations. In this way, we aim to increase the inflow and throughput of female employees within our organizations.

The Executive Board, Management Board and Supervisory Board aim for diversity in their composition in terms of age, gender, background, expertise, occupational experience, and nationality, taking into account the statutory requirements. In terms of gender diversity, the Supervisory Board has a balanced composition of at least 1/3 female members and at least 1/3 male members. The Executive Board consists of three members, all of whom are male. The Management Board consists of six members, of which five are male and one female. TKH will strive to ensure that new appointments to the Executive Board, Management Board, and Supervisory Board are made with the aim of having of at least 1/3 female members and at least 1/3 male members.

Actions

We defined the following actions for 2025:

- Continue targeted programs to attract more (female) students – recruitment of females.
- Strengthen development programs to improve skills including management skills and personal development, enabling women to be promoted to senior and executive positions.
- Review of measures to remedy any negative impact on our own workforce related to diversity.

Actions related to our own workforce are revisited every year and integrated in the activities at operating company level. Due to the nature of the actions, the resources needed for these actions are opex-related and do not require any significant capex. The opex are also not significant, since these initiatives are an integral part of our day-to-day expenses and HR activities.

The ambitions and annual targets set are included in the tables. Targets are determined by the Executive Board. Tracking effectiveness is part of our quarterly sustainability reporting including diversity metrics. In cases where no quantitative measures are available we report on progress based on qualitative information.

Employees by function and gender

	2024				2023		
	male	female	other	total	male	female	total
Supervisory Board	**2**	**3**		**5**	**3**	**2**	**5**
Percentage	40.0%	60.0%		100.0%	60.0%	40.0%	100.0%
Target % Supervisory Board		33.3%				33.3%	
Executive Board	**3**	**0**		**3**	**3**	**0**	**3**
Percentage	100.0%	0.0%		100.0%	100.0%	0.0%	100.0%
Target % Executive Board		33.3%				33.3%	
Management Board	**5**	**1**		**6**	**5**	**1**	**6**
Percentage	83.3%	16.7%		100.0%	83.3%	16.7%	100.0%
Target % Management Board		33.3%				33.3%	
Executive and senior management	**279**	**77**		**356**	**282**	**67**	**349**
Percentage	78.4%	21.6%		100.0%	80.8%	19.2%	100.0%
Target % executive/senior management by 2030		25.0%				25.0%	
Total	**5,095**	**1,569**	**1**	**6,665**	**5,154**	**1,615**	**6,769**
Percentage	**76.4%**	**23.6%**	**0.0%**	**100.0%**	**76.1%**	**23.9%**	**100.0%**

Number of employees by age

	2024				2023		
	male	female	other	total	male	female	total
Under 30 years old	820	232	1	1,053	820	209	1,029
Percentage of employees under 30 years old	16.1%	14.8%	100.0%	15.8%	15.9%	12.9%	15.2%
Between 30 and 50 years old	2,730	894		3,624	2,779	949	3,728
Percentage of employees 30 and 50 years old	53.6%	57.0%		54.4%	53.9%	58.8%	55.1%
Over 50 years old	1,545	443		1,988	1,555	457	2,012
Percentage of employees over 50 years old	30.3%	28.2%		29.8%	30.2%	28.3%	29.7%
Total	**5,095**	**1,569**	**1**	**6,665**	**5,154**	**1,615**	**6,769**

Health and safety (S1)

Our approach and policies

A lack of health and safety measures can negatively impact employees by increasing their risk of illness, injury and death, leading to lower morale, increased absenteeism and decreased productivity. Safety management, including awareness and performance, is therefore a top priority within TKH, and preventing accidents and promoting a professional safety culture are an important part of this. We achieve the latter by being transparent about accidents and near-misses, so employees are more aware of potentially risky situations and can react quickly.

Within our operating companies we have implemented a health and safety policy, a safety management system, and health and safety awareness programs. In addition, we measure effectiveness though targets and KPIs to manage actual negative impacts. Through our health and safety policies at our manufacturing companies, we acknowledge our responsibility for protecting the health and safety of our employees. It covers all aspects of the work environment, including physical conditions, working hours, workload, ergonomics, psychosocial factors, and clear work instructions on machine safety. Strict measures are taken to ensure that employees comply with requirements such as wearing safety shoes and protective clothing. We also encourage employees to alert each other to situations that could lead to dangerous incidents. Our primary goal with our health and safety policy is to prevent health problems and work-related accidents.

Safety is crucial for our operating production companies. Due to the nature of their work, the TKH's manufacturing companies are certified under the ISO 45001 standard. This ISO standard covers requirements for an occupational health and safety (OH&S) management system, which means that OH&S risks can be managed and performance improved. To make safety demonstrable, we focus on specific, measurable performance targets for safety indicators, including work-related injuries with lost time and ill health. We aim to identify, assess, and take appropriate preventive measures against risks. We continued to focus on health and safety (awareness) programs at our production facilities. Regular risk assessments are conducted to identify potential safety risks. In some cases, this resulted in the relocation of machinery or material storage to eliminate the risk. For certain activities with a higher safety risk, the employee concerned must first complete a special safety course. As part of an ongoing safety learning program, safety questions are asked on a weekly basis. The aim is to increase attention for and awareness of important health and safety topics.

Health and safety metrics

We are firmly committed to achieving a zero recordable accident result and our goal is to create a culture of safety that is ingrained in everything we do. For this reason, we deeply analyze each accident and share the lessons learned across the group to avoid similar incidents from happening in other places. Besides, we actively encourage each employee to speak up should one see or experience something that is unsafe or could be improved.

The percentage of own workers who are covered by health and safety management system based on recognized standards is 51.6%. This is calculated based on the total own workers and includes both production sites and office locations. In 2024, 100% of our own workforce at our production sites was covered by the ISO 45001 standard as health and safety management system.

The number of recordable work-related accidents for own workforce was 114. The LTIFR for 2024 decreased slightly to 0.7 compared to the previous year (2023: 0.8) and is below the target of < 1.0. TKH defines its Lost Time Injury Frequency Rate (LTIFR) as the number of incidents resulting in at least one day's absence from work without the possibility of any replacement, per million hours worked. Reportable incidents are based on actual

Policy name	Key contents
Health, safety and environmental (HSE) policy (at operating company level)	• Describes how the operating company deals with health and safety issues, including safety instructions and procedures. • Applicable for all production sites, and if relevant for other locations. • Managing director of the operating company is responsible for implementation. • Based on ISO 14001 standard. • Published on the intranet of the operating companies, and part of local procedures/handbooks.

Health and safety metrics own employees

	annual target	2024
Percentage of own workers who are covered by health and safety management system		51.6%
Number of fatalities as result of work-related injuries and work-related ill health	0	0
Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites	0	0
Number of recordable work-related accidents		114
Rate of recordable work-related accidents		9.6
Lost time injury frequency rate (LTIFR) – no replacement work possible (TKH KPI)	< 1.0	0.7

occurrences and are never extrapolated or estimated. Despite a range of measures and an open safety culture, there is an inherent risk of under-reporting accidents, because of self-reporting of accidents (in most cases). Reported hours are measured, calculated, or estimated. The absolute number of serious accidents reported covers all employees on TKH's payroll, excluding employees of third-party contractors. The LTIFR is reported at group level and not specified by region or gender.

The fact that accidents have occurred confirms the need for continuous training and focus on safety issues in both our own organization and that of our suppliers. In 2024, our cable production company TKF obtained the Safety Culture Ladder certification (level 3) in addition to the ISO 45001 certification. This will further support the implementation and monitoring of health and safety measurements, to mitigate the risk of incidents resulting in work-related injuries.

Actions

Looking ahead to 2025, we have defined the following actions to further improve health and safety:

- Continue with safety awareness programs – to reduce number of incidents.
- Review of existing health and safety program.
- Review of measures to remedy any negative impact on our own workforce related to health and safety.
- Setting specific targets on CSRD health and safety metrics, in addition to existing internal health and safety targets (see section Sustainability performance).

Actions related to our own workforce are revisited every year and integrated in the activities at operating company level. Due to the nature of the actions, the resources needed for these actions are opex related and do not require any significant capex. The opex are also not significant, since these initiatives are an integral part of our day-to-day expenses and HR activities.

Targets are determined by the Executive Board. Tracking effectiveness is part of our quarterly sustainability reporting including health and safety metrics. In cases where no quantitative measures are available we report on progress based on qualitative information. The ambitions and annual targets set are included in the tables.

Workers in our value chain (S2)

Social	Value chain boundary			Material IROs		
Sub-topic	Upstream	Own operations	Downstream	Impacts	Risks	Opportunities
Working conditions and other work-related rights (child / forced labor, and health and safety)	* Smart Connectivity systems			• Bad working conditions, incidents, and violations of work-related rights, could have a potential negative impact on the overall health and wellbeing of workers in the value chain (copper mines).	• Suppliers in the upstream copper value chain who do not respect working conditions and labor rights, can pose a reputational risk, which could lead to financial losses.	

Introduction
While we are active with a wide range of technology portfolio in different business segments, geographical areas with suppliers worldwide, TKH has an indirect impact on workers in its value chain. A worker in the value chain is an individual performing work in the value chain of TKH who are or can be materially impacted by TKH, regardless of the existence or nature of any contractual relationship with TKH. This includes all workers who are not part of TKH's own workforce.

Based on our double materiality assessment the topics health and safety (working conditions) and child/forced labor (work-related rights) are identified as material, with a potential negative impact on all the workers in copper mines, being part of the value chain of our business segment Smart Connectivity systems. Suppliers in the upstream copper value chain who do not respect working conditions and labor rights, can pose a reputational risk, which could lead to financial losses. There are no material positive impacts.

Our approach and policies
A lack of attention to health and safety can negatively impact workers in the value chain by exposing them to dangerous conditions and increasing the risk of injury or illness. To manage potential negative impacts we implemented a code of supply, we perform desktop reviews and on-site assessments at tier-1 suppliers, and we measure effectiveness though targets and KPIs. We do not have a specific policy for workers in the value chain. There are no mechanisms and processes on monitoring compliance with the UNGC, ILO Declaration and OECD Guidelines described in our current policies, nor are the measures to remedy any negative impact on human rights. We will review whether it is necessary to develop a supplement to existing policies.

Through the signing of our Code of Supply, we request our tier-1 suppliers to respect and comply with the fundamental rights granted to all employees under applicable national statute. Furthermore, we expect our tier-1 suppliers to fully recognize the labor standards issued by the International Labor Organization (ILO), taking into due account the applicable laws and regulations in different countries and at different sites. This includes, but is not limited to, the following subjects:
- Employment should be freely chosen in accordance with the Universal Declaration of Human Rights of the United Nation.
- We expect our suppliers to prohibit and refrain from any kind of trafficking in human beings, forced labor or compulsory labor and child labor within their organization.
- We expect that our suppliers promote equal opportunities and equal treatment.
- Furthermore, we expect our suppliers to prohibit any form of discrimination in recruiting, promoting or selecting employees for basic or advanced training programs. Within the organization of our suppliers, no employee may be discriminated against, based on his or her gender, age, ethnicity, nationality, sexual orientation, disabilities, union membership, political affiliation or religious conviction.
- We expect our suppliers to respect employee's rights with regard to collective bargaining and freedom of association.
- We expect our suppliers to fully comply with applicable national statute on working time.
- Furthermore, we expect that the employees of our suppliers receive a remuneration which is in line with applicable national statute.
- We expect our suppliers to ensure a safe working environment and therefore to fully comply with applicable national statute governing health and safety at work.
- Our suppliers are expected to establish and maintain an appropriate occupational health and safety management system (in accordance with ISO 45001, or national equivalent).
- We expect our suppliers to protect the health and safety of employees and contract labor and minimize any adverse work conditions.

- Our suppliers are expected to take all the necessary actions to ensure consumer safety. Supplier will ensure that their products will not be made of hazardous substance as defined in EU Directive Restriction of Hazardous Substances.

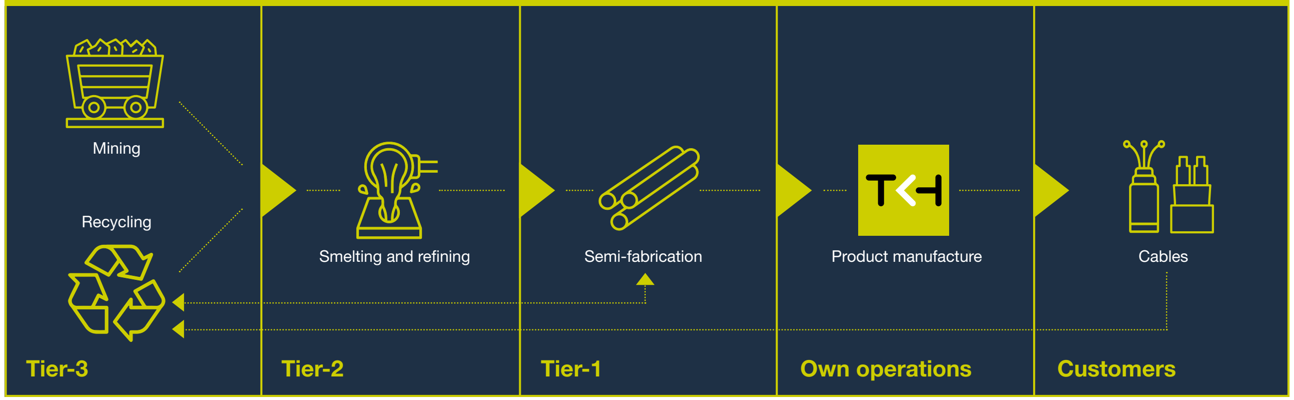
Policy name	Key contents
Code of Supply	• Describes how we expect our strategic suppliers to act, including criteria on environmental, social and governance topics. • Applicable for all suppliers. • Managing director of the operating company is responsible for implementation. • Based on labor standards issued by the International Labor Organization (ILO). • Published on our website and should be read and signed by each strategic supplier (annual purchase volume >€1 million).

Value chain of copper

Copper is an important raw material for our cable production companies which are part of the business segment Smart Connectivity systems. Copper is a global industry, from the mines of South America to refineries in Asia. Copper's supply chain has several inherent risks including health and safety (working conditions) and child/forced labor (work-related rights). We are at the end of the value chain, with tier-1-2-3 suppliers in the upstream value chain. We purchase semi-fabricated copper products such as copper wires from our tier-1 suppliers. Our tier-2 suppliers are companies smelting and refining copper purchased from tier-3 suppliers being the copper mining companies.

In 2024, we implemented a classification system for our tier-1 suppliers at our largest cable production site through a comprehensive risk assessment focusing on human rights, environmental aspects and our leverage. The assessment takes also into account the tier-2 and tier-3 suppliers. For the latter part, we are dependent on the information publicly available or provided by the tier-1 suppliers. Human rights risks are classified into three categories using the Human Rights Guidance Tool for the financial sector, based on EIRIS analysis of the human rights (ethical investment research services). Environmental aspects are mainly focused on GHG emissions. Based on our relative share in the purchased volume, we assess the leverage we have. The combined scores on human rights, environmental aspects and our leverage result in a risk classification of the supplier. We will monitor the classification on an annual basis. We will engage with suppliers classified as high risk to manage the identified potential risks. In addition, we monitor whether our suppliers are certified for the Copper Mark, the leading international recognized assurance framework for a responsible supply chain in copper production.

Value chain of copper



Engaging with workers in the value chain

We do not engage directly with workers in the value chain. Consequently, they are also not directly involved in target setting. We manage relationships with suppliers via meetings, and we perform desktop assessment and on-site supplier assessments on our strategic suppliers to obtain information on the working conditions of value chain workers. The purchase departments within our operating companies have the operational responsibility for ensuring that engagement happens, under supervision of the managing director. A full description of how we manage supplier relationships is included in the Management of relationship with suppliers section and in the paragraph Due diligence process below. The human rights section of these supplier assessments include questions on child labor, forced and compulsory labor, working hours, minimum wages, freedom of association, discrimination and harassment.

TKH is committed to an open culture in which employees can openly discuss any concerns, problems or abuses. Also external parties like suppliers or workers in the value chain are able to report matters, directly to the operating company via a complaint procedure, or by reporting to

TKH. A Whistleblower Procedure is established for a clear course of action for employees or third parties (employees) who wish to raise issues or concerns such as a possible criminal offense or violation of the law, giving or receiving a bribe, disclosure of confidential information, dishonesty or unethical behavior (such as discrimination, (sexual) harassment, bullying, etc.), etc. TKH is committed to protecting workers in the value chain from retaliation. Reports made in accordance with the established procedure will not negatively affect the workers in the value chain position. Every complaint or report is investigated through the local complaint procedures. Reports received by TKH are reviewed and investigated by the Group Compliance Officer. In case of violations, possibilities to remediate the impact on workers in the value chain will be investigated and implemented. If the supplier does not respond adequately, the business relation with the supplier concerned will be reconsidered. Existing policies will also be reviewed as well as other measures to prevent this in the future. In 2024, no severe human rights issues and incidents have been reported. We do not specifically assess whether our workers in the value chain are aware of the complaint procedure. TKH trusts these structures and processes as a way to raise concerns/needs, and have them addressed.

We also engage with value chain partners through the International Responsible Business Conduct (IRBC) agreement for the Renewable Energy Sector. In particular, we focus on copper suppliers classified as high risk based on our risk assessments. We are in direct contact with these tier-1 suppliers, focusing on reducing the identified risks and implementation of action plans.

Due diligence process

We have implemented proactive measures to mitigate harm of workers in the value chain. As part of the onboarding process of new suppliers we perform a high-level pre-screening, followed by direct suppliers engagement via our Code of Supply and assessments. We oblige our strategic suppliers to sign the Code of Supply, followed by a desktop assessment and on-site assessment based on our self-assessment checklist. Strategic suppliers are suppliers with an annual purchase volume of more than €1 million (in the reporting year). The assessments carried out with suppliers have not revealed any material violations of human rights. In case of violations, the business relation with the supplier will be reconsidered.

Code of Supply table

	annual target	2024
% of strategic suppliers that signed the Code of Supply	> 90%	89.4%
% of strategic suppliers that signed the Code of Supply and received a desktop assessment		54.7%
% of strategic suppliers that signed the Code of Supply and received an on-site assessment		31.7%

More information is included in the Management of relationship with suppliers section.

Copper from responsible production

Since 2023, our cable production company TKF participated in the International Responsible Business Conduct (IRBC) agreement for the Renewable Energy Sector. While the renewable energy sector has achieved great progress on environmental and societal issues, including climate change, there are still numerous obstacles to overcome. As a prominent player in the cable production and telecom industry in the Netherlands, TKF understands the vital importance of sustainable practices and responsible behavior in an ever-evolving world. TKF has a responsibility as a supplier of subsea cables for offshore wind energy to bring the industry expertise to the forefront and acknowledge the hurdles faced by our company and many others involved in the renewable energy value chain. By participating in this agreement TKF is committed to collaborating with our stakeholders, as well as all others participating in the renewable energy agreement. We aim to identify and mitigate our own (including suppliers) risks and impacts on both society and the environment.

We are also in continuous conversation with our main copper suppliers regarding a responsible supply chain. This is important because through our tier-1 suppliers we source raw materials from around the world. The countries of origin for the copper supply includes regions that could pose risks regarding compliance with human rights related sustainability standards. Therefore, TKH values long-term business relationships with companies in the copper supply chain. This strategy is crucial for fulfilling the growing global demand for responsibly produced copper. Primary raw materials such as copper will also be needed in the future to satisfy the growing needs for metals for the green transition.

In 2024, we assessed 78.2% of the tier-1 copper suppliers of our largest cable production site based on our new developed comprehensive risk assessment (see value chain of copper, based on purchased kg). Our largest supplier in terms of purchase volume is part of "The Copper Mark" industry initiative. The Copper Mark is the leading international recognized assurance framework for a responsible supply chain in copper production. The Copper Mark covers the 32 sustainability criteria set out in the Responsible Minerals Initiative's (RMI) Risk Readiness Assessment and incorporates all major

Tier-1 copper suppliers table

	target 2030	2024
% of tier-1 copper suppliers certified by The Copper Mark (based on purchased kg)	> 80%	59.0%
% of tier-1 copper supplier assessed (2024 risk management assessment – based on purchased kg)	100%	78.2%

environmental, social and governance issues, such as child labor and occupational safety. The Copper Mark is also aligned with the United Nations Sustainable Development Goals (SDGs). Our target is to have at least 80% of our copper suppliers certified by The Copper Mark by 2030. In 2024 in total 59.0% of our tier-1 suppliers (based on purchased kg) were certified by The Copper Mark.

Actions

We defined the following actions for 2025:

- Review whether it is necessary to develop a supplement policy for workers in the value chain to the existing policies.
- Review of measures to remedy any negative impact on workers in the value chain.
- Review of mechanisms and processes on monitoring compliance with the UNGC, ILO Declaration and OECD Guidelines described in our current policies.
- Extend the risk assessment by adding other tier-1 copper suppliers to our assessment, by classifying them as a high, medium or low risk supplier. This will allow us to defined more precise targets in 2025.
- Focus on suppliers classified as high risks by engaging on mitigating the identified potential risks.

Actions related to workers in the value chain are revisited every year and integrated in the activities at operating company level. Due to the nature of the actions, the resources needed for these actions are opex-related and do not require any significant capex. The opex are also not significant, since these initiatives are an integral part of our day-to-day expenses and procurement activities. The ambitions and annual targets set are included in the tables. Targets are determined by the Executive Board. Tracking effectiveness is part of our quarterly sustainability reporting. In cases where no quantitative measures are available we report on progress based on qualitative information.

Consumers and/or end-users (S4)

Social	Value chain boundary			Material IROs		
Sub-topic	Upstream	Own operations	Downstream	Impacts	Risks	Opportunities
Privacy (cybersecurity)		*	*	• Data leaks or cyber incidents involving GDPR-sensitive data, and loss of business sensitive information, have an actual negative impact on the right of data protection.	• Privacy can be a financial risk. If customer data is not adequately protected it could lead to violation of laws, fines and penalties and loss of trust.	

Introduction

TKH is active with a wide range of technology portfolio in different business segments, and geographical areas with customers worldwide. All sales transactions are business-to-business. As a result, we have an indirect impact on consumers and end-users. Consumers and end-users are individuals who acquire, consume and ultimately use or are intended to ultimately use a particular product or service for personal use, either for themselves or for others.

Based on our double materiality assessment the topic privacy (cybersecurity) is identified as material. Data leaks or cyber incidents involving GDPR-sensitive data, and loss of business sensitive information, have an actual negative impact on the right of data protection. TKH depends on consumers' trust in the security systems of its operating companies, such as intercoms, (surveillance) cameras, and vision systems. A perceived risk of data leaks could lead to decreased sales, contract terminations, or reputational damage. Additionally, privacy concerns may result in stricter regulatory requirements, impacting product design and compliance costs.

Data protection is also relevant for our products that store customer data, related to the aforementioned portfolio and customer production data stored in our tire building machines and vision systems. Privacy and cybersecurity covers both the privacy and security of our products and services sold to our customers and the cybersecurity of our organization developing and producing these products and services. If customer data is not adequately protected it could lead to violation of laws, fines and penalties and loss of trust. There are no material positive impacts.

Our approach and policies

We do not have a specific policy for consumers and/or end-users. Consequently, they are also not directly involved in target setting. There are no mechanisms and processes on monitoring compliance with the UNGC, ILO Declaration and OECD Guidelines described in our current policies, nor are the measures to remedy any negative impact on human rights. We will review whether it is necessary to develop a specific policy for consumers and/or end-users.

We have included provisions regarding the respect and protection of human rights in our Code of Conduct. Our Code of Conduct is based on the UN Guiding Principles on Business and Human Rights, to not tolerate any violation of human rights. We use the OECD Guidelines and ILO Declaration on Fundamental Principles and Rights at Work as a reference framework.

Cybersecurity concerns the risk of a breach of data availability, confidentiality, and integrity (including IP). This also includes cyberattacks that compromise data (including IP) to disrupt business operations and infrastructure. Important elements in this respect are our decentralized IT landscape, the use of multiple ERP systems, the continuity of production sites, the protection of developed technologies (IP protection) and data protection legislation, including GDPR. To manage potential negative impacts we implemented an IT and Security policy, and we perform IT audits and penetration testing and we measure effectiveness though targets and KPIs. We guide our operating companies to implement cybersecurity measures.

The IT and Security policy covers various topics, including detailed policies on specific topics such as business continuity, operational IT controls, and specific guidelines to securely develop software. IT audits have been carried out at the operating companies, based on which action plans have been developed to address vulnerabilities in the IT systems. As a result of the IT audits, cybersecurity and cyber risks have been given a high priority in the organization and awareness of potential risks has been increased. Communication on cybersecurity takes place through regular newsletters, for example. Penetration tests have also been carried out at some operating companies to determine whether the organization is sufficiently resilient to potential digital attacks. These tests have provided insights into potential vulnerabilities in our IT infrastructure and their potential consequences. The ultimate goal is to implement secure processes and effective controls and to create a safe and honest culture, without material incidents.

In 2024, we placed increasing emphasis on the risk of ransomware and our resilience should such an event occur, as well as the EU NIS2 Directive, which is partly implemented into national law by EU Member States in 2024. The topic is a recurring item on the agenda in meetings of the Executive Board and Audit Committee meetings. As a result, this topic continues to receive the attention it deserves. IT & Security is part of the immediate focus area of the Internal Audit team.

European legislation on the protection of private data, the General Data Protection Regulation (GDPR), imposes strict rules on the use of personal data and the storage of such information. One of the requirements is the establishment of a processing register that shows what personal data is being used or stored, where, and for what purpose. The establishment of this register provides insight into and control over the organization's data processing and the related privacy controls. An internal privacy policy has also been drawn up and implemented in the organization. Internal Audit, in collaboration with the internal Legal Advisor (who is also the Data Privacy Officer), ensures the proper application of GDPR legislation within the organization.

Collectively, these policies and procedures reflect our strong commitment to respect the human rights of both consumers and end-users.

Policy name	Key contents
Code of Conduct	• Describes how we act as a company, how we make ethical decisions, and how we deal with different dilemmas within our company. • Applicable for all operating companies. • Managing director of the operating company is responsible for implementation. • OECD Guidelines is used as reference framework, in addition to the guidelines provided in the UN Global Compact. • Published on our website and should be read and signed by each employee.
IT security policy	• Guidance on IT controls and information security, including security breach/incident reporting, intellectual property protection, amongst other things. • Applicable for all operating companies. • Managing director of the operating company is responsible for implementation. • Based on ISO 27001:2022 controls. • Provided to managing directors and the IT and security responsible of each operating company.
Privacy policy	• Describes how we act as a company on privacy-related topics, and how we want to protect personal employee data within our company. • Applicable for all operating companies. • Managing director of the operating company is responsible for implementation. • Based on the EU General Data Protection Regulation (GDPR). • Provided to managing directors and available for all functions having access to the reporting system Cognos.

Engaging with consumers and end-users

High-quality technologies, solutions, and corresponding services are essential to our commercial impact. Customer interests play a central role in the way we conduct and implement operational activities and developments. We collaborate closely with our customers to get insights and knowledge of the consumers and end-users to understand their needs and if there is a risk for material impact on them. We measure, monitor, and evaluate customers through customer satisfaction surveys on a four-year cycle. The survey contains predefined topics, but also provides the opportunity for customers to raise any other concerns for example related to privacy or data protection. Based on the outcomes, we can take specific action to better serve our customers. Through training and skills management, standardization of processes, and further improvement of our availability, information systems, and 24-hour service, we aim to provide an even better customer experience. The managing director of the operating company is responsible for executing the survey, and the implementation of defined actions.

TKH is committed to an open culture in which employees can openly discuss any concerns, problems or abuses. Also external parties like customers are able to report matters, directly to the operating company via a complaint procedure, or by reporting to TKH. A Whistleblower Procedure is established for a clear course of action for employees or third parties who wish to raise issues or concerns such as a possible criminal offense or violation of the law, giving or receiving a bribe, disclosure of confidential information, dishonesty or unethical behavior (such as discrimination, (sexual) harassment, bullying), etc. TKH is committed to protecting customers from retaliation. Reports made in accordance with the established procedure will not negatively affect the customers' position. Every complaint or reported is investigated. Complaints reported to the operating company are investigated through the local complaint procedures. The number of received complaints and number of complaints settled within five working days are KPIs and quarterly reported as part of the sustainability reporting. Reports received by TKH are reviewed and investigated by the Group Compliance Officer. Depending on the topic, an external researcher may be appointed to ensure independence and objectivity. If deemed necessary, disciplinary and corrective measures are taken. We do not specifically assesses that our consumers and/ or end-users are aware of and trust these structures or processes as a way to raise their concerns or needs and have them addressed. More information is included in the section Business conduct.

Data leaks and cyber incidents require immediate action to stop the incident, and our procedures are set in motion. If the data leak or cyber incident involves a GDPR breach that presents a risk to the affected individuals, we immediately inform the customer, who reports the incident to the relevant local authority and the affected individuals. The affected individuals' perspectives do not influence the management of actual GDPR incidents. However, concerning potential impacts, citizens can contact the data controller (our customers) to invoke their GDPR rights and, if applicable, we will conform to the request.

In the event of a project experiencing system failure or downtime, we have established procedures to manage and mitigate such issues. We act immediately to stop the incident, and we will communicate with the customer and keep the client updated regarding the reestablishment of normal operations. The consumers and end-users do not influence the management of this. However, engagement with the affected consumers and end-users happens via the customers, who will provide them with the necessary information.

The engagements have not revealed any material violations of human rights. In case of violations, the business relation will be reconsidered.
In addition, possibilities to remediate the impact on consumers and end-users will be investigated and implemented. Existing policies will also be reviewed as well as other measures to prevent this in the future.

More information is included in Business conduct policies and corporate culture.

Consumers and/or end-users metrics

We continuously train our employees to detect phishing attempts sent by email. We do so by sending fake phishing emails to employees on a regular basis, to raise awareness and train detection skills. If they miss the signs of phishing and slip, they are informed what signs in the fake phishing email they should have noticed.

Several small and non-material security incidents occurred at our own operations during the year under review. However, we experienced one larger incident due to a successful ransomware attack at one of our operating companies, which impacted access to operating systems for two weeks but without material impact. These incidents reinforce the need to remain vigilant to IT Security risks. Consumer and end-user topics are also addressed on a continuous basis through ISO 27001, as part of our operating companies are ISO 27001 certified. The ISO 27001 provides security requirements which mitigates the risk of cybersecurity incidents and their potential impact. In 2025, we will update our IT security policy and continue with internal audits to identify improvements. Further information about IT security is included in the Risk management section.

We measure, monitor, and evaluate customers through customer satisfaction surveys on a four-year cycle. Our average customer satisfaction survey score for 2024 is 8.6 (2023: 8.6). The customer satisfaction score reported (maximum score of 10) is based on the outcome of the most recent customer satisfaction surveys conducted by an external research company. Each year, a number of operating companies conduct the survey. A survey reflects the customer base of the respective operating company. The customer satisfaction score reported in 2024 reflects surveys from the period 2021-2024 and is based on the weighted average of the responses from all customers in this period.

Through training and skills management, standardization of processes, and further improvement of our availability, information systems, and 24-hour service, we aim to provide an even better customer experience.

Customers and end-users table

	annual target	2024	2023
Number of reported cybersecurity incidents within own operations with direct financial impact on TKH of > €100k	0	1	0
Customer satisfaction survey score	> 7.8	8.6	8.6

Actions

We defined the following actions for 2025:

- Review whether it is necessary to develop a supplement policy for consumers and/or end-users to the existing policies.
- Review of mechanisms and processes on monitoring compliance with the UNGC, ILO Declaration and OECD Guidelines described in our current policies.
- Review of measures to remedy any negative impact on human rights of consumers.
- Update our IT and security policy to incorporate best practices for encryption, multi-factor authentication, resilience against ransomware, and other developments for example related to new laws and regulations.

We did not identify any specific action in relation to our own practices regarding product design, marketing or sales, or whether wider industry or collaborative action with other relevant parties is required. Actions related to consumers are revisited every year and integrated in the activities at operating company level. Due to the nature of the actions, the resources needed for these actions are opex-related and do not require any significant capex. The opex are also not significant, since these initiatives are an integral part of our day-to-day expenses and sales activities.

The ambitions and annual targets set are included in the tables. Targets are determined by the Executive Board. Tracking effectiveness is part of our quarterly sustain-ability reporting. In cases where no quantitative measures are available we report on progress based on qualitative information.

Governance information

Business conduct (G1)

Governance	Value chain boundary			Material IROs		
Sub-topic	Upstream	Own operations	Downstream	Impacts	Risks	Opportunities
Corporate culture		*		• Absence of good corporate culture can potentially have a negative impact as a result of a lack of accountability, unethical behavior, and inadequate response to environmental and social challenges.	• Failing to address the potential negative impact can result in regulatory fines, legal penalties, and reputational damage.	
Corruption and bribery		*		• Not preventing the spread of unethical and illegal practice could have a potential negative impact on societal well-being.	• Corruption and bribery can result in a lack of transparency and accountability, leading to erosion of public trust and damage to TKH's reputation.	
Management of relationships with suppliers	*	*		• Conflicts, for example as a result of geopolitical developments (such as the Russia-Ukraine war, trade tariffs, availability and price of energy), could have a potential negative impact on people and the environment.	• Reputational risks, as well as legal and financial liabilities. TKH may also face risks from political instability, including expropriation or nationalization of assets of suppliers (based on their location). • Inadequate management of relationships with suppliers can result in non-productive relationships with suppliers, leading to inadequate inflow of (raw) materials and thus, discontinued production and operations.	

Introduction

As a global technology company with decentralized operations in more than 30 countries, and interaction with a large number of business partners including suppliers, TKH depends on transparency, trust, ethical business conduct and compliance throughout its organization and value chains. Compliance with applicable laws and regulations and TKH's policies, procedures and guidelines can help mitigate a range of risks, including those associated with fraud, corruption (i.e. abuse of entrusted power for private gain), bribery (i.e. dishonestly persuading someone to act in your favor by giving them a gift of money or another inducement), unfair competition, export violations, sanctions, human rights including child labor, IT security, health and safety, environment, data privacy, and financial and sustainability reporting requirements. Failure to comply with applicable regulations and expectations for responsible business conduct can result in loss of license to operate and could expose TKH to investigations, criminal and civil sanctions such as fines and penalties, and materially impact financial results. The defined targets are based on compliance, therefore key stakeholders are not directly involved in target setting. The company has procedures in place related to fraud, bribery, or material non-compliance issues, specifically relating to accounting, internal controls, or auditing matters. Fraud and non-compliance is also an attention point during the Audit Committee meetings and the audit by the external auditor.

In addition, non-compliance on relevant environmental, social and governance topics by suppliers could result in risks on people and the environment. Inadequate management of those relationships could jeopardize adequate inflow of important (raw) materials. Global economic, market and geopolitical developments could influence the execution of the strategy and the financial position and results of TKH. Examples are the Russia-Ukraine war and economic and political confrontations between world powers (trade tariffs, availability and price of energy), the erosion of trade agreements, and the impact of (global) inflation. In this context, monitoring of (dependency) of suppliers is also of importance.

More information on human rights in the value chain can be found in the Social information section.

Role of administrative, management, and supervisory bodies

The Executive Board, led by the CEO, holds ultimate responsibility for defining, implementing, and monitoring business conduct policies across the organization. This includes ensuring governance policies are aligned with strategic objectives, regulatory requirements, and ethical business practices.

To ensure effective oversight of business conduct, TKH has established clear procedures and accountability mechanisms, covering:

- Policy development: Governance policies are developed by the Executive Board, reviewed by the Supervisory Board, and formalized in internal procedures.
- Implementation & monitoring: The Director of Sustainability, reporting to the CEO, is responsible for operational enforcement of compliance beyond reporting obligations.
- Risk management & internal controls: The Internal Audit Department assesses governance risks related to business conduct, ensuring controls are in place to mitigate potential ethical and compliance risks.
- Training & awareness: Board members and senior management undergo corporate ethics, business conduct, and compliance training. Where no formal program exists, action plans will be developed to address this gap.

The Supervisory Board ensures that the Executive Board not only monitors governance and sustainability but actively enforces ethical business practices and compliance frameworks, intervening when necessary to uphold integrity standards. Beyond overseeing sustainability reporting, the Audit Committee ensures continuous improvement of governance policies, monitors the effectiveness of governance policies and internal controls, and assesses compliance with business conduct requirements to safeguard ethical integrity.

Both boards have expertise in corporate governance, risk management, compliance, and sustainability, ensuring effective oversight of business conduct. Members possess backgrounds in finance, legal, ESG compliance, and general business ethics, supporting informed decision-making and strategic alignment with regulatory and ethical standards.

Corporate culture

TKH conducts its business according to the principles of honesty, integrity, accountability, and transparency. We are committed to complying with relevant laws and regulations that are enforced. These core values define the culture and behaviors that we're committed to embedding throughout TKH. All employees are expected to be aware of the core values underlying our actions and our risk profile, and to take responsibility for any potential risks. They are also expected to act in accordance with TKH's Code of Conduct. This Code of Conduct is fundamental to everything we do and describes how we act as a company, how we make ethical decisions, and how we deal with different dilemmas within our company. Additional policies have been implemented in relation to the principles included in the Code of Conduct, including:

- rules and guidelines for decision-making and approval procedures and authorization levels for the management of our operating companies;
- an Internal Control Framework (ICF) which is used to analyze and evaluate the strategic, operational including sustainability, financial, and compliance risks for its operating companies;
- various rules of conduct for employees, customers, and suppliers including a whistleblower procedure; and
- guidelines for internal control procedures, IT security policy, treasury policy, and a financial and non-financial (including sustainability) reporting manual.

More information can be found in the Risk management section.

Code of Conduct

We have a Code of Conduct in place to ensure that every employee acts in accordance with TKH's guidelines. The Code of Conduct uses the OECD Guidelines as a reference framework, in addition to the guidelines provided in the UN Global Compact endorsed by TKH. Our Code of Conduct defines the way we live our core principles every day. It covers various topics related to principles of honesty, integrity and transparency,

Code of Conduct table

	annual target	2024	2023
% of total employees that signed the Code of Conduct	100.0%	98.9%	96.5%

including anti-bribery and anti-corruption, honest business conduct, conflicts of interest, health and safety and human rights. Clear guidelines, operational control, and a zero-tolerance policy regarding matters of principle, such as fraud, bribery, and corruption, ensure that work is carried out in accordance with the appropriate principles and agreements.

Each employee working for TKH received the Code of Conduct and needs to sign the Code of Conduct as proof of having read and understood what is required. The managers of our operating companies are responsible for implementing the Code of Conduct in their organizations. The content of the Code of Conduct is included in internal training programs. The Code of Conduct has been signed by 98.9% (2023: 96.5%) of the total number of employees. The yearly target of 100% has not been achieved, partly due to a longer than expected lead time for new employees to sign the Code. We are in close contact with the operating companies, and we are establishing clear rules to eliminate such delays as soon as possible. The Internal Audit team plays an important role in monitoring the effectiveness of the Code of Conduct. It works closely with TKH's Compliance Officer and Legal Advisor.

Policy name	Key contents
Code of Conduct	• Describes how we act as a company, how we make ethical decisions, and how we deal with different dilemmas within our company. • Applicable for all operating companies. • Managing director of the operating company is responsible for implementation. • OECD Guidelines is used a reference framework, in addition to the UN Global Compact guidelines. • Published on our website and should be read and signed by each employee.
Whistleblower procedure	• Procedure to raise issues or concerns such as a possible criminal offense or violation of the law, a violation of TKH's internal policies and/or procedures, giving or receiving a bribe, disclosure of confidential information, dishonesty or unethical behavior, etc. • Applicable for all employees and third parties. • Managing director of the operating company is responsible for implementation. • Based on the EU Whistleblower Directive 2019/1937. • Provided to managing directors, confidential officers, and available for all functions having access to the reporting system Cognos.
Internal Control Framework	• Describes how we act as a company, how we make ethical decisions, and how we deal with different dilemmas within our company. • Applicable for all operating companies, except for companies classified as small (< 20 FTEs). • Managing director of the operating company is responsible for implementation. • Based on the COSO 2017 framework. • ICF per process (e.g. sales, procurement) is included in reporting forms in the reporting system Cognos, and available for all functions having access to the reporting system Cognos.
Code of Supply	• Describes how we expect our strategic suppliers to act, including criteria on ESG topics. • Applicable for all suppliers. • Managing director of the operating company is responsible for implementation. • Based on labor standards issued by the International Labor Organization (ILO). • Published on our website and should be read and signed by each strategic supplier (annual purchase volume > €1 million).
Internal control procedures	• Guidance on specific internal control procedures, addressing adequate segregation of duties, adequate security of valuable and moveable assets, monthly reviews of operating performance and reporting to TKH, amongst other things. • Applicable for all operating companies. • Managing director of the operating company is responsible for implementation. • Based on general internal control standards and the COSO 2017 framework. • Provided to managing directors and available for all functions having access to the reporting system Cognos.
IT and security policy	• Guidance on IT controls and information security, including security breach/incident reporting, intellectual property protection, amongst other things. • Applicable for all operating companies. • Managing director of the operating company is responsible for implementation. • Based on ISO 27001:2022 controls. • Provided to managing directors and the IT and security responsible of each operating company.

Policy name	Key contents
Financial Reporting Manual	• Guidance on financial reporting, addressing accounting principles and valuation methods for balance sheet and profit and loss accounts, including guidance on the reporting through our financial reporting system Cognos. • Applicable for all operating companies. • Managing director of the operating company is responsible for implementation. • Based on IFRS. • Provided to managing directors and available for all functions having access to the reporting system Cognos.
Sustainability Reporting Manual	• Guidance on non-financial (sustainability) reporting, addressing accounting principles and estimation methods for defined KPIs connected to the identified material sustainability topics, including guidance on the reporting through our reporting system Cognos. • Applicable for all operating companies. • Managing director of the operating company is responsible for implementation. • Based on the CSRD and ESRS. • Provided to managing directors, the sustainability responsible of each operating company, and available for all functions having access to the reporting system Cognos.

Internal reports and whistleblower procedure

TKH is committed to an culture where employees can openly discuss any concerns, problems, or (suspected) violations of the Code of Conduct. Employees can report misconducts or (suspected) violations though an internal reporting procedure. Depending on the situation, the report can be done to the direct supervisor, HR or local management.

In addition, a whistleblower procedure provides for a clear course of action for employees who wish to raise issues or concerns such as a possible criminal offense or violation of the law, a violation of TKH's internal policies and/or procedures, giving or receiving a bribe, disclosure of confidential information, dishonesty or unethical behavior (such as discrimination, (sexual) harassment, bullying, etc.), and tax-related issues. To strengthen the organization's commitment to ethical practices, an updated whistleblower procedure will be implemented in 2025 combined with a new online platform through which (anonymous) reports can be submitted. This new online platform will replace existing (local) systems and reporting channels. In addition, a new training program will be introduced for staff receiving and managing whistleblower reports (confidential officers), including any measures ensuring they are adequately prepared. TKH promotes awareness of the whistleblower procedure through internal training and various communication channels. In addition, this topic is part of the employee satisfaction surveys to foster a transparent culture.

TKH is committed to protecting whistleblowers from retaliation. Reports made in accordance with the established procedure will not negatively affect the whistleblower’s position within the company. Additionally, TKH has implemented specific measures to ensure that any form of retaliation is prevented, and it remains vigilant in safeguarding whistleblower anonymity and protection. Reports are reviewed and investigated by the local confidential officer and/or the Group Compliance Officer. Depending on the topic, an external researcher may be appointed to ensure independence and objectivity. If deemed necessary, disciplinary and corrective measures are taken. External parties can also report to the Group Compliance Officer. In 2024, no report was received through the whistleblower procedure (annual target is receiving all reportable cases). TKH received one report in 2023 which has been carefully investigated in 2024 by an external researcher specialized in the relevant research topic. The investigation into the facts and circumstances that led to the report in 2023 shows that there was no indication for a suspicion of wrongdoing as referred to in the TKH whistleblower procedure.

In 2024, three violations of the Code of Conduct were reported through the internal reporting procedure. These incidents are not related to bribery or corruption. As a result, the employees involved were dismissed after various conversations and measures to improve their behavior and to ensure that they would act in accordance with the Code of Conduct. We believe it is important to promote an open and transparent culture and to measure these issues in employee satisfaction surveys.

Actions related to the procedure are part of our annual business plan and are revisited every year. Due to the nature of the actions, the resources needed for these actions are opex related and do not require any

Internal reports and whistleblower table

	annual target	2024	2023
Number of reports through internal reporting procedure	all	3	2
Number of reports through whistleblower procedure	all	0	1

significant capex. The opex are also not significant, since these initiatives are an integral part of our day-to-day expenses and HR activities

Actions

We defined the following actions for 2025:

- Implement an updated whistleblower procedure.
- Implement a new online platform through which (anonymous) reports can be submitted.
- Introduce new training program for staff receiving and managing whistleblower reports (confidential officers).

Actions related to business conduct are revisited every year and integrated in the activities at operating company level. Due to the nature of the actions, the resources needed for these actions are opex related and do not require any significant capex. The opex are also not significant, since these initiatives are an integral part of our day-to-day expenses and (HR) activities.

Targets are determined by the Executive Board. Tracking effectiveness is part of our quarterly sustainability reporting. In cases where no quantitative measures are available we report on progress based on qualitative information.

Corruption and bribery

We are committed to conducting our business fairly, transparently and with integrity, while applying high ethical and legal standards. We do not approve any form of corruption and bribery including any other form of unethical business practice. We have a Code of Conduct in place, covering various topics including anti-corruption and anti-bribery. TKH endorsed the ten principles of the Global Compact of the United Nations in the areas of human rights, labor, environment and anti-corruption which are aligned with the United Nations Convention against Corruption. We are committed to not only avoid bribery, extortion and other forms of corruption, but to proactively develop policies and concrete programs to address corruption internally and within our most important supply chains.

As part of our TKH Manual we have a set of internal guidelines and procedures related to anti-corruption or anti-bribery, focusing on internal control measures, management responsibilities, and authorization requirements. In addition, we have internal guidelines and checklists on compliance with sanctions and export regulations for transactions with customers. Through the TKH Code of Supply, our strategic suppliers are aware that they should follow our business ethics and confirm this by signing this Code of Supply. Compliance with this code is verified during supplier audits. As described under business conduct policies, any violation of our anti-corruption or anti-bribery rules and procedures can be reported through our whistleblower or internal reporting procedure and is investigated by the Group Compliance Officer and/or an independent team, separate from the chain of management. Each report is submitted to the Executive and Supervisory Board through the Audit Committee.

TKH has embedded its risk management policy at all levels of the organization. This involves an Internal Control Framework (ICF) which is used to analyze and evaluate the strategic, operational including sustainability, financial, and compliance risks for its operating companies (including potential corruption and bribery risks). TKH's risk management policy reflects the organization's size and decentralized structure. The implementation of the components of this risk management policy are assessed and monitored by Internal Audit. An open, transparent culture with sufficient critical capacity is a prerequisite for an organization to properly manage risks, responsibilities, and competencies. TKH considers a suitable risk management model to be an important tool for creating sustainable long-term value. A continuous focus on risk awareness is a key element of TKH's culture. The pursuit of a balanced risk profile is embedded in this culture through short lines of communication and is supported by closely monitoring agreed objectives through a comprehensive Key Performance Indicator (KPI) dashboard.

More information can be found in the Risk management and the Management of relationship with suppliers section.

The company's internal risk management and control system is also an ongoing focus for the Audit Committee of the Supervisory Board. Topics such as non-compliance with laws and regulations, specifically (commission) payments to third-party agents and non-routine transactions in high-risk countries, are frequently discussed. At least once a year the Audit Committee discusses the company's fraud risk assessment, including inherent fraud risks, identified significant risks, and other risks and attention areas including corruption and bribery. Internal Audit performs audit activities to gain a clearer picture of the possible risks of fraud, non-compliance, corruption, bribery, and review internal control measures related to these risks. Fraud and non-compliance is also an attention point during the audit by the external auditor. Based on internal fraud risk assessments performed, we determined a potential and inherent corruption/fraud risk in the value chain of our business segment Smart Manufacturing systems due to the use of third-party agents towards part of our end customers. To mitigate the risk, we implemented various measures such as governing the working relationship with agents and intermediaries by guidelines and template contracts. We also train our third-party agents to ensure that every agent acts in accordance with TKH's guidelines.

Anti-corruption and anti-bribery training table

	target 2025	2024
% of headcount at-risk covered by anti-corruption and anti-bribery training	> 90%	27.5%

As part of our internal training program we organized several physical and online meetings to address important topics related to fraud, corruption, and bribery. We specifically focus on functions at-risks of corruption and bribery, which include procurement, sales, legal, financial administration and senior and executive management. The yearly training program addresses topics such as sanctions regulation, the procedure to be followed in that respect, definition of fraud and the fraud triangle, definition of corruption and bribery including examples, and the internal payment framework, by means of theory and case studies. In addition, our operating companies implemented company specific training programs focusing on the most relevant corruption and bribery risks for their business, for example related to commission payments to third-party agents (Smart Manufacturing systems). In 2025, we will launch a new training program for functions at-risks of corruption and bribery, to help our employees to act in line with our anti-corruption and anti-bribery rules and procedures.

To enhance governance competencies, board members participate in regular training on various topics. In 2023-2024, deep-dive sessions covered double materiality, cybersecurity, and sustainability regulations, ensuring continuous learning and adaptation to evolving governance challenges. Members of the Executive and Supervisory Board will also participate in the new 2025 training program for functions at-risks of corruption and bribery.

In 2024, no confirmed incidents of corruption or bribery were reported as well as by no convictions for violation of such laws (annual target: no incidents or fines). In addition, there are no instances of employees being dismissed or disciplined for corrupt practices during the year. Any incident of corruption or bribery is assessed to determine if additional internal control measures or other actions are needed. Each incident is investigated by the Group Compliance Officer. Depending on the topic, an external researcher may be appointed to ensure independence and objectivity. If deemed necessary, disciplinary and corrective measures are taken. Each incident is reported to the Executive and Supervisory Board through the Audit Committee. Although we concluded that no action was necessary due to the absence of any known corruption cases, we will launch a new training program in 2025 to further enhance awareness.

Incidents of corruption and bribery table

	annual target	2024
Number of convictions for violation of anti-corruption and anti-bribery laws	0	0
Amount of fines for convictions for violation of anti-corruption and anti-bribery laws	€0	€0

Actions

We defined the following actions for 2025:

- Introduce new training program for functions at-risks of corruption and bribery, including members of supervisory bodies.

Actions related to anti-corruption and anti-bribery are revisited every year and integrated in the activities at operating company level. Due to the nature of the actions, the resources needed for these actions are opex related and do not require any significant capex.
The opex are also not significant, since these initiatives are an integral part of our day-to-day expenses and (HR) activities.

Targets are determined by the Executive Board. Tracking effectiveness is part of our quarterly sustainability reporting. In cases where no quantitative measures are available we report on progress based on qualitative information.

Management of relationship with suppliers

We expect our suppliers to adopt a zero-tolerance policy on issues that are material to us. Our principles and requirements are set out in a Code of Supply, which covers Environmental, Social and Governance topics such as human rights, the environmental impact (e.g. policies, environmental management systems, pollution prevention etc.), occupational health and safety, compliance with law and regulations including corruption and bribery, and ethical behavior. This set of environment, social and governance topics are part of the selection criteria of suppliers. In case criteria are not met by the supplier, the business relationship will be reconsidered. We oblige our strategic suppliers (supplier with an annual purchase volume of more than € 1 million must) to sign the Code of Supply, followed by a desktop assessment and on-site assessment.

Code of Supply table

	annual target	2024
% of strategic suppliers that signed the Code of Supply	> 90%	89.4%
% of strategic suppliers that signed the Code of Supply and received a desktop assessment		54.7%
% of strategic suppliers that signed the Code of Supply and received an on-site assessment		31.7%

The Code of Supply has been signed by 89.4% (2023: 91.9%) of the total number of suppliers in scope.
The annual target of 90% has not been achieved, partly due to a longer than expected lead time for new suppliers to sign the code. We are in close contact with the suppliers, and we are establishing clear rules to eliminate such delays as soon as possible.
Within a maximum of two years after signing the Code of Supply, a desktop assessment of the supplier in question must be carried out to review the items stipulated in the Code. Within five years after signing the Code of Supply, an on-site assessment must be carried out. Internal Audit has included the auditing of processes related to the Code of Supply in its work program.

We have included provisions regarding the respect and protection of human rights in both our Code of Conduct and our Code of Supply. Our policy does not tolerate any violation of human rights. We use the OECD Guidelines as a reference framework to enable us to adequately identify potential risks. These OECD Guidelines refer to the Universal Declaration of Human Rights, which states that all parties in society, including companies, have an obligation to respect and protect human rights. In addition, the guidelines provided in the UN Global Compact are endorsed by TKH.

As part of the assessment we carry out with suppliers as part of our Code of Supply, we ask suppliers about their human rights record and discuss possible areas such as discrimination, the right to social security, and the risk of child labor in the value chain. The assessments carried out with suppliers have not revealed any violations of human rights. In case of violations, the business relationship will be reconsidered. Privacy is an important human rights principle. People must be able to live in freedom without everyone knowing everything. The Dutch Privacy Act, including the EU Regulation (EU GDPR) gives people more rights – and organizations more obligations – to handle personal data carefully. Internal Audit covers human rights as part of its auditing activities and asks our managers about their compliance with human rights and whether any potential human rights conflicts could arise, especially in the value chain in which we operate.

Optimizing (regional) portfolio and local manufacturing footprint also contributes in lowering supplier risks. A situation where important raw materials such as copper, aluminum, steel and plastics, and technical (electronic) components have long delivery times, are unavailable or only available in limited quantities, as well as price increases related to raw materials can put pressure on our profit margins. To mitigate these risks, we increase our inventory of critical raw materials and components where applicable. At the same time, we try to redesign products as much as possible to increase the use of alternative materials and components with better availability/pricing, in addition to the use of alternative suppliers. Lastly, we developed cooperation programs between operating companies to discuss developments, trends, and risks and to leverage buying power and knowledge within the group and business segments.

Actions

We defined the following actions for 2025:

- Review of existing policies related to management of suppliers, including the code of supply and connected self-assessment.
- Evaluate if additional programs are required to further increase the number of suppliers that signed the code of supply, received a desktop-assessment or on-site assessment.

Actions related to management of relationship with suppliers are revisited every year and integrated in the activities at operating company level. Due to the nature of the actions, the resources needed for these actions are opex related and do not require any significant capex. The opex are also not significant, since these initiatives are an integral part of our day-to-day expenses and procurement activities.

Targets are determined by the Executive Board. Tracking effectiveness is part of our quarterly sustainability reporting. In cases where no quantitative measures are available we report on progress based on qualitative information.

AI and algorithm ethics (entity-specific material topic)

Governance	Value chain boundary			Material IROs		
Sub-topic	Upstream	Own operations	Downstream	Impacts	Risks	Opportunities
AI and algorithm ethics		*	*	• Unjustified actions, bias, discrimination or breach of privacy due to the use of AI systems could have a potential negative impact on people.	• Insufficient adequate use of AI tools can lead to leakage of business sensitive information such as intellectual property. • Non-compliance with AI algorithm could lead to violation of laws, fines and penalties, reputational damage, and loss of trust.	

Introduction

AI and algorithm ethics is an entity-specific material topic, because AI is an important part of TKH's business strategy and R&D roadmap, and supported by the outcomes of the DMA process.
Artificial intelligence (AI) is not just about efficiency and streamlining laborious tasks. Thanks to machine learning and deep learning, AI applications can learn from data and results in near real-time, analyzing new information from many sources and adapting accordingly, with a level of accuracy that's invaluable to business. This ability to self-learn and self-optimize means AI continually compounds the business benefits it generates. In this way, AI helps our businesses to adapt at speed, with a regular stream of insights to drive innovation and competitive advantage in a world of constant disruption. When scaled, AI can become a key enabler of our strategic priorities.

At the same time, the use of AI systems must not go beyond what is necessary to achieve a legitimate aim. Therefore, risk assessment should be used to classify AI algorithm systems to prevent harms which may result from such uses, such as unjustified actions, bias, discrimination or breach of privacy (AI ethics). Non-compliance with AI algorithm could lead to violation of laws, fines and penalties, reputational damage, and loss of trust. In addition, the use of AI tools within our own operations could lead to leakage of business sensitive information such as intellectual property.

Use of AI tools

The input of confidential or sensitive information into an AI Tool could result in the disclosure of such information to third parties, and, similarly, input of personal identifiable information can lead to breaches of privacy laws. Therefore, in order to mitigate these risks we developed an AI Tools policy in 2024. The purpose of this policy is to establish guidelines for the appropriate and ethical use of AI within TKH, including the use of Generative AI and Algorithmic AI tools, to ensure that AI technology is used to enhance productivity, efficiency, and decision-making while complying with applicable law and respecting privacy, confidentiality, and data security. This Policy applies to all employees and to all (independent) contractors who perform services for TKH. Interests of key stakeholders in setting the policy are not considered specifically, as the policy is based on the EU AI Act 2024/1689 and the TKH IT security policy.

As a general principle, all AI Tools are disallowed for use, unless they have been approved for use by the internal AI Tooling Committee. It is never allowed to use AI Tools for non-work related purposes, illegal activities, spamming or any other unsolicited advertising. No AI user may use AI Tools for selection or recruitment of employees or job candidates, for placing targeted job advertisements or for screening or filtering applications. All users must at all times comply with the Code of Conduct and the IT & Security Policy issued by the relevant operating company

Policy name	Key contents
AI Tools policy	• Provides guidelines for the appropriate and ethical use of AI within TKH, including the use of Generative AI and Algorithmic AI tools. • Applicable for all employees and contractors. • Managing director of the operating company is responsible for implementation. • Based on the EU AI Act 2024/1689 and the TKH IT security policy. • Published on our intranet, and distributed to all managing directors of our operating companies, and their management teams.

when using AI Tools. A (suspected) violation can be reported through the internal reporting procedure. Implementation at operating companies will also be monitored by internal audit. Violations of the policy may result in disciplinary action for employees or, in case of an (independent) contractor, to termination of the contract.

Classification of AI systems

It is important to define AI ethics as a set of guiding principles that stakeholders (from engineers to government officials) use to ensure AI technology is developed and used responsibly. This means taking a safe, secure, humane, and environmentally friendly approach to AI. To ensure this, we follow the AI Act of the European Union as a guiding principle. The Act assigns applications of AI to three risk categories. First, applications and systems that create an unacceptable risk, such as government-run social scoring of certain type, are banned. Second, high-risk applications, such as a CV-scanning tool that ranks job applicants, are subject to specific legal requirements. Lastly, applications not explicitly banned or listed as high-risk are largely left unregulated.

The EU AI Act entered into force on August 1, 2024. The law will become applicable in number of milestone dates, starting in February 2025 (Prohibited Systems) and finalizing in August 2026. TKH started the process of implementation by establishing an AI Ethics committee in the second half of 2024. The committee includes persons with legal, AI and compliance knowledge and is responsible for developing policies and supervising the risk assessments performed by the operating companies. A self-assessment procedure has been developed, through which each AI system needs to be assessed by, amongst other things, classifying the AI system, the scope and the general purpose. This procedure will be further implemented in 2025. Since we have not yet classified our AI systems, no target has been defined yet. Our ambition is to have no AI system classified as unacceptable and to have a complete algorithms register in 2025. The classification of AI systems contributes to the insight in compliance with the AI Act, and can also be compared with other companies using AI systems.

Actions

We defined the following actions for 2025:

- Review of mechanisms and processes on monitoring compliance with the AI Tools Policy.
- The classification of AI systems started in Q4 2024, and will continue in 2025 in combination with setting a target. Our ambition is to have all AI system classified as acceptable and to have a complete algorithms register in 2025.
- Implement a training program to ensure the proper knowledge level of our employees and contractors, related to AI systems and the AI Act.
- Update our IT security policy to reflect most recent developments, e.g. related to new laws and regulations.

Actions related to AI are revisited every year and integrated in the activities at operating company level having AI tools or developing AI systems. Due to the nature of the actions, the resources needed for these actions are opex related and do not require any significant capex. The opex are also not significant, since these initiatives are an integral part of our day-to-day expenses and AI activities.

Targets will be set by the Executive Board. Tracking effectiveness will be integrated into our quarterly sustain-ability reporting in 2025.

Appendices

EU taxonomy disclosure

TKH's reporting on EU taxonomy activities follows Regulation EU 2020/852 of the European Parliament and of the Council supplemented with Commission Delegated Regulation (EU) 2021/2139, Commission Delegated Regulation (EU) 2023/2485, Commission Delegated Regulation (EU) 2023/2486 and Commission Delegated Regulation (EU) 2022/1214. The EU Taxonomy Regulation is intended to serve as a standardized and mandatory classification system to determine which economic activities can be considered environmentally sustainable, and it requires companies to report on how and to what extent their activities are associated with such taxonomy-eligible activities. There are still uncertainties about the interpretation of the Taxonomy Regulation and the comprehensive and detailed framework is still in development. The EU Taxonomy Regulation provides certain conditions for taxonomy alignment. The relevant activity must substantially contribute to one or more of the following six environmental objectives, while not significantly harming any of the others.

There are six environmental objectives under the EU Taxonomy:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

The Delegated Acts adopted under the EU Taxonomy Regulation provide technical screening criteria that must also be met to conclude on taxonomy alignment, while also doing no significant harm to the remaining objectives and meeting minimum standards on human rights and labor standards. For an economic activity to be considered environmentally sustainable under the EU Taxonomy, it must be determined whether it is taxonomy eligible and whether it is taxonomy aligned, and the proportion in the total turnover, capex and opex.

EU Taxonomy turnover

Based on our assessment we concluded that only a very limited proportion of our turnover-generating activities should be included. The Taxonomy-eligible but not Taxonomy-aligned turnover was 0.3% in 2024 and related to 8.1 data processing, hosting, and related activities. Because we do not meet the requirements of the EU Directive on Data Centre Energy Efficiency the technical screening criteria are not met. As a result this activity is considered to be eligible but not aligned. The remaining turnover is non-eligible (99.7%). The turnover is calculated based on the “total turnover” according to the consolidated statement of profit and loss. The total value of TKH's turnover amounts to €1,712.7 million.

EU Taxonomy capex

We also assessed our capital expenditure. The reportable Taxonomy-eligible but not aligned capital expenditures in 2024 were 6.4% of the total capital expenditure in 2024 and related to 6.5 Transport by motorbikes, passenger cars and light commercial vehicles (1.2%), 7.7 Acquisition and ownership of buildings (4.4%), and 8.1 data processing, hosting, and related activities (0.8%). Because we do not meet the requirements, the technical screening criteria are not met. As a result, this activity is considered to be eligible but not aligned. The remaining capex is non-eligible (93.6%). The capital expenditure was determined based on the 2024 additions to property, plant and equipment, intangible assets, and additions to right-of-use assets, excluding any re-assessments and excluding goodwill (refer to note 3 intangible assets and goodwill, note 4 property, plant and equipment, and note 5 right-of-use assets of the financial statements). The total value of TKH's capex amounts to €167.7 million.

EU Taxonomy opex

The Taxonomy-eligible but not aligned operational expenditures in 2024 were 8.4% and related to 7.7 Acquisition and ownership of buildings. Not eligible operational expenditures were 91.6%. Operating expenses per the EU Taxonomy definition covers direct non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plants, and equipment. This differs from the definition of operating expenses in our financial statements. We used the following general ledger accounts in the operational expenditures assessment: R&D expenses, building maintenance, repair/maintenance, short-term leases, low-value leases, cost of machinery, cost of warehousing and furniture, and cost of manufacturing and housing. These costs are included in the other operating expenses (refer to note 25 of the financial statements). The total value of TKH's opex amounts to €50.3 million.

Our EU taxonomy accounting policy includes references to the related line items in the consolidated financial statements, to avoid double counting between the various reporting categories and objectives. We will continue to monitor legislative developments and adapt our disclosures as necessary.

We have no economic activities related to nuclear energy and fossil gas.

EU Taxonomy turnover table

Economic activities	Code	Absolute turnover	Proportion of turnover, 2024	Substantial contribution criteria: Climate change mitigation	Substantial contribution criteria: Climate change adaption	Substantial contribution criteria: Water and marine resources	Substantial contribution criteria: Circular economy	Substantial contribution criteria: Pollution	Substantial contribution criteria: Biodiversity and ecosystems	Do no significant harm criteria: Climate change mitigation	Do no significant harm criteria: Climate change adaption	Do no significant harm criteria: Water and marine resources	Do no significant harm criteria: Circular economy	Do no significant harm criteria: Pollution	Do no significant harm criteria: Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover, 2023	Category enabling activity	Category transitional activity
		€ million	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which enabling																			
Of which transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
• Data processing, hosting and related activities	8.1	5	0.3%	N	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		5	0.3%														0.3%		
Turnover of Taxonomy-eligible activities (A.1 + A.2)		5	0.3%														0.3%		
B. Taxonomy non-eligible activities																			
Turnover of Taxonomy non-eligible activities (B)		1,708	99.7%														99.7%		
Total (A+B)		**1,713**	**100.0%**														**100.0%**		

EU Taxonomy capex table

Economic activities	Code	Absolute capex	Proportion of capex, 2024	Substantial contribution criteria: Climate change mitigation	Substantial contribution criteria: Climate change adaption	Substantial contribution criteria: Water and marine resources	Substantial contribution criteria: Circular economy	Substantial contribution criteria: Pollution	Substantial contribution criteria: Biodiversity and ecosystems	Do no significant harm criteria: Climate change mitigation	Do no significant harm criteria: Climate change adaption	Do no significant harm criteria: Water and marine resources	Do no significant harm criteria: Circular economy	Do no significant harm criteria: Pollution	Do no significant harm criteria: Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) capex, 2023	Category enabling activity	Category transitional activity
		€ million	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which enabling																			
Of which transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
• Transport by motorbikes, passenger cars and light commercial vehicles	6.5	2	1.2%	N	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
• Acquisition and ownership of buildings	7.7	7	4.4%	N	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
• Data processing, hosting and related activities	8.1	1	0.8%	N	N/EL	N/EL	N/EL	N/EL	N/EL								0.5%		
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		10	6.4%														0.5%		
Capex of Taxonomy-eligible activities (A.1 + A.2)		10	6.4%														0.5%		
B. Taxonomy non-eligible activities																			
Capex of Taxonomy non-eligible activities (B)		158	93.6%														99.5%		
Total (A+B)		**168**	**100.0%**														**100.0%**		

EU Taxonomy opex table

Economic activities	Code	Absolute opex	Proportion of opex, 2024	Substantial contribution criteria: Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Do no significant harm criteria: Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-alligned (A.1) or -eligible (A.2) opex, 2023	Category enabling activity	Category transitional activity
	€ million	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	T
A. Taxonomy eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which enabling																			
Of which transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
• Acquisition and ownership of buildings	7.7	4	8.4%	N	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
• Data processing, hosting and related activities	8.1	0	0.0%	N	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0.0%														0.0%		
Opex of Taxonomy-eligible activities (A.1 + A.2)		4	8.4%														0.0%		
B. Taxonomy non-eligible activities																			
Opex of Taxonomy non-eligible activities (B)		46	91.6%														100.0%		
Total (A+B)		**50**	**100.0%**														**100.0%**		

Nuclear and fossil gas related activities

	Nuclear energy related activities	YES/NO
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	**YES/NO**
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Datapoints derived from other EU regulation

The table below outlines the datapoints derived from other EU legislation as listed in ESRS 2 Appendix B. It indicates where these datapoints can be found in our report and identifies which data points are assessed as not-material or not-relevant.

not-material: information not material to reporting
not-relevant: information not relevant to our own operations or value chain

Datapoints derived from other EU regulation

Disclosure Requirement and related datapoint	SFDR (1) reference	Pillar 3 (2) reference	Benchmark Regulation (3) reference	EU Climate Law (4) reference	pages/reference
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (5), Annex II		86
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		86
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				88
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (6) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		not-relevant
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		not-relevant
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 (7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		not-relevant
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		not-relevant
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	101-106
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		101
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		101

Datapoints derived from other EU regulation

Disclosure Requirement and related datapoint	SFDR (1) reference	Pillar 3 (2) reference	Benchmark Regulation (3) reference	EU Climate Law (4) reference	pages/reference
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				110
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				110
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				110
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		107
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		107
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	not-relevant
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		not-relevant
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			not-relevant
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			not-relevant
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		not-relevant

Datapoints derived from other EU regulation

Disclosure Requirement and related datapoint	SFDR (1) reference	Pillar 3 (2) reference	Benchmark Regulation (3) reference	EU Climate Law (4) reference	pages/reference
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				111-112
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				113-114
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				113-114
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				not-relevant
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				114
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				114
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				not-relevant
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				not-relevant
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				not-relevant
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				not-relevant
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				not-relevant
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				not-relevant
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				117
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				117
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				not-relevant
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				not-relevant

Datapoints derived from other EU regulation

Disclosure Requirement and related datapoint	SFDR (1) reference	Pillar 3 (2) reference	Benchmark Regulation (3) reference	EU Climate Law (4) reference	pages/reference
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				123-126
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		123-126
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				123-126
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				129
SRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				124-125
ESRS S1-14 Number of fatalities and number and rate of work- related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		130
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				phased-in
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		not-material
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				not-material
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				not-material
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		not-material
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				131-134
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				131-133
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				131-133
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		131-133

Datapoints derived from other EU regulation

Disclosure Requirement and related datapoint	SFDR (1) reference	Pillar 3 (2) reference	Benchmark Regulation (3) reference	EU Climate Law (4) reference	pages/reference
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		131-134
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				131-134
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				not-material
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		not-material
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				not-material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				135-136
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		135-136
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				137
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				139-142
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				142
ESRS G1-4 Fines for violation of anti- corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		144
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				143-144

1 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).
2 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).
3 Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).
4 Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).
5 Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).
6 Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324,19.12.2022, p.1.).
7 Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

CASE SMART MANUFACTURING SYSTEMS

Foreign Object Detection

In 2024, VMI introduced Foreign Object Detection on the VMI MAXX tire building machines, the first Artificial Intelligence application within the MAXX machine. This in-line, high speed detection system utilizes a PIXXEL camera to detect foreign objects on tread material. As foreign objects might lead to scrap and ultimately potential failure of tires, they need to be detected before building a tire, to prevent negative impact for both tire manufacturers as well as end customers.

A superfast AI algorithm analyzes images in real-time which ensures extremely high levels of accuracy, resulting in optimized levels of productivity, whilst minimizing the usage of energy and raw materials. Ultimately, this new feature will contribute to lower scrap rates and increased safety of tires.

VMI's Foreign Object Detection is a seamless collaboration between different TKH entities, including TKH Artificial Intelligence, TKH Technology and TKH Vision's Solution Center.

Features

- Foreign Object Detection checks the tread base for particles, like plastic liner or wood chips.
- The particles are detected by a smart AI algorithm.
- If a foreign object is found, the operator will see a picture of the defect on the HMI and can decide to start the automatic removal cycle or remove it by hand.
- Retrofittable on existing VMI MAXX machines.

Financial statements

5

Consolidated financial statements

Consolidated statement of profit and loss

in thousands of euros	Notes	2024	2024	2023	2023
Total turnover	22		**1,712,735**		**1,847,532**
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	
Total operating expenses			**1,582,127**		**1,673,063**
Operating result			**130,608**		**174,469**
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
Result before tax			**123,531**		**202,942**
Tax on result	31		24,000		37,180
Net result			**99,531**		**165,762**
Attributable to:					
Shareholders of the company			99,561		165,704
Non-controlling interests			-30		58
			99,531		**165,762**
Earnings per share attributable to shareholders	32				
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 €) [1]			2.83		4.38
Ordinary earnings per share before amortization and one-off income and expenses (in €) [1]			2.48		3.21

1. Non IFRS measure.

Consolidated statement of comprehensive income

in thousands of euros	Notes		2024		2023
Net result			**99,531**		**165,762**
Items that may be reclassified subsequently to profit or loss (net of tax)					
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) [1]		-1,391		3,718	
			11,215		**-3,164**
Items that will not be reclassified subsequently to profit or loss (net of tax)					
Actuarial gains/(losses) [1]	16	-234		151	
			-234		**151**
Other comprehensive income (net of tax)			**10,981**		**-3,013**
Comprehensive income for the period (net of tax)			**110,512**		**162,749**
Attributable to:					
Shareholders of the company			110,552		162,769
Non-controlling interests			-40		-20
Total comprehensive income for the period (net of tax)			**110,512**		**162,749**

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	
Assets					
Non-current assets					
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	
Total non-current assets			**1,222,783**		**1,138,290**
Current assets					
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 [1]	10	125,629		93,697	
Total current assets			**963,361**		**968,318**
Assets held for sale	34		27,197		21,171
Total assets			**2,213,341**		**2,127,779**

in thousands of euros	Notes	31-12-2024		31-12-2023	
Equity and liabilities					
Group Equity					
Shareholders' equity	11	882,979		835,565	
Non-controlling interests	12	108		148	
Total group equity			**883,087**		**835,713**
Non-current liabilities					
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	
Total non-current liabilities			**699,058**		**647,542**
Current liabilities					
Interest-bearing loans and borrowings [1]	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	
Total current liabilities			**622,177**		**641,377**
Liabilities directly associated with assets held for sale	34		9,019		3,147
Total equity and liabilities			**2,213,341**		**2,127,779**

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	Unappro-priated profit	Total shareholders' equity	Non-controlling interests	Total group equity
Balance at 1 January 2023	**10,554**	**85,021**	**102,115**	**16,772**	**-4,243**	**439,471**	**137,083**	**786,773**	**168**	**786,941**
Net result							165,704	165,704	58	165,762
Other comprehensive income				-6,804	3,718	151		-2,935	-78	-3,013
Total comprehensive income	**0**	**0**	**0**	**-6,804**	**3,718**	**151**	**165,704**	**162,769**	**-20**	**162,749**
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
Balance at 31 December 2023	**10,554**	**85,021**	**115,161**	**9,968**	**-525**	**449,682**	**165,704**	**835,565**	**148**	**835,713**
Net result							99,561	99,561	-30	99,531
Other comprehensive income				12,616	-1,391	-234		10,991	-10	10,981
Total comprehensive income	**0**	**0**	**0**	**12,616**	**-1,391**	**-234**	**99,561**	**110,552**	**-40**	**110,512**
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
Balance at 31 December 2024	**10,554**	**85,021**	**120,398**	**22,584**	**-1,916**	**546,777**	**99,561**	**882,979**	**108**	**883,087**

Consolidated cash flow statement

in thousands of euros	Notes	2024	2023
Cash flow from operating activities			
Operating result		130,608	174,469
Depreciation, amortization and impairment		121,652	109,494
Share and option schemes not resulting in a cash flow		3,827	4,997
Result on disposals		-337	-85
Changes in provisions		-14	-124
Changes in working capital		13,910	-71,338
Cash flow from operations		**269,646**	**217,413**
Interest received		1,351	1,317
Interest paid		-29,490	-21,792
Income taxes paid		-45,296	-44,063
Net cash flow from operating activities (A)		**196,211**	**152,875**
Cash flow from investing activities			
Investments in intangible assets	3	-61,696	-53,128
Purchases of property, plant and equipment		-100,714	-177,761
Disposals of property, plant and equipment		1,992	705
Dividends received from associates		60	
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
Net cash flow from investing activities (B)		**-138,829**	**-170,400**

in thousands of euros	Notes	2024	2023
Cash flow from financing activities			
Dividends paid		-67,884	-67,696
Settlement of financial liabilities regarding put options of non-controlling interests and earn-out	14	-447	-1,379
Purchased shares for share buy-back program			-50,004
Purchased shares for share and option schemes		-2,108	-8,545
Sold shares for share and option schemes		3,027	7,271
Payment of lease liabilities		-16,005	-16,537
Proceeds from long term debts		44,086	397,050
Repayments on long-term debts			-335,000
(Repayments)/proceeds from other long-term debts		-631	-1,005
Change in short-term borrowings	18	-22,992	86,628
Net cash flow from financing activities (C)		**-62,954**	**10,783**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**-5,572**	**-6,742**
Exchange differences		256	-2,351
Change in cash and cash equivalents		**-5,316**	**-9,093**
Cash and cash equivalents at 1 January		69,294	78,387
Cash and cash equivalents at 31 December	10	**63,978**	**69,294**

Notes to the Consolidated financial statements

1 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 begun 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 diposal 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 exercized. 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 labilities
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
Smart Vision systems	Vision technology represents about 85% of the turnover of the Smart Vision systems segment and consists of 2D & 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. 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. 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.	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: • ***Customer-specific products and systems (including software products):*** 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. • ***Maintenance and licenses:*** 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.

Segment	Products and services	Nature and timing of fulfillment of performance obligations
Smart Manufacturing systems	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.	The majority of the revenue within Smart Manufacturing systems qualifies as ***Customer-specific products and systems*** for which recognition is already described at Smart Vision systems. Examples are tire building, medicine distribution and industrial automation systems. 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. The remainder of the revenue relates to ***standardized products*** 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 ***Sales commissions:*** 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.
Smart Connectivity systems	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. Our connectivity systems are developed for on-shore and off-shore energy distribution. Our Fibre Optic connectivity systems are manufactured for data and communication net-works. In addition, TKH produces specialized cable systems for diverse industrial automation applications in high-tech environments, such as the industrial, marine & 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.	The majority of revenue relates to ***standardized products*** 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. ***Customer-specific products and systems*** 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.

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 subidies 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.

2 SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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
Assets				
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
Total			**1,912**	**2,674**
Liabilities				
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
Total			**4,290**	**2,946**

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.

3 INTANGIBLE ASSETS AND GOODWILL

in thousands of euros	Notes	Goodwill 2024	Goodwill 2023	Brand names, customer relations and intellectual property 2024	Brand names, customer relations and intellectual property 2023	Development costs 2024	Development costs 2023	Patents, licenses, software and trademarks 2024	Patents, licenses, software and trademarks 2023	Total 2024	Total 2023
Historical cost at 1 January		**320,378**	**303,067**	**286,306**	**290,841**	**334,875**	**292,876**	**84,769**	**75,626**	**1,026,328**	**962,410**
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
Book value at 1 January		**318,055**	**300,744**	**86,673**	**85,430**	**137,014**	**127,703**	**23,954**	**19,968**	**565,696**	**533,845**
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
Book value at 31 December		**344,189**	**318,055**	**94,304**	**86,673**	**142,599**	**137,014**	**29,990**	**23,954**	**611,082**	**565,696**
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
Historical cost at 31 December		**346,137**	**320,378**	**315,886**	**286,306**	**365,636**	**334,875**	**95,085**	**84,769**	**1,122,744**	**1,026,328**

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
CGU	2024	2023	2024	2023	
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
Total	**344,189**	**318,055**			

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

		Land and buildings		Machinery and installations		Other equipment		Operating assets in progress		Total	
in thousands of euros	Notes	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Historical cost at 1 January		**239,931**	**199,912**	**280,037**	**269,248**	**173,709**	**159,380**	**154,158**	**74,452**	**847,835**	**702,992**
Accumulated depreciation and impairments		101,644	101,688	184,503	186,902	124,759	118,974	910	483	411,816	408,047
Book value at 1 January		**138,287**	**98,224**	**95,534**	**82,346**	**48,950**	**40,406**	**153,248**	**73,969**	**436,019**	**294,945**
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
Book value at 31 December		**140,225**	**138,287**	**97,115**	**95,534**	**51,017**	**48,950**	**197,809**	**153,248**	**486,166**	**436,019**
Accumulated depreciation and impairments		107,113	101,644	196,214	184,503	128,554	124,759	483	910	432,364	411,816
Historical cost at 31 December		**247,338**	**239,931**	**293,329**	**280,037**	**179,571**	**173,709**	**198,292**	**154,158**	**918,530**	**847,835**

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 capacitiy 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.

		Land and buildings		Machinery and installations		Other equipment		Total	
in thousands of euros	Notes	2024	2023	2024	2023	2024	2023	2024	2023
Book value at 1 January		**76,125**	**69,415**	**128**	**73**	**7,759**	**5,824**	**84,012**	**75,312**
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
Reassesment		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
Book value at 31 December		**69,454**	**76,125**	**82**	**128**	**8,470**	**7,759**	**78,006**	**84,012**

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 calculatons. 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:

	Place	Country	Ownership and control		Operating segment
Name of associate			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:

	Associates	
in thousands of euros	**2024**	2023
Balance at 1 January	**35,987**	**12,204**
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
Balance at 31 December	**29,738**	**35,987**

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
Inventories	**398,563**	**403,259**

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
Receivables		**250,886**	**244,374**

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.

9 CONTRACT ASSETS

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

	Contract assets		Contract liabilities	
in thousands of euros	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 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
Total	**1,135,004**	**970,105**

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
Cash and bank balances	**125,629**	**93,697**

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

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. Theses 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

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:

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

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

in thousands of euros	Warranty	Employee liabilities	Onerous contracts	Dismantling	Other	Total
Balance at 31 December 2023	**7,645**	**3,468**	**8,909**	**4,901**	**7,026**	**31,949**
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
Balance at 31 December 2024	**10,645**	**3,933**	**4,539**	**4,911**	**8,889**	**32,917**

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
Balance at 31 December 2023		**1,576**	**1,096**	**2,672**
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
Balance at 31 December 2024		**5,309**	**455**	**5,764**

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
Financial liabilities	**5,764**	**2,672**

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.

15 DEFERRED TAX

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
Balance at 1 January 2023	**902**	**-50,991**	**-4,827**	**474**	**11,518**	**1,519**	**-1,716**	**3,924**	**-39,197**
(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
Balance at 31 December 2023	**-1,779**	**-53,203**	**-4,786**	**339**	**14,007**	**170**	**-2,860**	**6,214**	**-41,898**
(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
Balance at 31 December 2024	**-2,195**	**-58,217**	**-5,566**	**867**	**13,634**	**696**	**-1,630**	**10,375**	**-42,036**

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
Deferred taxes	**-42,036**	**-41,898**

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	
Unrecognized tax losses and credits	**69,675**	**62,274**

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.

16 PENSIONS

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		
Net pension obligation	**3,070**	**3,679**

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
Interest-bearing loans and borrowings		**620,085**	**572,368**

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
Net interest-bearing debt				**581,768**	**554,146**

At year-end 2024, €63.3 million of the cash and cash equivalants 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:

	Borrowings reported under current liabilities		Bank loans reported under non-current liabilities		Total lease liabilities (Right-of-use assets)		Total	
in thousands of euros	2024	2023	2024	2023	2024	2023	2024	2023
Balance at 1 January	**61,810**	**56,391**	**497,060**	**431,746**	**87,154**	**82,077**	**646,024**	**570,214**
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
Balance at 31 December	**76,707**	**61,810**	**541,673**	**497,060**	**87,725**	**87,154**	**706,105**	**646,024**

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
Trade payables and other payables		**327,684**	**357,245**

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.

20 FINANCIAL INSTRUMENTS AND RISKS

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.

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 unsued 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 convenant 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 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
Financial liabilities		**76,777**	**348,338**	**83,762**	**658,999**	**48,670**	**1,216,546**	**1,006,855**

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
Financial liabilities		**61,880**	**368,268**	**99,043**	**656,456**	**44,325**	**1,229,972**	**974,698**

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
Net	**0**	**-656**	**-1,578**	**-685**	**0**	**-2,919**
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
Net	**0**	**-848**	**-473**	**-80**	**0**	**-1,401**
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:

	Average contracted interest rate		Nominal amount		Fair value	
in thousands of euros (unless stated otherwise)	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:

	Euro		USD		CNY		Other currencies		Total	
in thousands of euros	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
Total	**-691,881**	**-659,600**	**-15,418**	**20,883**	**22,109**	**593**	**12,039**	**10,959**	**-673,151**	**-627,165**

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

	Average contract rate		Nominal amount in foreign currency		Fair value	
in thousands of euros (unless stated otherwise)	2024	2023	2024	2023	2024	2023
Cash flow hedges of balance positions						
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
Cash flow hedges						
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
Total					**-2,808**	**-1,428**

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, aluminum, 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 2024	2023	Quantity in metric tons 2024	2023	Fair value 2024	2023
Cash flow hedges						
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
Total					**330**	**904**

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 days	31-12-2024 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
Balance at 1 January	**5,997**	**6,300**
Aditions	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
Balance at 31 December	**4,832**	**5,997**

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.

22 INFORMATION BY SEGMENT

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	Smart Vision systems		Smart Manufacturing systems		Smart Connectivity systems		Other and eliminations		Total	
in thousands of euros (unless stated otherwise)	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Geographic segments										
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
External turnover	**481,872**	**489,682**	**605,347**	**568,253**	**625,386**	**789,562**	**130**	**35**	**1,712,735**	**1,847,532**
Inter-segment	7,725	10,844	3,496	5,310	6,514	10,978	-17,735	-27,132	0	0
Total turnover	**489,597**	**500,526**	**608,843**	**573,563**	**631,900**	**800,540**	**-17,605**	**-27,097**	**1,712,735**	**1,847,532**
Timing of revenue recognition										
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
Revenues from contracts with customers	**485,711**	**496,124**	**608,667**	**573,359**	**631,443**	**800,135**	**-17,718**	**-27,111**	**1,708,103**	**1,842,507**
Other revenues	3,886	4,402	176	204	457	405	113	14	4,632	5,025
Total turnover	**489,597**	**500,526**	**608,843**	**573,563**	**631,900**	**800,540**	**-17,605**	**-27,097**	**1,712,735**	**1,847,532**
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
Added value	**296,744**	**294,782**	**313,352**	**289,847**	**278,162**	**334,532**	**248**	**151**	**888,506**	**919,312**
Added value in %	*60.6%*	*58.9%*	*51.5%*	*50.5%*	*44.0%*	*41.8%*			*51.9%*	*49.8%*
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
EBITDA	**94,270**	**102,782**	**125,415**	**100,218**	**55,803**	**102,530**	**-19,569**	**-19,669**	**255,919**	**285,861**
Depreciation	16,538	16,896	9,302	9,582	24,883	21,398	1,280	952	52,003	48,828
EBITA	**77,732**	**85,886**	**116,113**	**90,636**	**30,920**	**81,132**	**-20,849**	**-20,621**	**203,916**	**237,033**
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
Segment operating result	**25,844**	**39,271**	**104,086**	**79,575**	**22,384**	**77,107**	**-21,706**	**-21,484**	**130,608**	**174,469**

Operating segments	Smart Vision systems		Smart Manufacturing systems		Smart Connectivity systems		Other and eliminations		Total	
in thousands of euros (unless stated otherwise)	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Other information										
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
Balance sheet										
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
Total assets	**825,571**	**804,728**	**431,824**	**495,246**	**922,158**	**823,573**	**33,788**	**4,232**	**2,213,341**	**2,127,779**
Total liabilities	**194,929**	**190,671**	**317,436**	**314,612**	**208,686**	**239,764**	**609,311**	**547,168**	**1,330,362**	**1,292,215**
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
Return on Capital Employed (ROCE)	*13.3%*	*15.6%*	*88.1%*	*66.0%*	*5.2%*	*16.6%*			*15.2%*	*19.8%*

EBITDA and EBITA are exluding 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.

	Non-current assets [1]		Employees (FTE)	
in thousands of euros (unless stated otherwise)	**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%
Total	**1,205,834**	**1,122,466**	**100%**	**100%**

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
Personnel expenses	**477,618**	**478,467**

24 SHARE-BASED PAYMENTS

Stock option scheme settled in equity instruments

Option rights to (depositary 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
Total		**1,417,587**	**389,029**	**-223,995**	**-45,612**	**-36,363**	**1,500,646**	

At the end of 2024, the company owns 1,086,906 purchased (depositary receipts of) shares to cover the option rights. These (depositary 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 €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, (depositary 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 (depositary receipts of) shares, Mr. E.D.H. de Lange 13,053, and Mr. H.J. Voortman 12,575 (depositary 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 (depositary 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.

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
Depreciation	**52,003**	**48,828**

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
Amortization	**60,808**	**56,860**

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
Impairment		**8,504**	**3,720**

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
Research and development costs accounted for in the profit and loss account	**70,539**	**70,700**
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
Financial income and expenses	**-32,280**	**-22,874**

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
Total tax on result		**24,000**	**37,180**

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
Total tax on other comprehensive income		**-543**	**1,308**

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	
Result before tax	**123,531**		**202,942**	
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%
Tax on result and effective tax rate	**24,000**	**19.4%**	**37,180**	**18.3%**

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 deffered 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 in 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.

32 EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

in thousands of euros (unless stated otherwise)	Notes	2024	2023
Weighted average number of (depositary receipts of) shares (x 1,000)		39,852	40,666
Effect of share options (x 1,000)		24	86
Weighted average number of (depositary receipts of) shares diluted (x 1,000)		**39,876**	**40,752**
Net profit		99,531	165,762
Less: Non-controlling interests		30	-58
Net profit attributable to the shareholders of the company		**99,561**	**165,704**
Amortization of intangible non-current assets from acquisitions	3	17,684	16,522
Taxes on amortization		-4,565	-4,244
Net profit before amortization attributable to the shareholders of the company		**112,680**	**177,982**
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
Net profit before amortization and one-off income and expenses attributable to the shareholders of the company		**98,868**	**130,514**
Earnings per share attributable to shareholders			
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 €) [1]		2.83	4.38
Ordinary earnings per share before amortization and one-off income and expenses (in €) [1]		2.48	3.21

1. Non IFRS measure

The number of (depositary 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.

33 RELATED PARTIES

Trade transactions

	Sold to		Bought from		Trade receivables		Trade payables	
in thousands of euros	**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		
Total	**3,431**	**1,927**	**84**	**25,694**	**462**	**1,008**	**275**	**8,405**

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 (depositary receipts of) shares at an average stock price of €38.05, Mr. E.D.H. de Lange sold 26,106 (depositary receipts of) shares at a stock price of €38.05 and Mr. H. Voortman sold 11,915 (depositary 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 (depositary 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 (depositary receipts of) shares, Mr. E.D.H. de Lange owned 80,099 (depositary receipts of) shares and Mr. H.J. Voortman owned 53,626 (depositary 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.

	Total regular income (TRI)		Bonus (STI)		Share scheme (LTI)		Pension		Compensation for pension premium		Total	
in thousands of euros	**2024**	2023	**2024**	2023	**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
Total remuneration	**2,288**	**2,212**	**288**	**785**	**874**	**2,808**	**111**	**96**	**408**	**375**	**3,969**	**6,276**

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.

34 BUSINESS COMBINATIONS

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:

	Liberty Robotics			Comark			JCAI			Total acquisitions 2024		
in thousands of euros	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
Acquired net assets	**3,198**	**6,369**	**9,567**	**1,825**	**2,342**	**4,167**	**-1,759**	**8,386**	**6,627**	**3,264**	**17,097**	**20,361**
Goodwill paid			8,350			2,937			14,631			25,918
Purchase price			**17,917**			**7,104**			**21,258**			**46,279**
Contingent consideration			-3,304						-963			-4,267
Cash and cash equivalents acquired			-1,205			-1,310			-857			-3,372
Purchase price paid			**13,408**			**5,794**			**19,438**			**38,640**

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
Net assets at the time of divestment	**38,849**	**102,080**
Result on sale of associates and subsidiaries	24,221	54,802
Cash and cash equivalents divested	-2,811	-26,422
Cash flow from divestments	**60,259**	**130,460**

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.

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
Assets		
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
Assets held for sale	**27,197**	**21,171**
Liabilities		
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	
Liabilities directly associated with assets held for sale	**9,019**	**3,147**
Net assets directly associated with held for sale	**18,178**	**18,024**

35 NON-CASH TRANSACTIONS

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

36 EVENTS AFTER BALANCE SHEET DATE

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

37 SERVICE FEES PAID TO EXTERNAL AUDITORS

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

	EY Accountants B.V. (Netherlands)		Total Other parts of EY		Total	
in thousands of euros	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
Servicecosts external auditors	**1,776**	**1,438**	**630**	**699**	**2,406**	**2,137**

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

Financial statements

5

Company financial statements

Company statement of profit and loss

in thousands of euros	Notes		2024		2023
Net turnover	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	
Total operating expenses			**26,194**		**25,924**
Operating result			**-11,450**		**-12,693**
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
Result before tax			**-27,558**		**-24,289**
Tax on result	17		-5,953		-3,802
Company result			**-21,605**		**-20,487**
Share in result of participations			121,166		186,191
Net result			**99,561**		**165,704**

Company balance sheet

As of 31 December before profit appropriation

in thousands of euros	Notes	2024		2023	
Assets					
Non-current assets					
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	
Total non-current assets			**1,284,982**		**1,160,800**
Current assets					
Receivables on subsidiaries		85,501		122,669	
Other receivables	7	17,394		11,986	
Cash and cash equivalents	13	468		2,116	
Total current assets			**103,363**		**136,771**
Total assets			**1,388,345**		**1,297,571**

in thousands of euros	Notes	2024		2023	
Equity and liabilities					
Shareholders' equity					
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	
Total shareholders' equity	8		**882,979**		**835,565**
Provisions					
Deferred tax liabilities	6	981		879	
Other financial liabilities	12	3,106		0	
Provisions	11	58,689		46,378	
Total provisions			**62,776**		**47,257**
Non-current liabilities					
Interest-bearing loans and borrowings	13	2,212		2,325	
Total non-current liabilities			**2,212**		**2,325**
Current liabilities					
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	
Total current liabilities			**440,378**		**412,424**
Total equity and liabilities			**1,388,345**		**1,297,571**

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

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

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

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

4 RIGHT OF USE ASSETS

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

5 FINANCIAL NON-CURRENT ASSETS

in thousands of euros	Subsidiaries 2024	Subsidiaries 2023	Associates 2024	Associates 2023	Total 2024	Total 2023
Balance at 1 January	**910,460**	**833,809**	**35,217**	**30,763**	**945,677**	**864,572**
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
Balance at 31 December	**1,018,666**	**910,460**	**28,864**	**35,217**	**1,047,530**	**945,677**

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
Balance at 1 January 2023	**-618**	**814**	**-25**	**171**
(Charge)/credit to profit or loss	-261	69		-192
Balance at 31 December 2023	**-879**	**883**	**-25**	**-21**
(Charge)/credit to other comprehensive income			-54	-54
(Charge)/credit to profit or loss	-102	103		1
Balance at 31 December 2024	**-981**	**986**	**-79**	**-74**

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
Deferred taxes	**-74**	**-21**

7 OTHER RECEIVABLES

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

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
The authorized capital consists of:			
Ordinary shares	59,984		
Cumulative preference financing shares	10,000		
Convertible cumulative preference financing shares	10,000		
Cumulative preference protective shares	60,000		
Each nominal €0.25	**139,984**	**34,996**	**34,996**
Priority share	4		
Each nominal €1.00	**4**	4	4
Authorized capital		**35,000**	**35,000**
Of which not issued		24,446	24,446
Issued capital [1]		**10,554**	**10,554**

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

The number of outstanding (depositary 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 (depositary receipts of) shares were sold in 2024. As a result, the number of (depositary 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 depositary 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 depositary receipts. The holders of depositary receipts are entitled to receive a power of attorney to cast a vote on the shares corresponding to the depositary 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
Legal reserve	**120,398**	**115,161**

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
Total of other long- and short-term provisions	**58,689**	**46,378**

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
Balance at 1 January 2024	**734**	**750**	**1,484**
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
Balance at 31 December 2024	**4,666**	**100**	**4,766**

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
Net interest-bearing debt	**1,967**	**24,125**

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
Total tax on result		**-5,953**	**-3,802**

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
Result before tax	**-27,558**		**-24,289**	
Tax calculated at the Dutch tax rate	-7,110	25.8%	-6,267	25.8%
Correction due to tax effect for:				
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%
Effective tax rate	**-5,953**	**21.6%**	**-3,802**	**15.7%**

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

Other information

6

Profit appropriation

Since no protection preference and financing preference shares were outstanding or issued, within the meaning of Articles 33.1, 3, 4, 5, 6, paragraphs b and c, 8, 9 and, 12 below, only the articles governing the profit appropriation in relation to the outstanding shares are included here.

Article 33 of the articles of association reads as follows:

2. The company may make distributions to the shareholders and other persons entitled to distributable profits only to the extent that its shareholders' equity exceeds the sum of the paid-up and called-up part of the capital, plus the reserves that must be maintained pursuant to the law or the articles of association.

6a. From any profit remaining after application of the previous paragraphs, five percent (5%) of the nominal amount of the priority shares shall, if possible, be distributed on such priority shares. No further distribution shall be made on the priority shares.

7. If in any year the profit does not suffice to make the distributions referred to above in paragraph 6 of this article, the provisions in paragraph 6 and in paragraph 10 shall not apply in the subsequent financial years until the deficit has been made up. Subject to the approval of the Supervisory Board, the Executive Board is authorised to resolve to distribute an amount equal to the deficit referred to in the previous sentence charged to the reserves.

10. Of the profit remaining thereafter, the Executive Board shall, subject to the approval of the Supervisory Board, reserve as much as it deems necessary. In so far as the profit is not reserved under application of the previous sentence, it shall be at the disposal of the general meeting, either fully or partially for reservation, or fully or partially for distribution to holders of ordinary shares proportionately to their holding of ordinary shares.

For other provisions of the articles of association, please refer to TKH's website: www.tkhgroup.com.

Proposal for profit appropriation

in thousands of euros

Net profit attributable to shareholders €99,561.

In accordance with Article 33 of the articles of association, we propose paying the holders of (depositary receipts of) ordinary shares a dividend of €1.50 per (depositary receipt of) ordinary share.

The dividend will be made available for payment on May 23, 2025.

The dividend for 4,000 priority shares has been set at €0.05 per share of €1.00.

Consolidated entities

A list of all subsidiaries is available at the Chamber of Commerce (the Netherlands). TKH Group N.V. is registered in the Trade Register under No. 06045666.

The most important (group of) entities included in the consolidated financial statements of TKH are listed below, including the segment in which they operate. All of the subsidiaries are 100% owned, unless indicated otherwise.

The hereafter mentioned German subsidiaries included in TKH's consolidated financial statements make use of the exemption in § 264 (3), § 264 (b) HGB to prepare, audit and publish individual annual accounts. TKH Deutschland GmbH is not required to draw up consolidated annual accounts pursuant to § 291 HGB.

TKH Security GmbH, Allied Vision Technologies GmbH, TKF GmbH (former ASP GmbH), Chromasens GmbH, Dewetron Deutschland GmbH, EEB Kabeltechnik GmbH, EFB Elektronik GmbH, EFB Elektronik Real Estate B.V. & Co KG, Ernst & Engbring GmbH, Lakesight Technologies Holding GmbH, Lakesight Technologies German Holding GmbH, LMI Technologies GmbH, New Electronic Technology GmbH, Profipatch GmbH, Schneider Intercom GmbH, Sensor to Image GmbH, SVS-Vistek GmbH, Texim Europe GmbH, TKD Immobilien GmbH, TKH Airport Solutions GmbH, TKH Deutschland GmbH, TKH Deutschland Verwaltungs GmbH, TKH Grundstücksverwaltungs B.V. & Co KG, TKH Deutschland Service GmbH, TKH Technologie Deutschland AG.

The listed subsidiaries below based in the UK are controlled and consolidated by the group, where the Directors have taken the exemption from having an audit of its financial statements for the year ended December 31, 2024. This exemption is taken in accordance with the UK Companies Act, S479A.

Commend UK Ltd., TKH Security Ltd.

Smart Connectivity systems		Smart Manufacturing systems		Smart Vision systems		TKH Group Support
E&E	TFO	Dewetron	VMI	Alphatronics	Allied Vision	TKH Group
EFB	TKF	Texim Europe		C&C Partners	Chromasens	TKH Finance
Intronics	TKH Airport Solutions			Commend	LMI Technologies	TKH Logistics
Isolectra				Mextal	SVS-Vistek	TKH Artifical Intelligence
				TKH Security	NET	
				Techno Specials	Euresys	
				Tattile		

Independent auditor's report

To: the shareholders and supervisory board of TKH Group N.V.

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

We have audited the accompanying financial statements for the financial year ended 31 December 2024 of TKH Group N.V. based in Haaksbergen, the Netherlands.
The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of TKH Group N.V. as at 31 December 2024 and of its result and its cash flows for 2024 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code
- The company financial statements give a true and fair view of the financial position of TKH Group N.V. as at 31 December 2024 and of its result for 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated balance sheet as at 31 December 2024
- The following statements for 2024: the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in group equity and consolidated cash flow statement
- The notes comprising material accounting policy information and other explanatory information

The company financial statements comprise:

- The company balance sheet as at 31 December 2024
- The company statement of profit and loss for 2024
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of TKH Group N.V. (hereinafter also referred to as the company or the group) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for professional accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

TKH Group N.V. is an internationally operating technology company and heads a group of operating companies and we have tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.
We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality	
Materiality	EUR 8.0 million (2023: EUR 9.5 million)
Benchmark applied	4% of earnings before interest, taxes, impairments and amortization (EBITA) (2023: 4% of EBITA)
Explanation	We applied earnings before interest, taxes, impairments and amortization (EBITA) as benchmark as in our perception, it is an important and stable performance indicator for the company and the users of the financial statements. We determined materiality consistent with prior financial year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of EUR 400,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

TKH Group N.V. is at the head of a group of entities. The financial information of this group is included in the financial statements.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision, review and evaluation of the audit work performed for purposes of the group audit. We bear the full responsibility for the auditor's report. Based on our understanding of the group and its environment, the applicable financial framework and the group's system of internal control, we identified and assessed risks of material misstatement of the financial statements and the significant accounts and disclosures.

Based on this risk assessment, we determined the nature, timing and extent of audit work performed, including the entities within the group (components) at which to perform audit work. For this determination we considered the nature of the relevant events and conditions underlying the identified risks of material misstatements for the financial statements, the association of these risks to components and the materiality or financial size of the components relative to the group.

We communicated the audit work to be performed and identified risks through instructions for component auditors as well as requesting component auditors to communicate matters related to the financial information of the component that is relevant to identifying and assessing risks.

We have performed the audit work for the Dutch operating companies within the scope of the group audit ourselves, as well as centralized audit work, such as goodwill and other intangibles of acquired companies, business combinations, interest bearing loans and valuation of deferred tax assets arising from unused tax losses. Furthermore, we selected 22 components to perform audit work for group reporting purposes. With the exception of four operating companies in Germany, the audit work for the foreign operating companies in scope of our group audit were performed by teams of EY Global member firms.

This resulted in a coverage of 73% of the EBITA, 89% of the over-time revenue and 81% of capitalized development cost.

For the other components, we performed selected other procedures, including analytical procedures and to corroborate that our risk assessment and scoping remained appropriate throughout the audit.

We performed site visits to meet with local management and component teams, observe the component operations, discuss the group risk assessment and the risks of material misstatements for several components assigned a scope. We reviewed and evaluated the adequacy of the deliverables from component auditors and reviewed key working papers for selected components to address the risks of material misstatement. We held planning meetings, key meetings required based on circumstances and we attended closing meetings with local management and component teams for components assigned a scope. During these meetings and calls, amongst others, the planning, procedures performed based on risk assessments, findings and observations were discussed and any further work deemed necessary by the primary or component team was then performed.

By performing the audit work mentioned above at the entities or business units within the group, together with additional work at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client like TKH Group N.V. We included specialists in the areas of IT audit (including cybersecurity), corporate governance (including remuneration), IFRS accounting, valuation of goodwill and intangible assets of acquired companies, real estate, share based payments, income taxes and forensics.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda. Issues such as CO_2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets (stranded assets) and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO_2 footprint. The executive board summarized the TKH Group N.V.'s commitments and obligations, and reported in the section 'Sustainability Statements' of the management report how TKH is addressing climate-related and environmental risks.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition and the TKH Group N.V.'s commitments and (constructive) obligations, are taken into account in estimates and significant assumptions. Furthermore, we read the management report and considered whether there is any material inconsistency between the non-financial information in section 'Sustainability Statements' and 'Risk Management' and the financial statements. Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 December 2024.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to section 'Risk Management' of the management report for the executive board's (fraud) risk assessment and section 'Report of the Supervisory Board' in which the supervisory board reflects on this (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all organizations. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in note 1 'Material accounting principles' to the financial statements.

We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

The following fraud risk identified required significant attention during our audit.

We considered available information and made enquiries of relevant executives, directors (including internal audit, head legal affairs, and compliance officer) and the supervisory board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Presumed risk of fraud in revenue recognition	
Fraud risk	We presumed that there are risks of fraud in revenue recognition. We evaluated the pressure and incentive from quantitative targets and expectations from shareholders as revenue is considered one of the key performance indicators. We evaluated that a material misstatement may result from the over-time revenue recognition from contracts with customers in particular, through inappropriate estimations around the percentage of completion, including the cost to come and the expected result of the projects.
Our audit approach	We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter "Over-time revenue recognition, and related valuation of contract assets and contract liabilities".

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the executive board, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

Given the company is a global organization, operating in multiple jurisdictions, in our assessment of the risk of non-compliance with laws and regulations, we also considered the potential risk from TKH Group N.V.'s interactions with third-party distributors. We refer to section 'Risk Management' in the management board report. Our audit approach included the following steps:

- Obtain an understanding of the environment and the company to enable the detection of non-compliance with laws and regulations related to bribery and corruption;
- Obtain an understanding of the internal control environment and the measures for mitigating those risks (by the company) in the light of applicable anti-corruption laws and regulations;
- Executed substantive audit procedures in order to obtain adequate evidence for the mitigation of the risk of non-compliance with laws and regulations related to bribery and corruption.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Over-time revenue recognition, and related valuation of contract assets and contract liabilities	
Risk	Revenue is one of the key performance indicators of the company's performance and considered a focus of the users of the financial statements. TKH Group N.V. manufactures products, which vary from special cable systems to integrated systems for the manufacturing of car and truck tires, whereby revenues have a fixed contract price and are recognized over-time. This results in the recognition of contract assets and liabilities per reporting date and prompting management to make estimates of the percentage of completion of the projects, as well as the cost to come and the expected result of the projects. This process involves relative complex estimations and requires judgment. Over-time revenue is recognized in all three segments, being Smart Vision systems, Smart Connectivity systems and Smart Manufacturing systems. As mentioned in the section 'Our audit response related to fraud risks' above we identified a fraud risk of accelerating revenues through inappropriate estimations around the percentage of completion, including the cost to come and the expected result of the projects. Given the focus of users of the financial statements and the identified fraud risk, we consider improper revenue recognition a key audit matter. Further reference is made to section 'Turnover' in the notes to the consolidated financial statements, and note 22, 'Information by segment', to the consolidated financial statements.
Our audit approach	Our procedures included, among others, auditing the application of the revenue recognition standard IFRS 15 'Revenue from Contracts with Customers', and whether the accounting policies have been applied consistently. We have obtained and updated our understanding of the revenue recognition process within the different segments and evaluated the company's controls relevant to revenue recognition. Furthermore, we have conducted the following substantive audit procedures with respect to the identified risks: • We evaluated management's assessment in relation to revenue recognition of projects recorded over-time, by challenging the assumptions, performing back-testing procedures on previous assessments, evaluating the percentage of completion and auditing the adequacy of capitalized costs on projects; • We performed margin analyses per significant revenue stream and product line; • We performed test of details on individual revenue transactions in which we tested the proper identification of contractual arrangements, allocation of revenue to the specific arrangements and cut-off; • We evaluated management's estimate of the cost to come, including discussion with project managers and reconciliations to supporting evidence; • We evaluated the adequacy of revenue-related disclosures, including the disclosures related to contract assets and contract liabilities.
Key observations	We consider management's assumptions relating to determine the percentage of completion of the projects, including the cost to come and the expected result of the projects to be within an acceptable range.

Our audit response related to going concern

As disclosed in section Going concern in note 1 'Material accounting principles' to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the executive board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the executive board exercising professional judgment and maintaining professional skepticism. We considered whether the executive board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed. In comparison with previous year, the nature of our key audit matters did not change.

Valuation of capitalized development costs related to new innovation projects in development	
Risk	TKH Group N.V. is investing in the development of new technologies. At 31 December 2024, the total carrying value of capitalized product development cost amounted to EUR 143 million. As such, TKH Group N.V. has capitalized a significant amount of product development costs, in accordance with IAS 38 'Intangible assets'. Management is required, for projects which are in development, to test these capitalized development costs for impairment at least annually, or more frequently if there is an indication for impairment. We focused on the development projects related to new innovation projects which are in development as these do not yet generate sales and as such there is a higher level of judgment involved in setting the significant assumptions in determining the value in use to support the carrying value. We identified a higher risk of overstatement of the capitalized development costs, specifically related to new innovation projects which are in development phase, and given the amounts involved, we consider this a key audit matter. Further reference is made to section 'Intangibles assets and goodwill' in the notes to the consolidated financial statements , and note 3, 'Intangible assets and goodwill', to the consolidated financial statements.
Our audit approach	Our procedures included, among others, auditing the application of the intangible assets standard IAS 38 'Intangible assets', and whether the accounting policies have been applied consistently. We have obtained and updated our understanding of the impairment process, and evaluated the company's controls relevant to the impairment process. Furthermore, we have conducted the following substantive audit procedures with respect to the identified risks : • We assessed and tested the assumptions, methodology (discounted cash flow model) and data used by the company in calculating the value in use of the investments in new innovation projects in development; • We performed a sensitivity analysis by stress testing key assumptions, among others, discount rate and expected growth rates, to consider the degree to which the assumptions would need to change before an impairment would have to be recognized. Based on these sensitivity analysis, our main focus was on those development projects in new innovations with limited headroom; • We gained a more in-depth understanding of the development stage of these projects in new innovations as well as the projected financial information used in management's assessment of whether the value in use exceeds the carrying value; • We assessed and tested the key assumptions with our main focus on discount rate, market size and share and expected development costs by comparing to historical or market information; • We performed backtesting procedures on previous impairment analysis on the key assumptions in management's forecast; • We evaluated the adequacy of the company's disclosures relating to capitalized development costs.
Key observations	We consider management's assumptions to be within a reasonable range. We agree with management's conclusion that the carrying value of the development costs related to new innovation projects in development is reasonable.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report (excluding the sustainability statement) and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145sub-section2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part9 of Book 2 of the Dutch Civil Code. The executive board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections2:135b and 2:145sub-section2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the general meeting as auditor of TKH Group N.V. on 14 May 2014, as of the audit for the year 2015 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

TKH Group N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in the XHTML format, including the (partially) marked-up consolidated financial statements as included in the reporting package by TKH Group N.V., complies in all material respects with the RTS on ESEF.

The executive board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the executive board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N, "Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument" (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
  - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the executive board and the supervisory board for the financial statements
The executive board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the executive board is responsible for such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the executive board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the executive board should prepare the financial statements using the going concern basis of accounting unless the executive board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The executive board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:
- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication
We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee of the supervisory board in accordance with Article11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 3 March 2025

EY Accountants B.V.
Signed by W.M. Braakman

Limited assurance report of the independent auditor on the sustainability statement

To: the shareholders and the supervisory board of TKH Group N.V.

Our conclusion

We have performed a limited assurance engagement on the consolidated sustainability statement for 2024 of TKH Group N.V. based in Haaksbergen, the Netherlands in section Sustainability statements of the accompanying management report including the information incorporated in the sustainability statement by reference (hereinafter: the sustainability statement).

Based on our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability statement is not, in all material respects:

- prepared in accordance with the European Sustainability Reporting Standards (ESRS) as adopted by the European Commission and compliant with the double materiality assessment process carried out by TKH Group N.V. to identify the information reported pursuant to the ESRS; and
- compliant with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

Our conclusion has been formed on the basis of the matters outlined in this limited assurance report.

Basis for our conclusion

We have performed our limited assurance engagement on the sustainability statement in accordance with Dutch law, including Dutch Standard 3810N, “Assurance-opdrachten inzake duurzaamheidsverslaggeving” (Assurance engagements relating to sustainability reporting), which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised), “Assurance engagements other than audits or reviews of historical financial information”.

Our assurance engagement was aimed to obtain a limited level of assurance that the sustainability statement is free from material misstatements. The procedures vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities in this regard are further described in the section ‘Our responsibilities for the limited assurance engagement on the sustainability statement’ of our report.

We are independent of TKH Group N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement and we are not involved in the preparation of the sustainability statement, as doing so may compromise our independence. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants). The ViO and VGBA are at least as demanding as the International code of ethics for professional accountants (including International independence standards) of the International Ethics Standards Board for Accountants (the IESBA Code) as relevant to limited assurance engagements on sustainability statements of public interest entities in the European Union.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter

The sustainability statement has been prepared in a context of new sustainability reporting standards, requiring entity-specific interpretations and addressing inherent measurement or evaluation uncertainties. In this context, we want to emphasize the following matters:

Emphasis on the most significant uncertainties affecting the quantitative metrics and monetary amounts

We draw attention to section Value chain and sources of estimation, and outcome uncertainty in the sustainability statement that identifies the quantitative metrics and monetary amounts that are subject to a high level of measurement uncertainty and discloses information about the sources of measurement uncertainty and the assumptions, approximations and judgements TKH Group N.V. has made in measuring these in compliance with the ESRS. The comparability of sustainability information between entities and over time may be affected by the lack of historical sustainability information in accordance with the ESRS and by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques, especially in the initial years.

Emphasis on the double materiality assessment process

We draw attention to section Process to identify, assess, and prioritize material impacts, risks, and opportunities in the sustainability statement. This disclosure explains future improvements in the ongoing due diligence and double materiality assessment process, including robust engagement with affected stakeholders. Due diligence is an on-going practice that responds to and may trigger changes in TKH Group N.V.'s strategy, business model, activities, business relationships, operating, sourcing and selling contexts. The double materiality assessment process requires TKH Group N.V. to make key judgments and use thresholds and may also be impacted in time by sector-specific standards to be adopted. Therefore, the sustainability statement may not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder (group) may consider important in its own particular assessment.
Our conclusion is not modified in respect of these matters.

Comparative information not assured

Sustainability information for Financial Year 2019 up to Financial Year 2023 included in the sustainability statement, has not been part of this limited assurance engagement. Consequently, we do not provide any assurance on the comparative information and thereto related disclosures in the sustainability statement for Financial Year 2019 up to Financial Year 2023.
Our conclusion is not modified in respect of this matter.

Limitation to the scope of our assurance engagement

In reporting forward-looking information in accordance with the ESRS, the executive board describes the underlying assumptions and methods of producing the information, as well as other factors that provide evidence that the forward-looking information reflects the actual plans or decisions made by TKH Group N.V. (actions). Forward-looking information relates to events and actions that have not yet occurred and may never occur. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. We do not provide assurance on the achievability of forward-looking information.
Our conclusion is not modified in respect of this matter.

Responsibilities of the executive board and the supervisory board for the sustainability statement

The executive board is responsible for the preparation of the sustainability statement in accordance with the ESRS, including the double materiality assessment process carried out by TKH Group N.V. as the basis for the sustainability statement and disclosure of material impacts, risks and opportunities in accordance with the ESRS. As part of the preparation of the sustainability statement, the executive board is responsible for compliance with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation). The executive board is also responsible for selecting and applying additional entity-specific disclosures to enable users to understand TKH Group N.V.'s sustainability-related impacts, risks or opportunities and for determining that these additional entity-specific disclosures are suitable in the circumstances and in accordance with the ESRS.

Furthermore, the executive board is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability statement that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the sustainability reporting process including the double materiality assessment process carried out by TKH Group N.V.

Our responsibilities for the limited assurance engagement on the sustainability statement

Our responsibility is to plan and perform the limited assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

We apply the applicable quality management requirements pursuant to the Nadere voorschriften kwaliteitsmanagement (NVKM, regulations for quality management) and the International Standard on Quality Management (ISQM) 1, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our limited assurance engagement included amongst others:

- Performing inquiries and an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, the characteristics of TKH Group N.V., its activities and the value chain and its key intangible resources in order to assess the double materiality assessment process carried out by TKH Group N.V. as the basis for the sustainability statement and disclosure of all material sustainability-related impacts, risks and opportunities in accordance with the ESRS
- Obtaining through inquiries a general understanding of the internal control environment, TKH Group N.V.'s processes for gathering and reporting entity-related and value chain information, the information systems and TKH Group N.V.'s risk assessment process relevant to the preparation of the sustainability statement and for identifying TKH Group N.V.'s activities, determining eligible and aligned economic activities and prepare the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), without obtaining assurance information about the implementation or testing the operating effectiveness of controls
- Assessing the double materiality assessment process carried out by TKH Group N.V. and identifying and assessing areas of the sustainability statement, including the disclosures provided for in Article8 of Regulation (EU) 2020/852 (Taxonomy Regulation), where misleading or unbalanced information or material misstatements, whether due to fraud or error, are likely to arise ('selected disclosures'). Designing and performing further assurance procedures aimed at assessing that the sustainability statement is free from material misstatements responsive to this risk analysis
- Considering whether the description of the double materiality assessment process in the sustainability statement made by the executive board appears consistent with the process carried out by TKH Group N.V.
- Determining the nature and extent of the procedures to be performed to confirm our understanding of the reporting process at corporate and local level. For this, the nature, extent and/or risk profile of these sites are decisive. Based thereon, we selected the operating companies VMI Holland B.V. (Smart Manufacturing systems), EFB Elektronik (Smart Connectivity systems) and LMI Technologies (Smart Vision systems). The visits (physical or virtual) are aimed at, on a local level, obtaining an understanding of the control environment and reporting processes to corporate level related to sustainability information
- Performing analytical review procedures on quantitative information in the sustainability statement, including consideration of data and trends
- Assessing whether TKH Group N.V.'s methods for developing estimates are appropriate and have been consistently applied for selected disclosures. We considered data and trends, however our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the executive board's estimates
- Analyzing, on a limited sample basis, relevant internal and external documentation available to TKH Group N.V. (including publicly available information or information from actors throughout its value chain) for selected disclosures
- Reading the other information in the annual report to identify material inconsistencies, if any, with the sustainability statement
- Considering whether the disclosures provided to address the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) for each of the environmental objectives, reconcile with the underlying records of TKH Group N.V. and are consistent or coherent with the sustainability statement, appear reasonable, in particular whether the eligible economic activities meet the cumulative conditions to qualify as aligned and whether the technical screening criteria are met, and whether the key performance indicators disclosures have been defined and calculated in accordance with the Taxonomy reference framework, and comply with the reporting requirements provided for in Article 8 of

Regulation (EU) 2020/852 (Taxonomy Regulation), including the format in which the activities are presented
- Considering the overall presentation, structure and fundamental qualitative characteristics of information (relevance and faithful representation: complete, neutral and accurate) reported in the sustainability statement, including the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)
- Considering, based on our limited assurance procedures and evaluation of the evidence obtained, whether the sustainability statement as a whole, is free from material misstatements and prepared in accordance with the ESRS

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Amsterdam, 3 March 2025

EY Accountants B.V.
Signed by J. Niewold

Stichting Administratiekantoor TKH Group

The purpose of Stichting Administratiekantoor TKH Group ("TKH Trust Foundation Office") is to acquire and hold in trust ordinary shares in TKH Group N.V. ("TKH"), a public company with its registered office in Haaksbergen (the Netherlands), in exchange for the allocation of convertible, registered depositary receipts for shares. In accordance with the provisions of article 7.1.3 of the Terms and Conditions of TKH Trust Foundation Office governing the shares of TKH, TKH Trust Foundation Office reports on the activities during the year under review (2024) exclusively in relation to the administration of shares for which depositary receipts were issued. The total nominal value of the ordinary shares of TKH held in administration amounted to €10,517,434.00 on December 31, 2024, in exchange for which 42,069,736 depositary receipts for shares[1], with a nominal value of €0.25 each, were issued.

Meetings of the Board

The Board of TKH Trust Foundation Office met three times during the financial year. The topics discussed in the meeting on March 21 were the Annual General Meeting of Shareholders ("AGM") 2024 and the TKH Annual Report 2023. The annual accounts 2023 of TKH Trust Foundation Office have been discussed, approved, and adopted. The retirement schedule was also discussed, which showed that none of the Board members is eligible to resign in 2024.
During the meeting on May 7, the agenda items of the AGM 2024 were discussed. The Board decided on its preliminary voting intentions prior to the actual deliberations of the meeting. Holders of depositary receipts for shares in the capital of the company were given the opportunity to vote independently on the agenda items voted on at the AGM in respect of the shares represented by their depositary receipts and subject to the relevant statutory provisions. Holders of depositary receipts of shares collectively representing 54.8% of the capital entitled to vote requested a proxy from TKH Trust Foundation Office to vote independently on the shares in question by giving voting instructions to TKH Trust Foundation Office. TKH Trust Foundation Office voted for the remaining 37.0% of the capital entitled to vote. The Board of TKH Trust Foundation Office decided to vote in favor of all agenda items for those shares for which no voting instructions were received.

In the meeting of September 20, 2024, the Executive Board of TKH gave an explanation of the published interim figures for 2024. The budget for the next financial year of TKH Trust Foundation Office was also discussed and approved.

The Board of TKH Trust Foundation Office

The Board of TKH Trust Foundation Office currently consists of three independent members:
- Mr. G.W.Ch. Visser, Chairman
- Mr. J.S.T. Tiemstra
- Mr. C.M. Jaski

The personal details of the members of the Board and the retirement schedule can be found on the TKH Trust Foundation Office website.

Contact details

Address: Spinnerstraat 15, 7481 KJ Haaksbergen
(the Netherlands)
Website: www.stichtingadministratiekantoortkh.com
Email: stak@tkhgroup.com

Haaksbergen, March 31, 2025
TKH Trust Foundation Office
The Board

Statement of independence

The Executive Board of TKH Group N.V. and the Board of TKH Trust Foundation Office, jointly and severally, state that they are of the opinion that TKH Trust Foundation Office is a legal entity that is independent of TKH Group N.V. within the meaning of Section 5.71(1)(d) of the Financial Supervision Act.

Haaksbergen, March 31, 2025
TKH Group N.V.
The Executive Board

Haaksbergen, March 31, 2025
TKH Trust Foundation Office
The Board

1 The number of depositary receipts for shares has decreased by 8,148 compared to December 31, 2023, due to the conversion of 8,148 depositary receipts for shares into ordinary shares.

Stichting Continuïteit TKH

The purpose of Stichting Continuïteit TKH ("Continuity Foundation") is to serve the interests of TKH Group N.V. ("TKH") and all the businesses affiliated with TKH, in such a way that those interests are safeguarded to the greatest possible extent and that any influences which could undermine the independence, continuity, or identity of TKH and its affiliated companies in conflict with those interests are averted to the greatest possible extent, as well as to avoid any activities related to or conductive to the above.

By means of a call option, TKH has granted the Continuity Foundation the right to acquire cumulative protective preference shares in TKH, subject to a maximum of 50% of the amount of the other shares outstanding at the time of the placement of the protective shares, or 100% should the limitation on the conversion of depositary receipts cease to apply. The protective shares should not remain outstanding longer than is strictly necessary. In the event that TKH shareholders acquire a degree of control that is considered undesirable and is not in the interests of TKH and its affiliated companies, or there is a danger of them doing so, TKH's Executive and Supervisory Board will be at liberty – among other things – to determine their degree of control, to consider and explore possible alternatives, and to elaborate on these if necessary. The Continuity Foundation did not acquire any cumulative protective preference shares in TKH in 2024.

TKH has also granted the Continuity Foundation the right to initiate an inquiry procedure in the event that the Continuity Foundation believes there are grounds to doubt the policy pursued by TKH and the state of affairs prevailing in TKH, and that in invoking this right it would be acting in the interests of TKH and the businesses associated with it.

The Board of the Continuity Foundation

The Board of the Continuity Foundation consists of:

- Mr. M.P. Nieuwe Weme, Chairman
- Ms. S. Drion
- Mr. A. Nühn MBA
- Mr. A.J.M. van der Ven

Haaksbergen, March 31, 2025
Continuity Foundation
The Board

Statement of Independence

The Executive Board of TKH Group N.V. and the Board of the Continuity Foundation, jointly and severally, state that they are of the opinion that the Continuity Foundation is a legal entity that is independent of TKH Group N.V. within the meaning of Section 5.71(1)(c) of the Financial Supervision Act.

Haaksbergen, March 31, 2025
TKH Group N.V.
The Executive Board

Haaksbergen, March 31, 2025
Continuity Foundation
The Board

10 years overview

In millions of euros	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Consolidated statement of profit and loss										
Turnover	**1,713**	**1,847**	**1,817**	**1,524**	**1,289**	**1,490**	**1,458**	**1,485**	**1,341**	**1,375**
Raw materials, consumables, trade products and subcontracted work	824	928	959	787	655	771	768	817	710	743
Added value	**889**	**919**	**858**	**737**	**634**	**718**	**690**	**668**	**631**	**632**
Personnel expenses	474	476	435	378	345	369	352	347	331	326
Other operating expenses	159	156	140	124	108	133	137	147	131	133
EBITDA	**256**	**287**	**283**	**235**	**181**	**216**	**201**	**174**	**169**	**173**
Depreciation [3]	52	50	48	45	46	45	26	25	22	22
EBITA excluding one-off income and expenses	**204**	**237**	**235**	**190**	**136**	**171**	**175**	**149**	**147**	**151**
One-off income and expenses	4	2	-10		7	18	4	6		
EBITA	**200**	**235**	**245**	**190**	**129**	**154**	**171**	**143**	**147**	**151**
Impairments	8	4		2	4	5	2	2	1	1
Amortization	61	57	55	51	54	50	40	37	33	32
Operating result	**131**	**174**	**190**	**137**	**71**	**99**	**129**	**104**	**113**	**118**
Financial result	-8	29	-9	-6	-14	-10	-4		-7	-7
Fair value changes of financial liability for earn-out and put options of holders of non-controlling interests	1			-2				4	1	
Result on ordinary activities before taxes	**124**	**203**	**181**	**129**	**57**	**89**	**125**	**108**	**107**	**111**
Taxes	24	37	44	34	15	20	27	20	20	23
Net result for the period from continued operations	**100**	**166**	**137**	**95**	**42**	**69**	**98**	**88**	**87**	**88**
Result after tax from discontinued operations						45	11			
Non-controlling interests								1	1	2
Attributable to shareholders	**100**	**166**	**137**	**95**	**42**	**114**	**109**	**87**	**86**	**86**

Key figures	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
EBITA/Turnover (ROS) [3 4]	11.9	12.8	12.9	12.4	10.5	11.6	12.0	10.1	10.9	11.0
Net result before amortization and one-off income and expenses/Group equity [3 4]	11.2	15.6	19.9	15.8	10.6	14.9	17.6	16.1	16.5	19.3
EBITA/Average capital employed (ROCE)	15.2	19.8	23.2	20.5	14.0	17.4	21.3	19.7	20.1	22.1
Net debt/EBITDA ratio [3 4]	2.0	1.8	1.1	0.9	1.6	1.5	1.4	0.9	1.0	0.9
Net result before amortization and one-off income and expenses/Turnover [3 4]	5.8	7.1	7.9	7.5	5.5	7.1	7.8	6.5	7.2	7.4

1 The comparative figures for 2018 have been restated due to discontnued operations.
2 The comparative figures for 2017 have been restated due to retrospective application of IFRS 15 'Revenue from contracts with customers'.
3 After restatement as a result of change in accounting principles for land and buildings and prior period restatements for the years 2015 up to 2016.
4 Excluding one-off income and expenses. The one-off in 2023 and 2024 mainly concern restructuring, acquisition and divestment costs. The one-off income in 2022 mainly concern book profit on sale of buildings. The one-off income and expenses in 2020 mainly concern restructuring costs and integrations of €8.9 million, book profit and sale of buildings of €2.0 million and impairment losses of €4.0 million. The one-off income and expenses in 2019 were restructuring and acquisition costs of €18.3 million, impairments of €1.5 million and impairment losses of €5.0 million.

In millions of euros	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Consolidated balance sheet										
Intangible assets and goodwill	611	566	534	537	577	596	544	392	395	400
Property, plant and equipment [3]	486	436	295	222	220	231	246	229	215	196
Right-of-use assets	78	84	75	69	77	81				
Financial non-current assets	48	53	26	45	42	52	31	28	46	34
Total non-current assets	**1,223**	**1,138**	**930**	**873**	**916**	**960**	**821**	**649**	**656**	**630**
Inventories	399	403	386	295	237	239	267	219	207	194
Trade and other receivables	439	471	459	341	286	300	356	327	295	248
Cash and Cash equivalents	126	94	185	100	122	79	83	88	88	179
Total current assets	**963**	**968**	**1,030**	**736**	**645**	**618**	**706**	**634**	**590**	**621**
Assets held for sale	27	21	109	88	5	39				
Total assets	**2,213**	**2,128**	**2,068**	**1,697**	**1,566**	**1,617**	**1,527**	**1,283**	**1,246**	**1,251**
Shareholders' equity [3]	883	836	787	722	662	705	647	594	574	521
Non-controlling interests							1	9	9	9
Group equity	**883**	**836**	**787**	**722**	**662**	**705**	**648**	**603**	**583**	**530**
Provisions [3]	95	93	84	90	86	97	86	69	74	71
Non-current interest-bearing loans and borrowings	620	572	503	334	410	416	239	187	214	223
Current interest-bearing loans and borrowings	90	76	70	48	57	58	171	57	52	126
Other financial liabilities	6	3	4	7	8	9	5	15	23	27
Other current liabilities	510	545	587	460	343	319	378	352	300	274
Liabilities directly associated with assets held for sale	9	3	33	37		13				
Total equity and liabilities	**2,213**	**2,128**	**2,068**	**1,697**	**1,566**	**1,617**	**1,527**	**1,283**	**1,246**	**1,251**

Other information in euros (unless stated otherwise)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Solvency (in %)	40	39	38	43	42	44	42	47	47	42
Investments in property, plant and equipment	89	179	105	30	28	32	42	41	46	38
Depreciations of property, plant and equipment	36	33	32	30	30	29	28	24	23	23
Cash flow from operating activities	196	153	116	199	188	182	127	160	103	182
Number of shares outstanding and held by third parties at year end (x 1,000)	39,873	39,798	41,001	41,178	41,487	41,999	42,003	42,045	42,161	41,724
Net result per ordinary share of €0.25	2.50	4.07	3.34	2.31	1.14	2.72	2.58	2.05	2.04	2.07
Net profit before amortization and one-off income and expenses from continued operations attributable to shareholders	2.48	3.21	3.50	2.77	1.69	2.51	2.72	2.27	2.25	2.40
Dividend per share	1.50	1.70	1.65	1.50	1.00	1.50	1.40	1.20	1.10	1.10
Highest share price	44.78	49.10	54.90	56.15	51.30	55.05	60.15	56.68	38.14	40.50
Lowest share price	30.18	33.64	31.24	37.88	23.42	38.82	38.36	36.45	28.47	25.35
Share price at year-end	33.32	39.50	37.16	55.50	39.54	49.90	40.70	52.93	37.59	37.44

1 The comparative figures for 2018 have been restated due to discontnued operations.
2 The comparative figures for 2017 have been restated due to retrospective application of IFRS 15 'Revenue from contracts with customers'.
3 After restatement as a result of change in accounting principles for land and buildings and prior period restatements (see Accounting Principles) for the years 2015 up to 2016.

Alternative performance measures

TKH uses alternative performance measures to measure and monitor its financial and operational performance. These measures are used in this Annual Report but are not defined in any law or in the International Financial Reporting Standards (IFRS). As far as non-IFRS financial measures are not used in the financial statements they have not been audited or reviewed by our external auditors.

The measures TKH deems to be relevant and reliable alternative performance measures are included in this chapter of the Annual Report. We consider these measures important supplemental measures of TKHs' performance and believes that they are widely used in the industries in which TKH operates as a means of evaluating a company's performance. TKH believes that an understanding of its turnover development, profitability, financial strength and funding requirements is enhanced by reporting the following non-IFRS measures.

Added value

Total turnover less the cost of 'Raw materials, consumables, trade products and subcontracted work' for products sold and services delivered. Added value is presented as an absolute value, as well as a percentage from turnover.
Reference is made to note 22 of the consolidated financial statements for a reconciliation and calculation. TKH deems this a relevant performance measure as it is an indicator of the pricing power TKH has in its specific markets and the ability to create added value for its customers.

EBITA and EBITDA and ROS (return on sales)

EBITA: Earnings before interest, taxes, impairments, and amortization.
EBITDA: Earnings before interest, taxes, impairments, depreciation, and amortization.
ROS: EBITA excluding one-off income and expenses, divided by total turnover as a percentage.
Reference is made to note 22 of the consolidated financial statements for a reconciliation and calculation.
Measures as EBITA and EBITDA are broadly used by analysts, rating agencies and investors in their evaluations. One-off income and expenses are excluded when using a measure to improve insight in the underlying operational performance of our activities.

Net profit before amortization of intangible non-current assets related to acquisitions (after tax) and one-off income and expenses attributable to shareholders (summarized as: 'Adjusted net profit')

Reference is made to note 32 of the consolidated financial statements for a reconciliation and calculation. TKH deems this measure useful in comparing the performance to other companies in comparable industries.

Capital employed and ROCE (return on capital employed)

Capital employed: Group equity plus Interest-bearing loans and borrowings current and non-current, less total lease liabilities and less cash and cash equivalents.
Return on capital employed: is the EBITA for the last 12 months divided by the average of capital employed at the beginning and at the end of the period.
The measure provides useful information to management and investors to evaluate our ability to allocate capital to generate returns.

in thousands of euros	Notes	2024	2023
Group equity		883,087	835,713
Add: Interest-bearing loans and borrowings, non-current		620,085	572,368
Add: Interest-bearing loans and borrowings, current		90,270	75,864
Less: Total lease liabilities	18	-87,725	-87,154
Less: Cash and cash equivalents		-125,629	-93,697
Capital employed current year		**1,380,088**	**1,303,094**
Capital employed previous year		1,303,094	1,093,732
Average capital employed		**1,341,591**	**1,198,413**
EBITA	22	203,916	237,033
ROCE		**15.2%**	**19.8%**

Net interest bearing debt and Debt leverage ratio (net interesting bearing debt/ EBITDA)

Net interest bearing debt: Bank loans reported under non-current liabilities plus lease liabilities plus borrowings reported under current liabilities less cash and cash equivalents.
Debt leverage ratio: Net interest bearing debt according to bank covenants, divided by EBITDA according to bank covenants.
This measure provides insight in the financial solidity of TKH and is a measure of our ability to operate within the covenants set by our banks.

in thousands of euros	Notes	2024	2023
Net interest bearing debt	18	581,768	554,146
Less: adjustment according to bank covenants		-85,741	-84,952
Net interest bearing debt according to bank covenants		**496,027**	**469,194**
EBITDA	22	255,919	285,861
adjustment according to bank covenants		-13,077	-23,516
EBITDA according to bank covenants		**242,842**	**262,345**
Debt leverage ratio		2.0	1.8

The 'adjustments according to bank covenants' mainly relate to the exclusion of lease liabilities from the calculation of the net interest bearing debt and some adjustments in determining EBITDA. All based on specific arrangements as included in the credit facilities with our banks.

Dividend payout ratio 'Adjusted net profit'

This ratio indicates the portion of net profit that is paid out to shareholders: (dividend/net profit before amortization and one-off income and expenses attributable to shareholders) times 100.

Dividend payout ratio 'Net profit'

This ratio indicates the portion of net result that is paid out to shareholders ((dividend/net result) times 100).
TKH deems this a useful measure for investors to compare our dividend yields and financial performance with peers.

	Notes	2024	2023
Proposed dividend per share	9 comp	1.50	1.70
Ordinary earnings per share before amortization and one-off income and expenses (in €)	32	2.48	3.21
Payout ratio 'Adjusted net profit'		**60.5%**	**53.0%**

	Notes	2024	2023
Proposed dividend per share	9 comp	1.50	1.70
Ordinary earnings per share (in €)	32	2.50	4.07
Payout ratio Net result		**60.0%**	**41.7%**

Innovations %

Last 12 months turnover from new products launched in the previous two years, divided by last 12 months turnover. TKH positions itself as an innovative technology company. This measure provides useful information of the ability of TKH to bring innovations to the market and translate these in turnover.

	Notes	2024	2023
Turnover from innovations		300,889	297,461
Total Turnover		1,712,735	1,847,532
Turnover from innovations %		**17.6%**	**16.1%**

Normalized effective tax rate

Tax on result divided by Result before tax less the impact of Share in result of associates, Result on sale of associates and subsidiaries and Fair value changes of financial liability for earn-out and put options of shareholders of non-controlling interests.
The mentioned elements can hinder the insight in the tax burden TKH incurs as those are non-taxable. Therefore the normalized effective tax rate is deemed an useful measure in reporting our tax burden.

	Notes	2024	2023
Result before tax		123,531	202,942
Less: Share in result of associates		-249	3,309
Less: Result on sale of associates and subsidiaries		-24,221	-54,802
Less: Fair value changes of financial liability for earn-out and put options of shareholders of non-controlling interests		-733	146
Normalized result before tax		**98,328**	**151,595**
Tax on result		24,000	37,180
Normalized effective tax rate		**24.4%**	**24.6%**

One-off income and expenses

Income and expense items of such nature, size and/or frequency of occurrence that their disclosure is relevant to explain TKH performance, including impairments, restructuring costs and gains and losses from acquisition and disposal. One-off income and expenses are identified both within the operating result, result of associates, result from divestments and fair value changes of financial liability for earn-out and put options of shareholders of non-controlling interests.One-off income and expenses are excluded when using as a measure to improve insight in the underlying performance of our activities.
Reference is made to note 32 of the consolidated financial statements for further details.

Operating expenses excluding one-off expenses, amortization and impairments

This relates to the operating expenses excluding one-off expenses, amortization and impairments. This is used when reconciling between Added value and EBITA excluding the one-off income and expenses.

	Notes	2024	2023
Total Operating expenses		1,582,127	1,673,063
Less: Raw materials, consumables, trade products and subcontracted work		-824,229	-928,220
Less: One-off income and expenses	22	-3,996	-1,983
Less: Amortization		-60,808	-56,860
Less: Impairments		-8,504	-3,720
Operating expenses (excluding one-off expenses, amortization and impairments)		**684,590**	**682,280**

Order book and Order intake

Expected future turnover with respect to contractual performance obligations that have not yet (or partially) been satisfied at balance sheet date.
Reference is made to note 9 of the consolidated financial statements for further detail.
The order intake is calculated as follows:

in thousands of euros (unless stated otherwise)	Smart Vision Systems		Smart Manufacturing Systems		Smart Connectivity Systems		Other & eliminations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Order book at 1 January	124,035	159,173	631,285	572,989	214,784	239,744	1	1	970,105	971,907
Acquisitions and divestments	343	10,896	-37,231		3,144		-1	0	-33,745	10,896
Turnover	-489,597	-500,526	-608,843	-573,563	-631,900	-800,540	17,605	27,097	-1,712,735	-1,847,532
Order intake	505,080	454,492	516,295	631,859	907,611	775,580	-17,607	-27,097	1,911,379	1,834,834
Order book at 31 December	**139,861**	**124,035**	**501,506**	**631,285**	**493,638**	**214,784**	**-2**	**1**	**1,135,004**	**970,105**

Organic turnover growth

Growth of turnover corrected for the impact of acquisitions, divestments and foreign exchange effects from translating turnover in foreign currencies. The correction for divestments is determined by adjusting 'Turnover growth' for the turnover of the previous year period for which the divested company was no longer part of the consolidation in the current year. The correction for acquisitions is determined by adjusting 'Turnover growth' for the turnover of the current year period for which the acquired company was not yet part of the consolidation in the previous year. This is used as a measure to improve insight in and comparability of our turnover development which can potentially be hindered by the effects of acquisitions, divestments and foreign exchange effects.

in thousands of euros (unless stated otherwise)	Notes	Smart Vision Systems	Δ in %	Smart Manufacturing Systems	Δ in %	Smart Connectivity Systems	Δ in %	Other & eliminations	Total 2024	Δ in %
Turnover current year	22	489,597		608,843		631,900		-17,605	1,712,735	
Turnover previous year	22	500,526		573,563		800,540		-27,097	1,847,532	
Turnover growth		**-10,929**	**-2.2%**	**35,280**	**6.2%**	**-168,640**	**-21.1%**	**9,492**	**-134,797**	**-7.3%**
Impact of acquisitions & divestments		-10,048	-2.0%	27,895	4.9%	93,514	11.7%	0	111,361	6.0%
Impact of foreign exchange effects		-1,117	-0.2%	506	0.1%	1,161	0.1%	0	550	0.0%
Organic turnover growth		**-22,094**	**-4.4%**	**63,681**	**11.1%**	**-73,965**	**-9.2%**	**9,492**	**-22,886**	**-1.2%**

Organic EBITA growth

Growth of EBITA corrected for the impact of acquisitions, divestments and foreign exchange effects from translating EBITA in foreign currencies. The correction for divestments is determined by adjusting 'EBITA growth' for the EBITA of the previous year period for which the divested company was no longer part of the consolidation in the current year. The correction for acquisitions is determined by adjusting 'EBITA growth' for the EBITA of the current year period for which the acquired company was not yet part of the consolidation in the previous year. This is used as a measure to improve insight in and comparability of our EBITA development which can potentially be hindered by the effects of acquisitions, divestments and foreign exchange effects.

in thousands of euros (unless stated otherwise)	Notes	Smart Vision Systems	Δ in %	Smart Manufacturing Systems	Δ in %	Smart Connectivity Systems	Δ in %	Other & eliminations	Total 2024	Δ in %
EBITA current year	22	77,732		116,113		30,920		-20,849	203,916	
EBITA previous year	22	85,886		90,636		81,132		-20,621	237,033	
EBITA growth		**-8,154**	**-9.5%**	**25,477**	**28.1%**	**-50,212**	**-61.9%**	**-228**	**-33,117**	**-14.0%**
Impact of acquisitions & divestments		-2,645	-3.1%	2,573	2.8%	15,014	18.5%	0	14,942	6.3%
Impact of foreign exchange effects		-170	-0.2%	131	0.1%	393	0.5%	0	354	0.1%
Organic EBITA growth		**-10,969**	**-12.8%**	**28,181**	**31.1%**	**-34,805**	**-42.9%**	**-228**	**-17,821**	**-7.5%**

Solvency

Percentage of the Total group equity relative to the Total equity and liabilities. This percentage is presented to express the financial strength of TKH.

	Notes	2024	2023
Total group equity		883,087	835,713
Total equity and liabilities		2,213,341	2,127,779
Solvency		39.9%	39.3%

Turnover related to the sustainable development goals

Total of TKH's portfolio's turnover linked to one of the 17 SDGs (Sustainable Developments Goals), adopted by all United Nations Member States in 2015. This is calculated by allocating TKH's portfolio based on internal reporting of turnover by end-market combined with portfolio information included in quarterly reports of operating companies. This measure provides useful information about the ability of TKH to bring portfolio to the market which is connected to one of the SDGs. Reference is also made to the chapter 'Sustainability Statements' which includes a paragraph 'Sustainable Development Goals'.

	Notes	2024	2023
Turnover linked to SDGs		1,226,631	1,296,403
Total Turnover		1,712,735	1,847,532
Turnover linked to SDGs %		**71.6%**	**70.2%**

Working capital ratio

Working capital ratio is calculated by dividing working capital by turnover.

in thousands of euros (unless stated otherwise)	2024	2023
Current assets	963,361	968,318
Less: Cash and cash equivalents	-125,629	-93,697
Current liabilities	-622,177	-641,377
Add: Current interest-bearing loans and borrowings	90,270	75,864
Working capital	**305,825**	**309,108**
Turnover	1,712,735	1,847,532
Working capital ratio	17.9%	16.7%

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For actual information about TKH Group and our sustainability developments please visit our website: www.tkhgroup.com.