

Strategy and performance

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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



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



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.

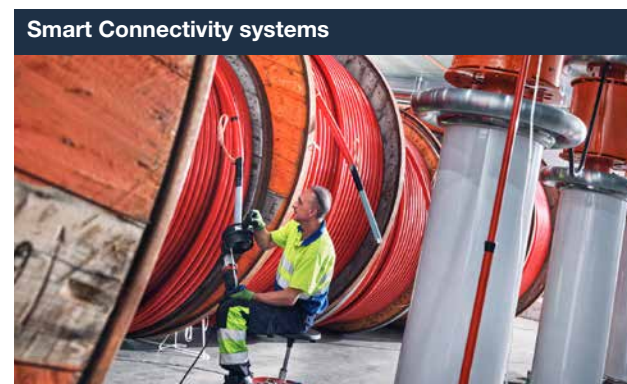
Our competitive strength lies in our customer focus, geographic spread, high-quality innovative and proprietary technologies, and distinctive technological capabilities. This strength allow us to respond quickly and swiftly to changing customer patterns, the accelerating technological developments and 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.



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 (CO₂ emissions)

100%

carbon neutral own operations by 2030 (scopes 1 and 2) – reduction of CO₂ 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

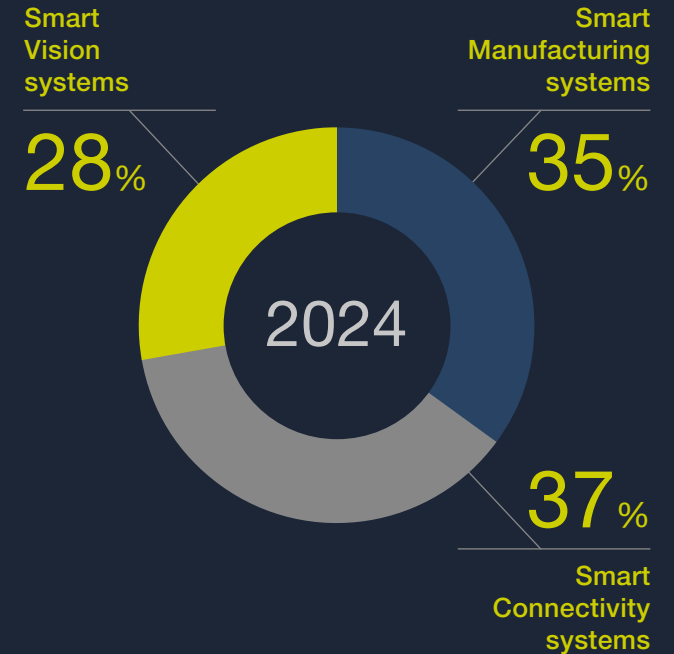
The vision to help our customers thrive

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

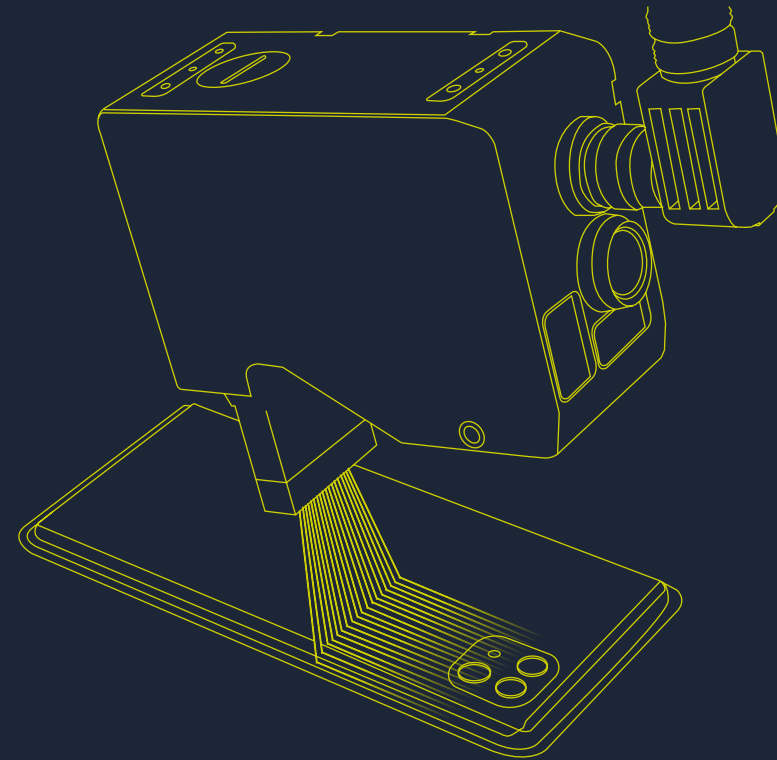
Our Smart Technologies, which combine hardware, software, Artificial Intelligence, and related services into one-stop-shop, plug-and-play innovations, are centered around three segments: Smart Vision systems, Smart Manufacturing systems, and Smart Connectivity systems.

Turnover per technology segment



Smart Vision 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 infrastructure. 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**

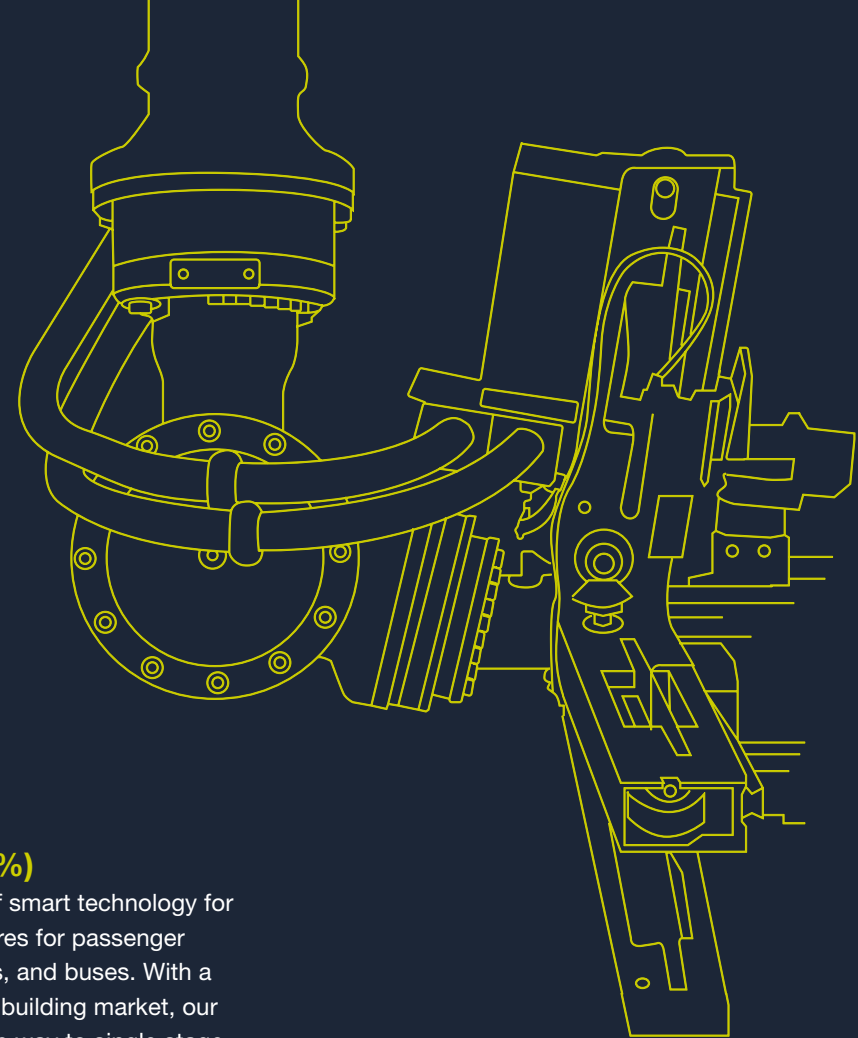
We are the automation experts. We create value for our customers by empowering them to optimize and further automate processes, reduce inventories, and increase flexibility. Combining engineering expertise, advanced in-house software, proprietary technologies, innovative control and analytical functions,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

Tire building systems (83%)

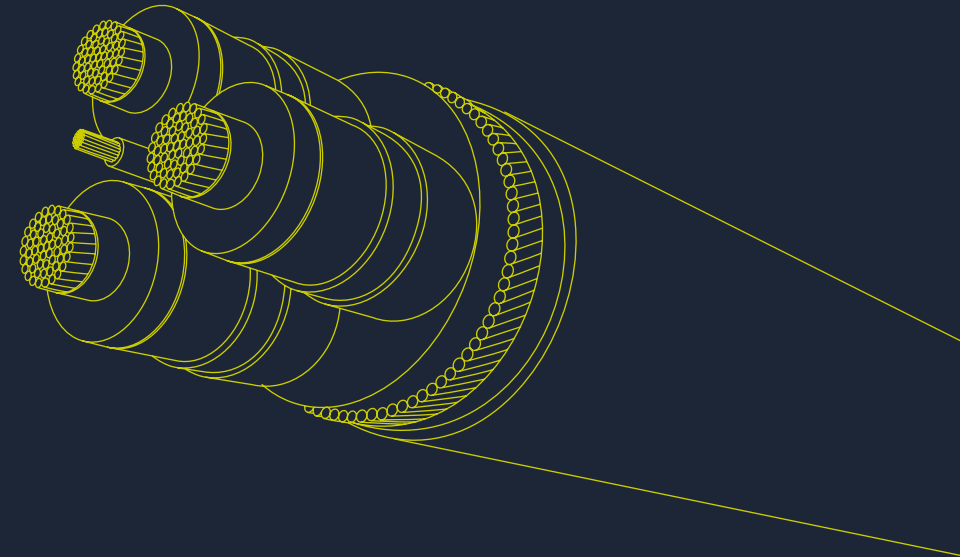
TKH is the leading global supplier of smart technology for the manufacture of superior radial tires for passenger vehicles, light trucks, all-steel trucks, and buses. With a vast, in-depth knowledge of the tire building market, our pioneering technologies have led the way to single stage tire building.

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.



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.

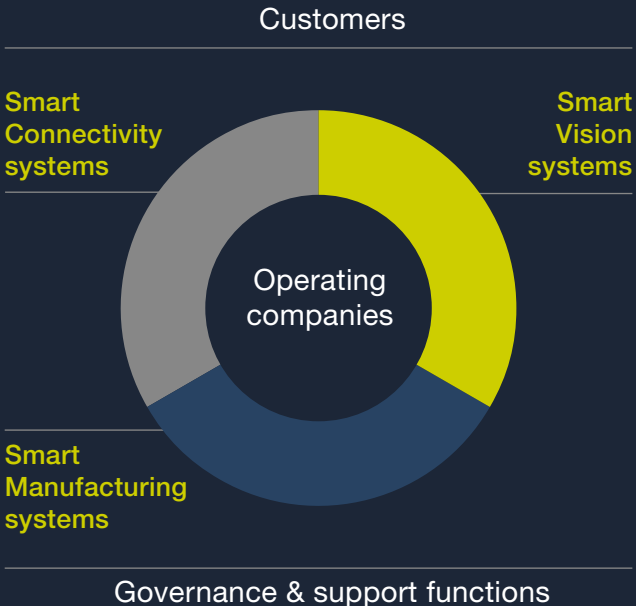
Our group synergies are mainly realized in the following areas:

- 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
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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 CO₂e 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 Vision 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 stakeholders 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 ₂ e emissions)	100% carbon neutrality in own operations by 2030 (scopes 1 and 2) – reduction of CO ₂ footprint compared 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 ourselves.

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 v	> 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.

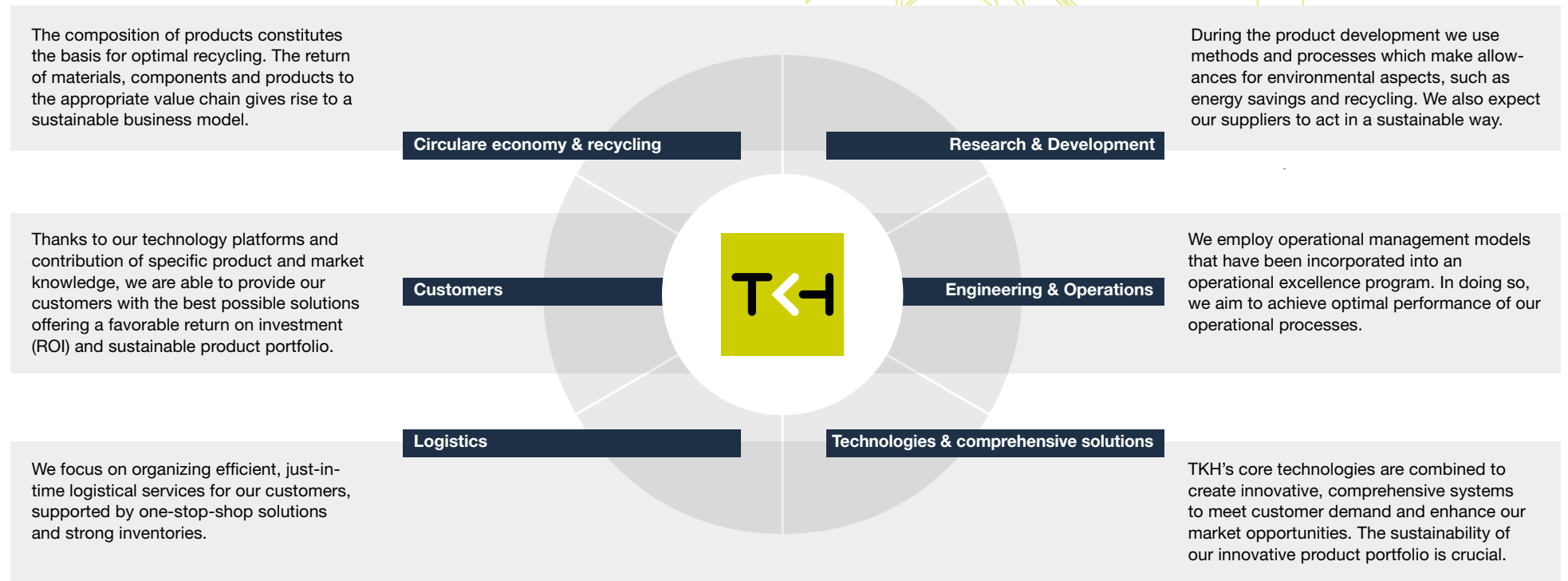
Threats we face

- Shorter product life cycles due to higher level of innovation.
- Conservatism 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.



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 emissions 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: CO₂e 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 m³
- 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 assessed 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



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 million 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.

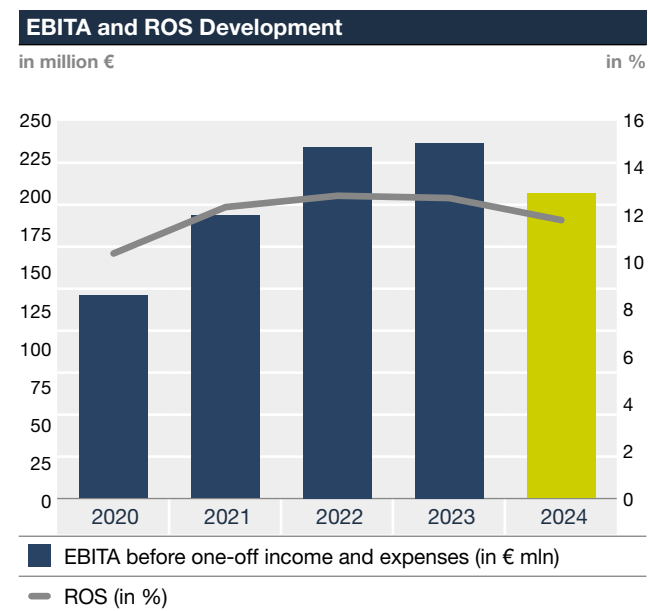
The increase in added value was mainly attributable to the elimination of EU anti-dumping duties on fibre optic cables, a change in product mix, and the impact of acquisitions and divestments.

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

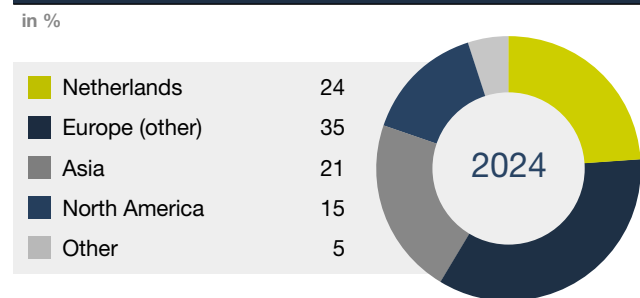


due to the centralization of fibre optic cable production in Poland, and acquisition and divestment costs.

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



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.

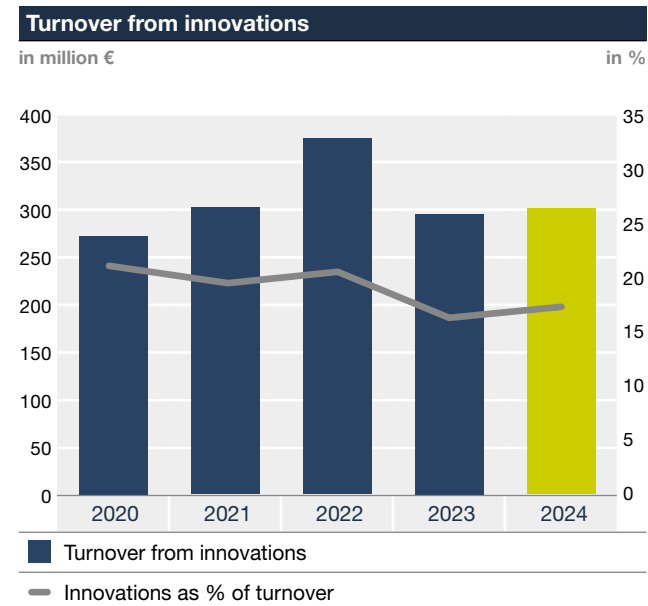
Net profit before amortization of intangible non-current assets related to acquisitions and one-off income and expenses attributable to shareholders decreased by 24.2% to €98.9 million (2023: €130.5 million). Net profit decreased to €99.5 million (2023: €165.8 million). Earnings per share before amortization,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



Developments per technology segment

Smart Vision systems

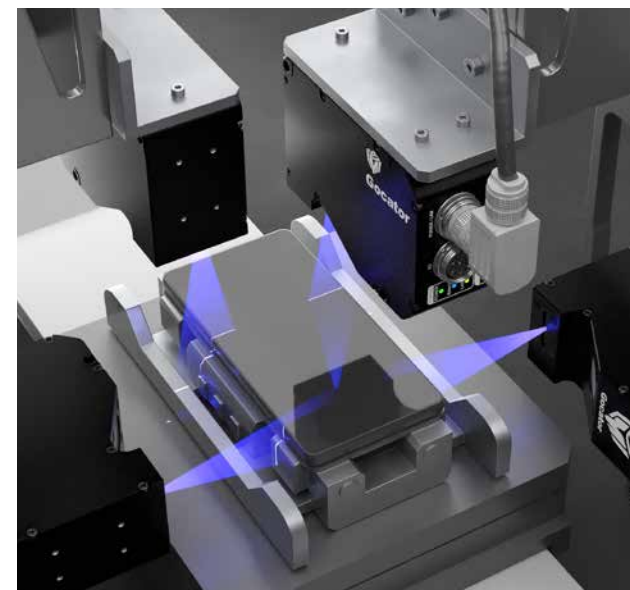
In 2024, turnover in Smart Vision systems decreased by 2.2% to €489.6 million. Adjusted for acquisitions and currency effects, turnover decreased organically by 4.4%. The order book increased by 12.8% to €139.9 million (2023: €124.0 million) resulting from a strong order intake in Q4 2024. The added 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

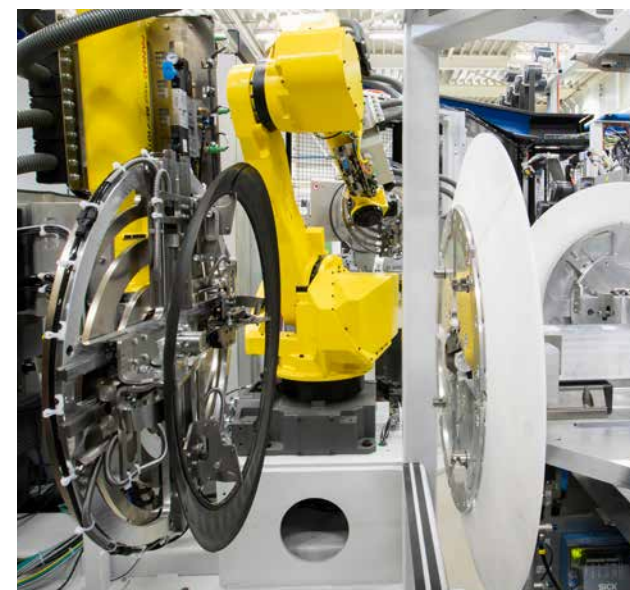
83% of Smart Manufacturing systems' turnover

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

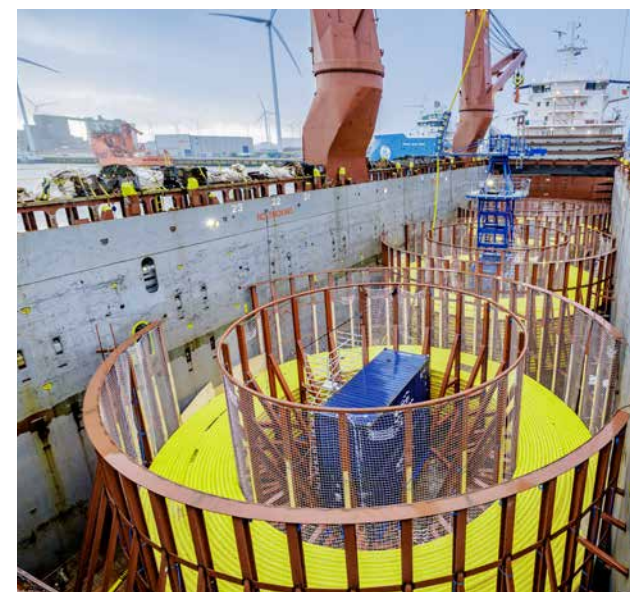
TKH has invested significantly in additional capacity in offshore wind inter-array cables, and high and medium voltage onshore energy cable in anticipation of substantial market growth in the coming years. The €150 million strategic investment into Electrification is now completed, and the ramp-up of 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

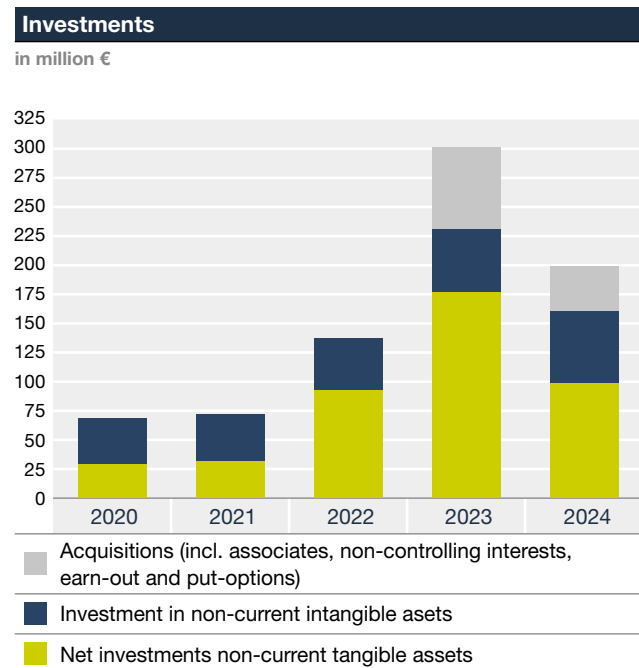
in € million unless otherwise stated	FY 2024	FY 2023	Δ in %	Organic Δ in %
Turnover	631.9	800.5	-21.1%	-9.2%
Added value	44.0%	41.8%		
EBITA excluding one-off income and expenses ¹	30.9	81.1	-61.9%	-42.9%
ROS	4.9%	10.1%		
Order book	493.6	214.8	129.8%	
ROCE	5.2%	16.6%		

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.

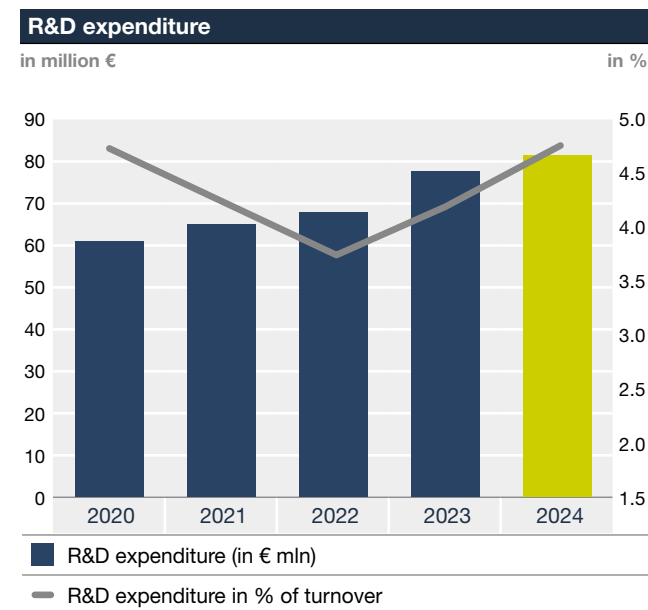
Acquisitions & divestments

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.



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.

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 reduction 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 materials 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:

- CO₂e 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.

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

ESG topic	KPI	Target	2024	2023
Environmental CO ₂ e footprint Circular economy	Carbon footprint (CO ₂ e 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
Governance Responsible business	Code of Supply signed by suppliers	> 90% strategic suppliers signed up	89.4%	91.9%
	Code of Conduct signed by employees	> 95%	98.9%	96.5%

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 disadvan-

tage 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.

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.

