

TKH GROUP NV

GENERAL INVESTOR PRESENTATION



MAY 2024

Cautionary note regarding forward looking statements

Statements included in this presentation that are not historical facts (including any statements concerning investment objectives, other plans and objectives of management for future operations or economic performance, or assumptions or forecasts related thereto) are forward-looking statements. These statements are only predictions and are not guarantees. Actual events or the results of our operations could differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements are typically identified by the use of terms such as "may", "will", "should", "expect", "could", "intend", "plan", "anticipate", "estimate", "believe", "continue", "predict", "potential" or the negative of such terms and other comparable terminology.

The forward-looking statements are based upon our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements.

Q1 2024 Market Update

Anticipated weak Q1; Full year outlook reiterated

Turnover € 421.2 m

Q1 2023: € 472.5 m*
- 4.3% organically

EBITA € 41.2 m

Q1 2023: € 60.4 m*
- 21.2 % organically

ROS 9.8 %

Q1 2023: 12.8 %

Order book € 1,004 m

Dec 31, 2023: € 970 m

- EBITA affected by ramp-up costs of the new factories and destocking effects in Smart Vision & Smart Connectivity
- Smart Manufacturing showing strong growth
- Strong 2.7% points increase in added value solid proof of the strong position of our innovative technologies
- Cost levels high, in line with anticipated growth in the coming quarters
- Completion of € 200 million strategic investment program with start of the type test production of offshore cables in Eemshaven, within the set time frame of 1.5 years and within budget
- Second quarter to be considerably better than the first quarter; Growth in Smart Vision, continued growth in Smart Manufacturing and improvements in Smart Connectivity

Added Value improved further to 51.8% (Q1 2023: 49.1%); improvement in all 3 segments

Q1 2024 Market Update

Smart Vision systems

Turnover - 12.4% organically vs Q1 2023

Smart Manufacturing systems

Turnover + 16.2% organically vs Q1 2023

Smart Connectivity systems

Turnover - 13.4% organically vs Q1 2023

▪ Smart Vision systems

- In Machine Vision turnover decreased due to destocking
- Decline in turnover in Security Vision due to the comparison effect of a large project in Q1 2023
- Machine Vision's order intake has been increasing during Q1 and the order book reached a higher level than in the previous two quarters
- Early signs that the headwind from destocking is easing

▪ Smart Manufacturing systems

- Tire Building performed strongly with continued high order intake and high return on sales
- The market for tire building machines is expected to remain strong as a result of the continued need for sustainable products and production technologies
- The introduction of AI-driven foreign object detection, reducing waste in the tire building process, was launched successfully

▪ Smart Connectivity systems

- Smart Connectivity systems organic decrease in turnover compared to a strong Q1 2023
- Destocking in Dutch onshore utility companies continues, significantly lower demand as anticipated
- The offshore wind segment performed well, partially offsetting this lower demand
- Digitalization was impacted by the ramp-up of the new fibre optic cable production facilities in Poland and challenging market circumstances
- Ramp-up costs for the new plants had a considerable impact on the results
- The sales funnel for our Eemshaven facilities is strong, with 45 projects totalling 6,000 km currently under tender

FY 2023: Key Messages



DELIVERING ON OUTLOOK

- EBITA of € 237.0 million
- Smart Manufacturing systems performed exceptionally strong in Q4 2023
- Continued destocking and other headwinds within Smart Vision and Smart Connectivity systems
- Substantial increase in Added Value – Reflection of TKH's pricing power and strategic position
- ROS Q4 – 14.3%
- Good progress made in realization of ESG targets including improved ratings
- 70% of turnover linked to SDGs



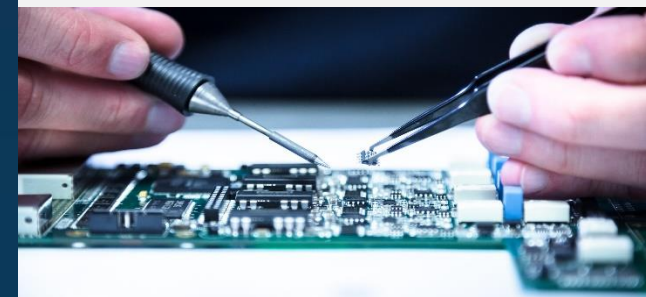
€ 200M STRATEGIC INVESTMENT PROGRAM NEARING COMPLETION

- Production of type-test inter-array cables started in new plant in Eemshaven, to be operational during course of Q2 2024
- Expansion of medium and high voltage cable capacity in Lochem operational in phases from Q3 2023
- New fibre optic and specialty cable plants in Poland operational, Tire Building systems expansion in Poland fully operational
- 200 additional personnel for roll-out of strategic investment program



PROGRESSING ON OUR STRATEGIC POSITIONING

- Investments into AI, with set-up of hub in Amsterdam, and into digital transformation
- Machine Vision one-stop-shop and solutions
- Continuing high order intake tire building – UNIXX system high interest confirmed
- High voltage supplier of TenneT – Framework agreement inter-array Vattenfall – Additional inter-array orders in the pipeline
- Two major divestments, total one-off net profit of € 54.8 million – Acceleration of divestments announced towards high end bandwidth
- Acquisition of machine vision software company Euresys



Returned € 117.6m cash to shareholders: € 67.6m in dividends and € 50.0m in share buybacks

Content

1**Profile****2****Accelerate 2025 Strategy****3****Capital Allocation & Strategic Priorities****4****Track Record****5****Reporting Segments****6****Highlights and Financial Performance FY 2023****7****Outlook**

The background of the image is a close-up, slightly blurred photograph of industrial machinery, possibly a lathe or a similar metalworking tool. The image has a strong yellow tint. A dark, semi-transparent rectangular box is overlaid on the left side of the image, containing the word "PROFILE" in white, bold, sans-serif capital letters.

PROFILE

TKH – Technology leader in high growth markets

SMART Technologies built on innovation

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



TKH WORLDWIDE

HEADCOUNT

7,000 FTEs of which 750 in R&D and software development
Entrepreneurial culture

TURNOVER

2023 € 1,848m (2022: € 1,817m)
16% turnover from innovations

ESG

70% of turnover linked to SDGs
Frontrunner ambition

CUSTOMER AND TECHNOLOGY FOCUSED

>1,400 patents
>30% technology proposition is software
Market leadership in majority of activities

NORTH AMERICA
€ 240m turnover

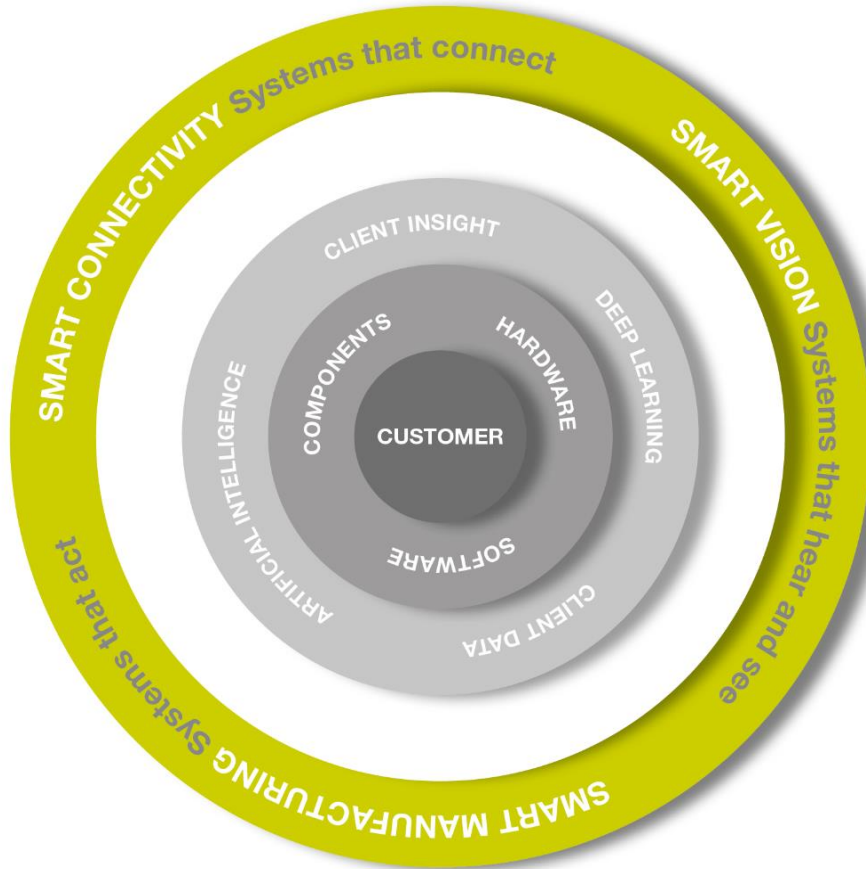
EUROPE (OTHER)
€ 717m turnover

OTHER
€ 84m turnover

THE NETHERLANDS
€ 454m turnover

ASIA
€ 353m turnover

Smart Technologies



Specialized in the development of innovative, client-centric systems that drive success in automation, digitalization, and electrification

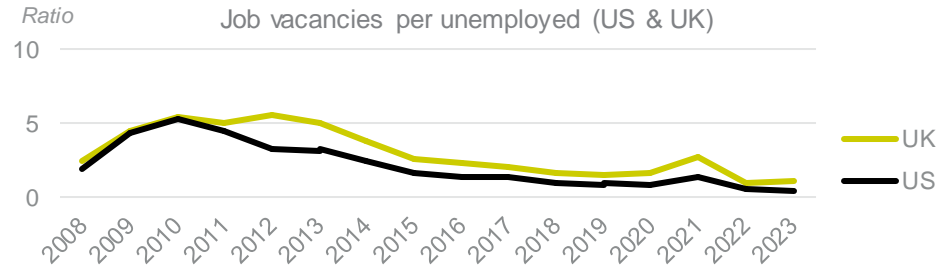
By integrating hardware, software, and customer-focused insight, our smart technologies provide unique answers to client challenges

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

Making the world more efficient and more sustainable

In high growth markets

LACK OF LABOUR
PRODUCTIVITY
RELIABILITY
ACCURACY

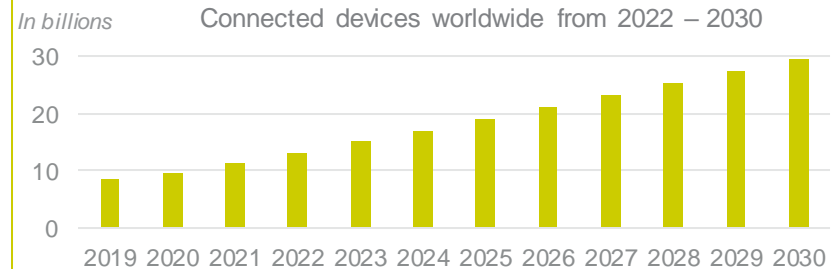


AUTOMATION

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



MOBILITY
SPEED
CLOUD COMPUTING

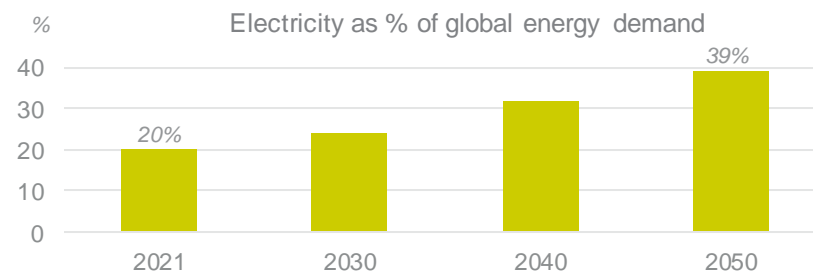


DIGITALIZATION

Continuous development of higher
speed bandwidth networks



CLIMATE CHANGE
SCARCITY NATURAL
RESOURCES



ELECTRIFICATION

Acceleration of Energy Transition

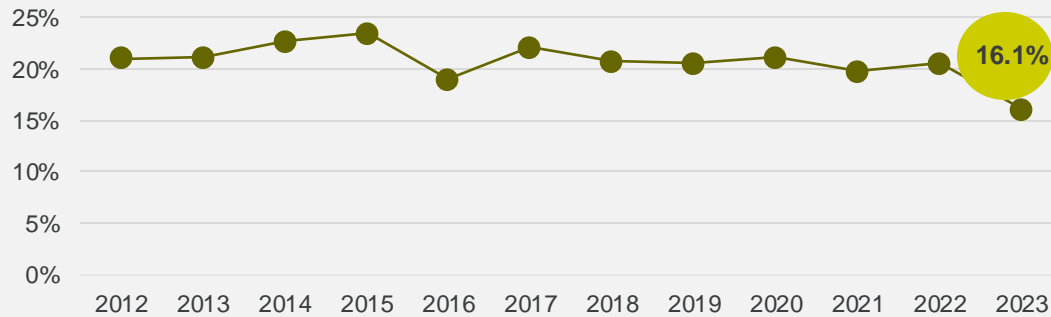


Sources: US Bureau of Labour Statistics, UK Office for National Statistics & IAE 2022 report

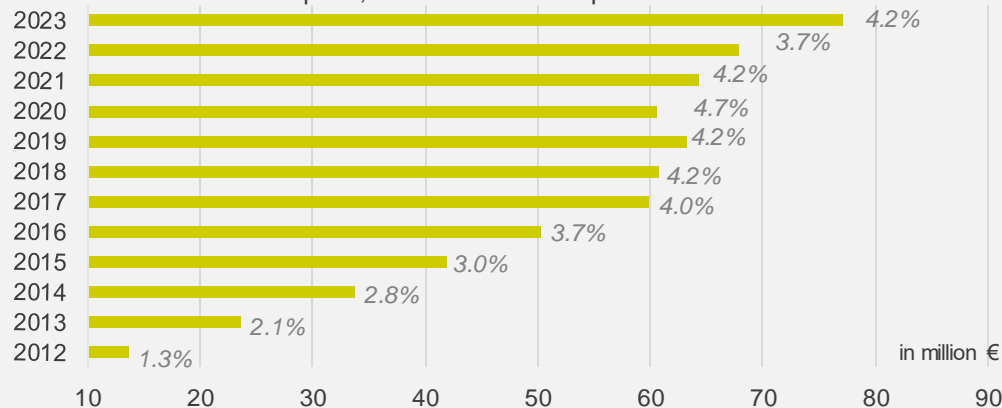
± 75% of turnover directly related to megatrends

Built on innovation

Innovations as % of turnover

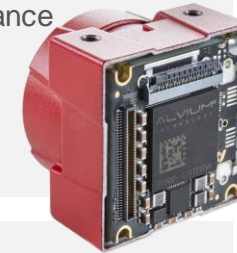


Annual R&D spend, and annual R&D spend as % of turnover



ALVIUM 2D VISION PROCESSOR "SYSTEM ON CHIP APPLICATION"

- SoC designed embedded and pc-based computer vision
- Allowing high performance sophisticated cameras in smaller packages



OFFSHORE CABLE TECHNOLOGY SUSTAINABLE SUBSEA CABLE SYSTEMS

- Modern cable design & environmentally friendly materials and design
- 99% recyclable
- Reduction of installation failures and time
- Improved durability



UNIXX REVOLUTIONARY IN TIRE BUILDING

- High level of automation, data generation & data processing
- Fitting industry 4.0
- Highly flexible and reliable shortening tire development process



INDIVION SMART MANUFACTURING IN HEALTHCARE

- Reliably and accurately packaging different medications - 10,000 individual units per hour
- Cost effective & reducing errors

























>750 FTE IN R&D AND SOFTWARE DEVELOPMENT

>1,400 PATENTS TO SECURE
VALUE PROPOSITION

>30% OF OUR TECHNOLOGY PROPOSITION IS
SOFTWARE DRIVEN

Leading market positions

TKH SMART VISION SYSTEMS			TKH SMART MANUFACTURING SYSTEMS	TKH SMART CONNECTIVITY SYSTEMS				
VISION			TIRE BUILDING	ENERGY		DIGITALIZATION		
GEOGRAPHICAL MARKETS	3D  GLOBAL MARKET LEADER	2D  STRONG MARKET POSITIONS	Security Vision  GLOBAL MARKET LEADER IN HIGH END MARKET	 GLOBAL MARKET LEADER	Offshore  GROWING MARKET POSITIONS	Onshore  MARKET LEADER	   GROWING MARKET POSITIONS	 MARKET LEADER
	 Factory Automation	 Factory Automation	 Building & infrastructure	 Tire manufacturers	 Off shore Utility companies	 Onshore Utility companies	 Network companies	
	 Consumer Electronics	 Medical / Healthcare	 Mobility					
	 Battery / Solar Inspection							
MAIN END MARKETS	 Wood							

Benefitting from









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



ACCELERATE 2025 STRATEGY

Accelerate 2025: Roadmap to turnover and ROS target

Unlocking the full potential of our leading technologies

Areas	Contribution to turnover target > € 2 billion	Contribution to ROS improvement target > 17% ¹⁾	Commentary to 2025 targets
ORGANIC GROWTH / COST EFFICIENCY	 > € 300 million	 > 2.5%	Strategic investment program to expand capacity amongst others into higher margin activities, scale effect on opex and cost of goods sold
INNOVATIONS	 > € 200 million	 > 2.0%	Organic growth, acceleration of our innovations in terms of turnover, benefit from learning curve and economies of scale
ACQUISITIONS	 € 100 – 150 million		Acquisitions that strengthen our portfolio of proprietary technologies in the area of software, and/or strengthen our sales network
PORTFOLIO MANAGEMENT	 - € 150 – 200 million	 > 0.5%	Divestments that do not contribute towards achieving our long-term strategy & targets

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

Accelerate 2025: Assumptions for ROS Targets

SMART VISION



Organic Growth



Acquisitions

ROS
target 22%

- Megatrend: Automation
- One-stop-shop positioning & USP's
- High single digit organic growth
- Investments into software & AI
- High added value of 60%
- ROS growth: scale & efficiency
- Strategically fitting acquisitions

	2023	2022	2021
Turnover	+ 0.2%	+ 16.3%	+ 9.4%
EBITA	- 10.1%	+ 29.5%	+ 18.9%
ROS	17.2%	19.1%	17.2%

- Destocking end customers
- Challenging market circumstances
- Underutilization - High costs

SMART MANUFACTURING



Organic Growth



Divestments

ROS
target 18%

- Megatrend: Automation
- Portfolio expansion
- High single digit organic growth
- ROS growth through:
 - Business normalization
 - Divestments
 - Scale & efficiency

	2023	2022	2021
Turnover	+ 16.8%	+ 17.2%	+ 19.9%
EBITA	+ 31.2%	+ 16.3%	+ 43.5%
ROS	15.8%	14.1%	14.2%

Structural inflationary pressure & high interest rates

- Supply chain constraints
- High levels of inefficiencies

SMART CONNECTIVITY



Organic Growth



Strategic
Investment Plan

ROS
target 15%

- Megatrend: Digitalization & Electrification
- High single digit organic growth
- ROS growth through:
 - Strategic investment program
 - Operational leverage
 - No anti-dumping duties

	2023	2022	2021
Turnover	- 5.7%	+ 22.6%	+ 22.4%
EBITA	- 7.1%	+ 19.3%	+ 61.9%
ROS	10.1%	10.3%	10.6%

- Destocking Dutch utility companies
- Project delays offshore wind
- Anti-dumping duties

2025 Targets:

Turnover: ≥ € 2bn
ROS: ≥ 17%

If headwinds
continue:

17% ROS target
may take longer
to realize

2021 Assumptions

Headwinds

Our sustainable value chain

Our Focus on SDGs

70% of turnover linked to SDGs



Electrification

Energy cables
Subsea cables

Automation

Machine vision inspection
Tire building systems
Specialty cables for industrial applications

Sustainable Communities

Mobility inspection
Mission critical communication
Parking guidance
Connectivity systems

Digitalization

Fibre Optic Cables

How we do it

non-financial KPIs

CO₂e FOOTPRINT REDUCTION (scope 1 & 2)

Compared to 2019
Target 100% neutrality by 2030

64.3%

2022 42.7%

2021 29.8%

% WASTE

Target < 5% waste

5.2%

2022 5.3%

2021 5.2%

SATISFACTION SCORE

Customers
Target Average score above benchmark (7.8)

8.6

2022 8.6

2021 8.4

DIVERSITY

Female Executive and Senior Management
Target > 25% by 2030

19.2%

2022 18.4%

2021 17.7%

ILLNESS RATE

Target < 4.0%

3.85%

2022 4.04%

2021 3.56%

SATISFACTION SCORE

Employees
Target > 7.5

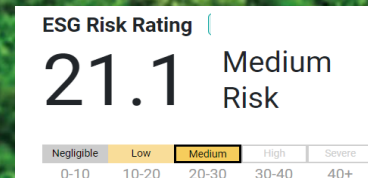
7.8

2022 7.6

2021 7.4

How we are rated

rating agencies

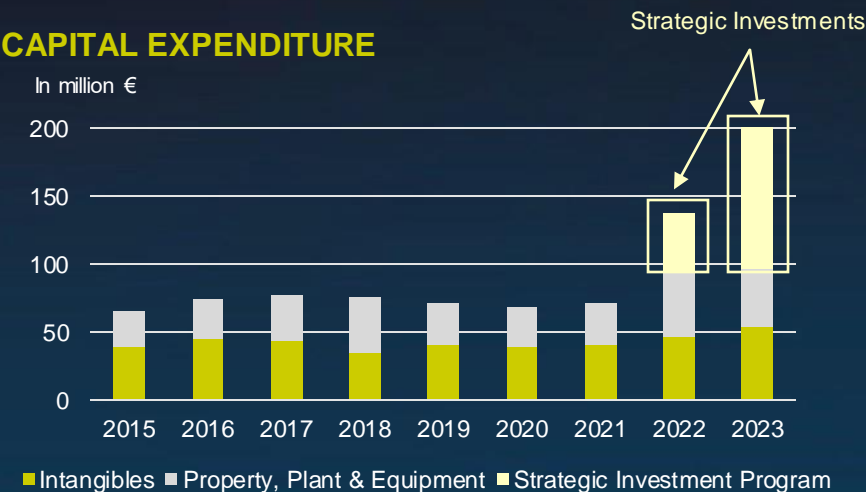




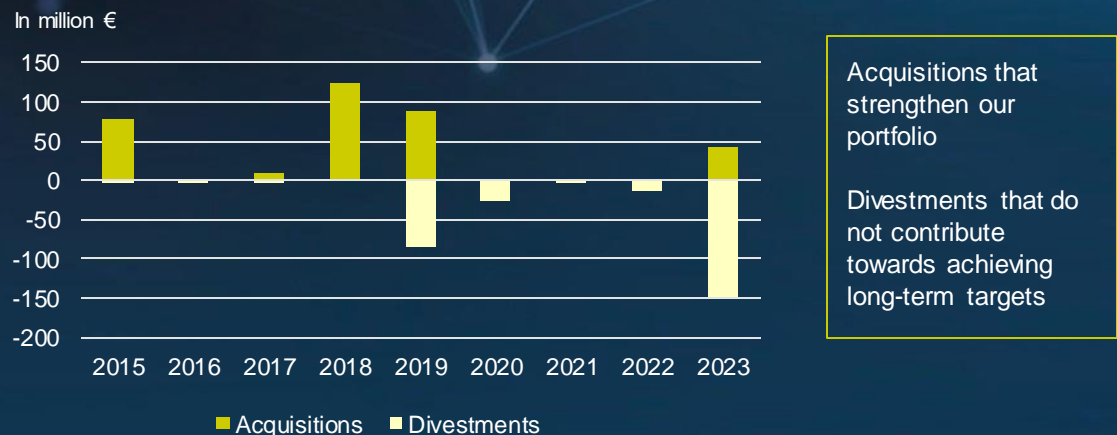
CAPITAL ALLOCATION & STRATEGIC PRIORITIES

Capital allocation

CAPITAL EXPENDITURE



ACQUISITIONS & DIVESTMENTS



DEBT LEVERAGE








DIVIDEND



€ 200m Strategic Investments nearing completion

Production capacity expansions on schedule to meet increased demand in automation, digitalization, and electrification

€ 150m investment	ELECTRIFICATION		Offshore: New Subsea Cable factory Eemshaven (the Netherlands)	Start serial production in Q2 2024	Single source framework contract for 3y+5y established with Vattenfall for Europe and large contract awarded by Ørsted for supply of 200 km inter-array and other cables; promising sales funnel
			Onshore: Expansion factory for Medium & High Voltage cables Lochem (the Netherlands)	Operational in phases in Q3 2023 ✓	Selected as one of the suppliers by system operator TenneT for the supply of high-voltage cables in the coming years.
€ 50m investment	DIGITALIZATION		New Fibre Optic Cable factory Rawicz (Poland)	Operational in Q3 2023 ✓	New plant in Poland will eliminate EU imposed anti-dumping duties (€ 7.5 million in 2023)
	AUTOMATION		Expansion with new factory for Specialized Connectivity Systems Rawicz (Poland)	Operational in Q3 2023 ✓	Expansion in Poland will increase capacity and reduce lead time for specialized connectivity systems
			Expansion Tire Building Systems factory Leszno (Poland)	Operational in Q2 2023 ✓	Additional capacity for high order intake and order book in Tire Building

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

Strong progress in our strategic positioning

TKH VISION



Further positioned the TKH Vision group as a one-stop-shop technology partner for customers:

- Invested in expanding the sales organization
- Preparing for the opening of additional Solution Centers for TKH Vision, besides the one in Konstanz

DIGITAL TRANSFORMATION



- Upscaling and upskilling of shared technology service center in Poland (100 FTEs) and strengthening management
- Set-up of Artificial Intelligence hub in Amsterdam

Acquisition Euresys

Innovative software for 2D and 3D image analysis
EPS accretive



Acquisition JCAII (Jan 2024)

Guidance software and equipment for airports
Complements TKH's CEDD technology



Divestment minority share CCG

Closing of divestment minority share
One-off net profit of € 36 million



Divestment TKH France

Connectivity distribution activities in France
One-off net profit € 20 million / 40% stake in care-out



Divestment HE System Electronic (May 2024)

Customized electronic assemblies and power modules
Net cash inflow of approx. € 33 million



Acceleration of divestments announced to further focus on core technologies

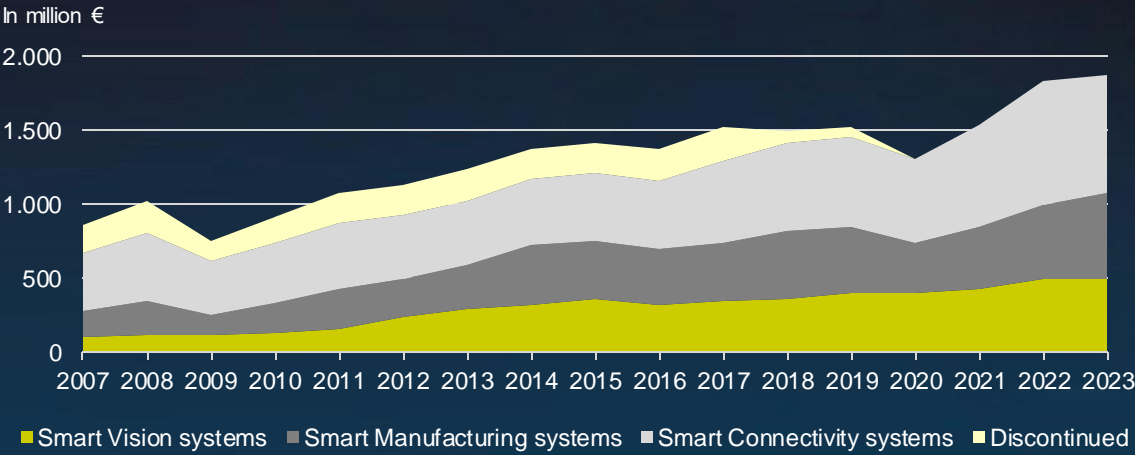
Further strategic focus on our differentiating and innovative power in Smart Technologies

TRACK RECORD

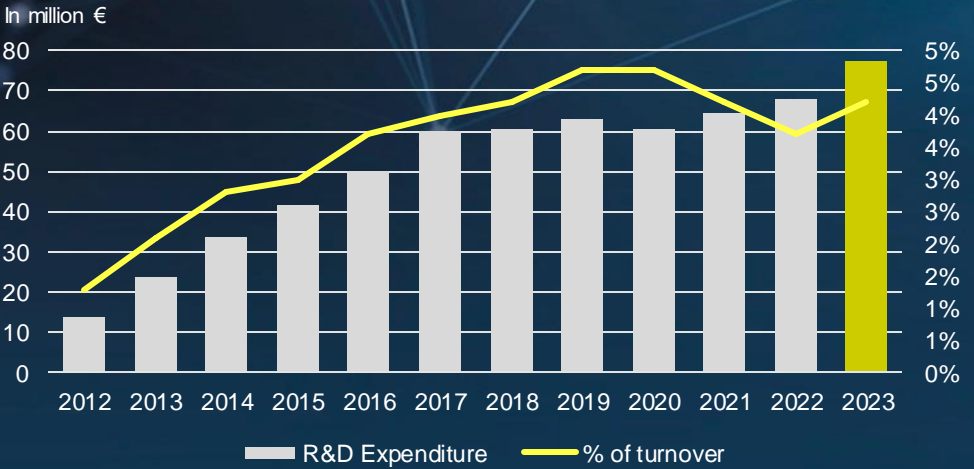
The image features a close-up of a person's hand wearing a white nitrile glove, working on a green printed circuit board (PCB). The hand is positioned near several gold-plated pins that are soldered to the board. The PCB is populated with various electronic components, including integrated circuits and resistors. A semi-transparent dark grey rectangular box is overlaid on the left side of the image, containing the text 'TRACK RECORD' in a bold, white, sans-serif font. The entire image has a yellowish-green color cast.

TKH's evolution into today's technology leader

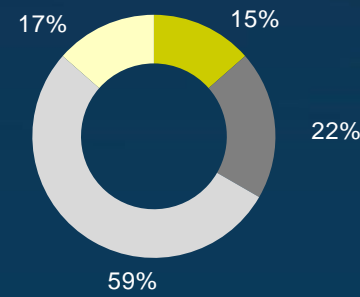
DEVELOPMENT OF TURNOVER



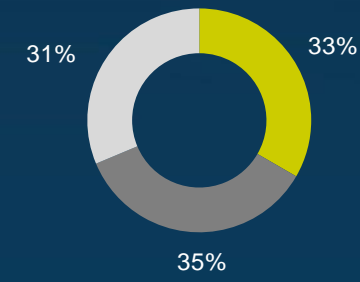
R&D EXPENDITURE



SEGMENT SPLIT EBITA 2008



SEGMENT SPLIT EBITA 2023

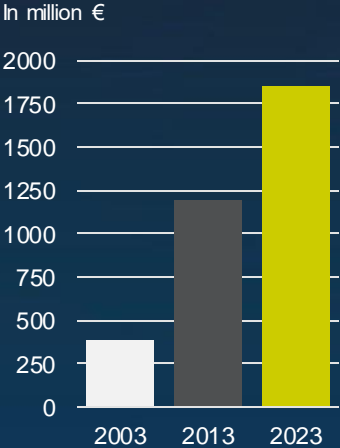


ORDER BOOK DEVELOPMENT

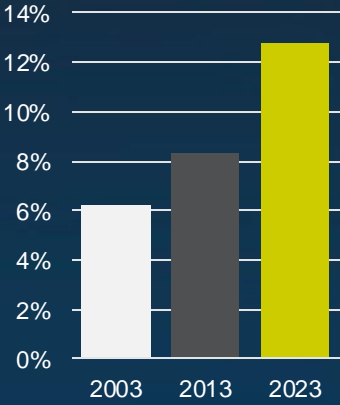


Our track record

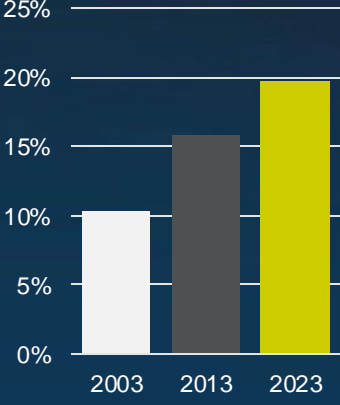
TURNOVER



ROS



ROCE

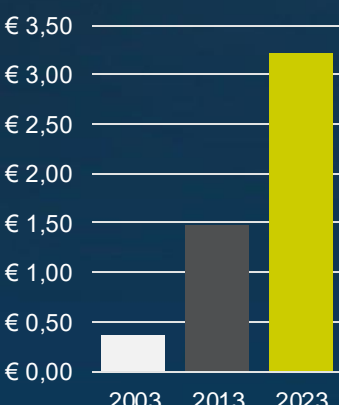


DIVIDEND PER SHARE*



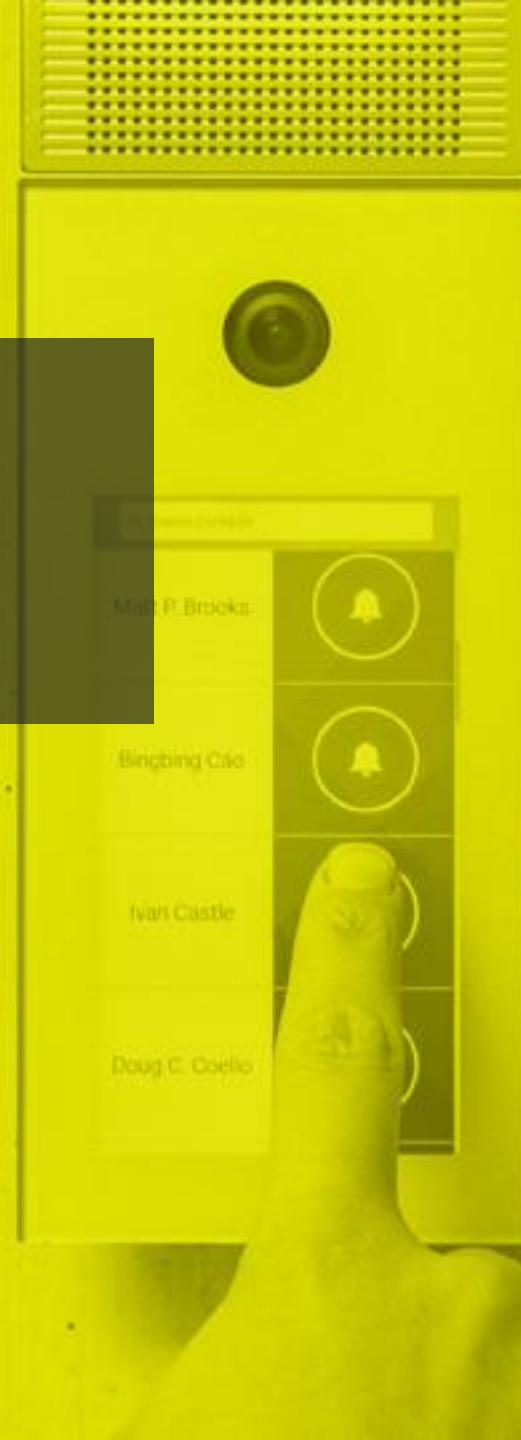
* Proposed dividend for 2023

EARNINGS PER SHARE*



* Normalized for amortization PPAs from acquisitions and one-off income and expenses

REPORTING SEGMENTS



Smart Vision Systems – FY23 Results

In million € unless stated otherwise	2023	2022	Δ in %	Organic Δ in %
Turnover	500.5	499.7	+ 0.2%	- 1.8%
<i>Added value</i>	<i>58.9%</i>	<i>58.5%</i>		
EBITA *	85.9	95.5	- 10.1%	- 12.1%
ROS	17.2%	19.1%		
Orderbook	124.0	159.2	- 22.1%	
ROCE	15.6%	18.8%		

HIGHLIGHTS 2023

- Cost levels and capacity at Machine Vision kept at higher turnover levels in anticipation of return of growth
- EBITA impacted by high operating expenses combined with lower turnover growth

Security Vision

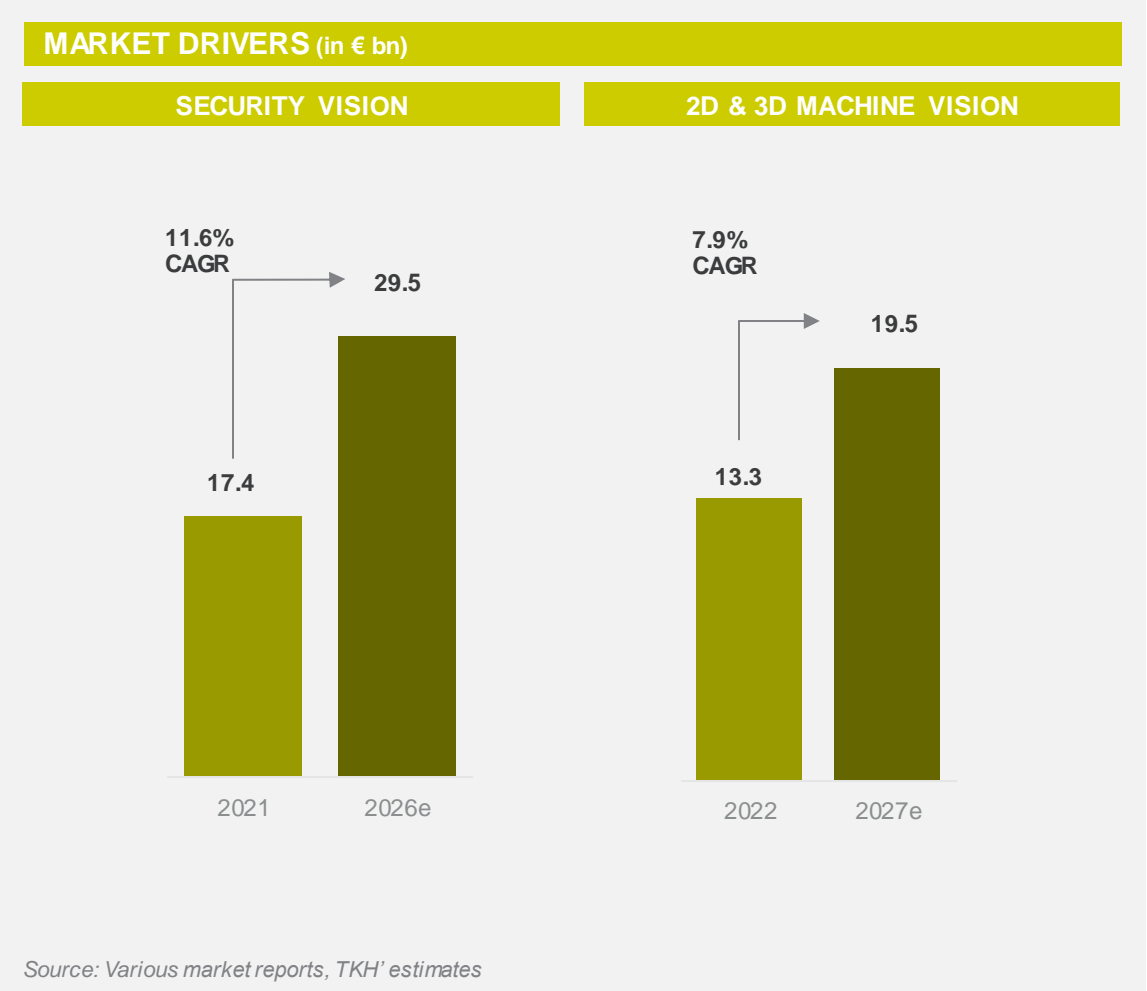
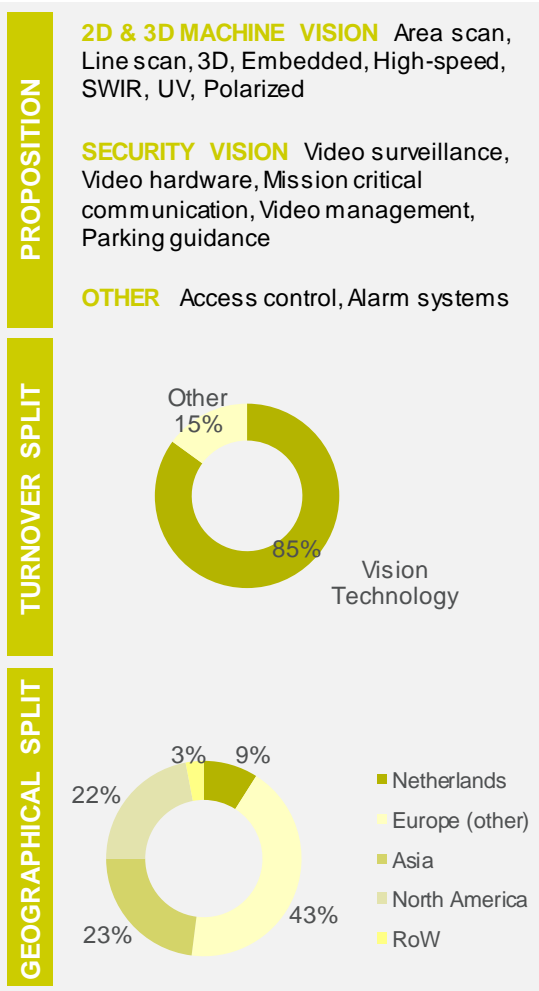
- Growth in 2023
 - Larger projects for building applications and traffic monitoring systems
 - Easing of supply-chain shortages
- Improved performance at parking guidance systems & partial market recovery

Machine Vision

- Good performance at the start of year, supported by battery & solar markets
- H2 impacted by destocking & weaker demand
- Turnover declined throughout the year, for both 2D and 3D
- Further strengthened our market positioning and cooperation within the group
 - Take advantage of our one-stop-shop solutions
 - TKH Vision Group's position as the technology partner for our customers
- Specific developments initiated for plug and play system integration
 - Facilitated by software including AI propositions



Smart Vision systems



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

Smart Manufacturing Systems – FY23 Results

In million € unless stated otherwise	2023	2022	Δ in %	Organic Δ in %
Turnover	573.6	491.2	+ 16.8%	+ 17.1%
<i>Added value</i>	<i>50.5%</i>	<i>49.9%</i>		
EBITA *	90.6	69.1	+ 31.2%	+ 31.8%
ROS	15.8%	14.1%		
Orderbook	631.3	573.0	+ 10.2%	
ROCE	66.0%	75.4%		

HIGHLIGHTS 2023

Tire Building systems

- Easing of supply-chain constraints in H2
- Excellent performance in Q4 2023
 - Large inventory of incomplete completed and delivered
- Order intake for both passenger and truck tire continues to be high
- Drivers:
 - Investments into production of more sustainable tires
 - Rise of electric vehicles
 - Need for more automation
 - High level of activities related to reshoring
- Expansion in Poland started successfully and ramped up in H2
 - Further expansion due in H1 2024
- Order booked for UNIXX system
 - Major milestone for further growth in this segment

Other

- Industrial automation and other industrial activities developed well
- New orders received for Indivion



Smart Manufacturing systems

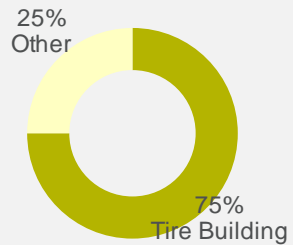
PROPOSITION

TIRE BUILDING SYSTEMS

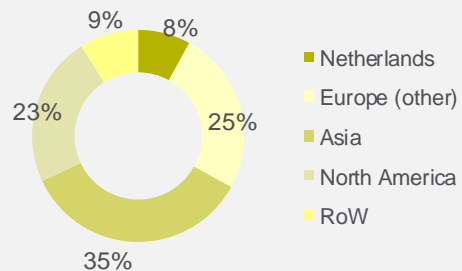
Passenger & Truck tire building machines, Bead assembly

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

TURNOVER SPLIT



GEOGRAPHICAL SPLIT

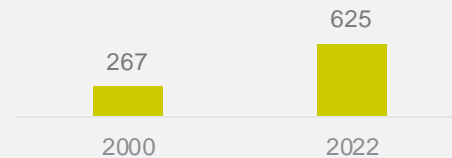


MARKET DRIVERS

TIRE BUILDING

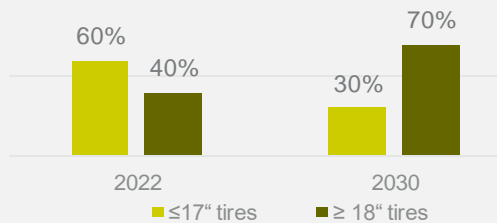
- 1** Increasing number of units in stock with 7% annual increase

US replacement market (stock keeping units)



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

Tire inch market split



- 3** Reshoring – Replacement of production capacity closer to the market, resulting in investments in US and EU

- Reducing vulnerability to geopolitics
- Reducing vulnerability on supply chain disruptions
- Fast response to local demands
- Sustainability considerations
- Costing: less vulnerable to volatile transportation costs

- 4** Investments in green & smart factories and in greener products

MARKET POSITIONS

TIRE BUILDING



GLOBAL MARKET LEADER



Tire manufacturers

KEY DIFFERENTIATOR – VISION TECHNOLOGY FOR TIRE BUILDING TECHNOLOGY SUCCESS

Smart Connectivity Systems – FY23 Results

In million € unless stated otherwise	2023	2022	Δ in %	Organic Δ in %
Turnover	800.5	848.6	- 5.7%	- 1.5%
<i>Added value</i>	<i>41.8%</i>	<i>37.8%</i>		
EBITA *	81.1	87.3	- 7.1%	- 0.1%
ROS	10.1%	10.3%		
Orderbook	214.8	239.7	- 10.4%	
ROCE	16.6%	22.4%		

HIGHLIGHTS 2023

Electrification Onshore

- Onshore energy cables impacted by destocking Dutch utility companies
 - Delays encountered with roll-out of their network projects
- Additional capacity in medium and high voltage onshore energy cable realized
 - Appointed as one of the preferred high voltage supplier for TenneT

Electrification Offshore

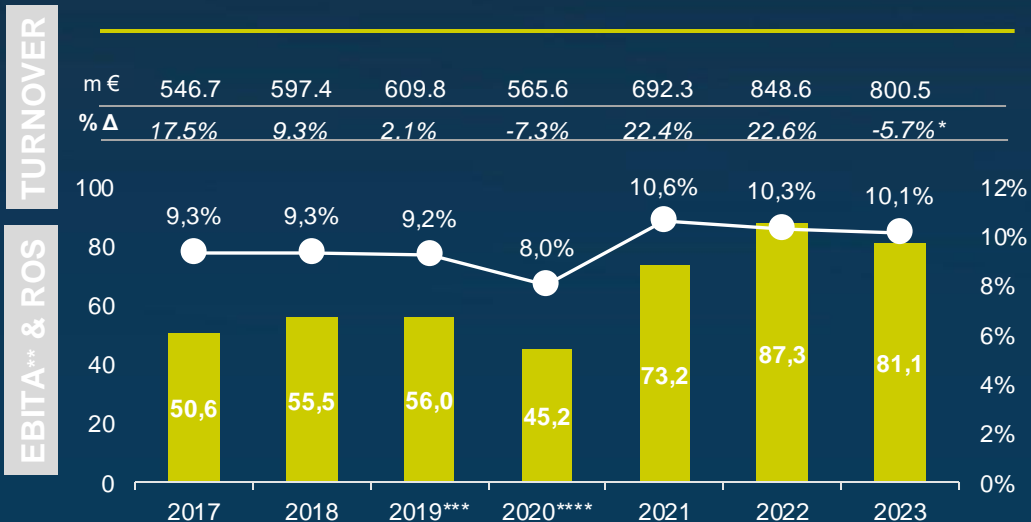
- Subsea cable capacity underutilized in H2; postponement of an order
- New plant in Eemshaven on schedule, operational during Q2 2024
 - Single source framework agreement with Vattenfall underpins strength of unique design
 - Prospects for new orders in the coming quarters
 - Capacity not expected to be fully utilized before 2025

Digitalization

- In H2 doubling of the EU anti-dumping duties
- Implementation of anti-dumping duties on optical fibre cables from China to UK
 - Closure of the cable production in China, transferred capacity to new plant in Poland
 - Transition temporarily impacted output and cost levels

Other

- Strong demand for specialized and customized connectivity systems for the machine-building, robotics, and medical industries



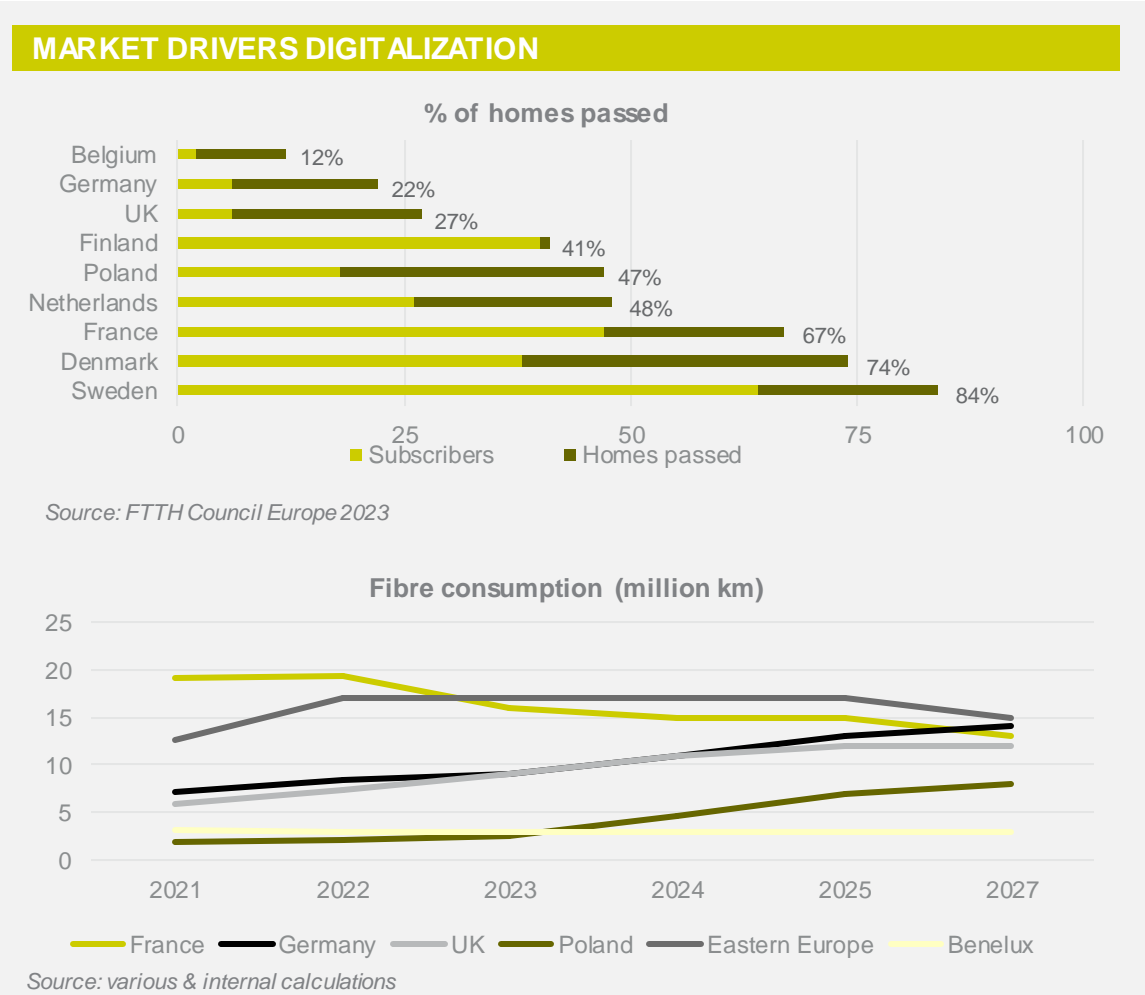
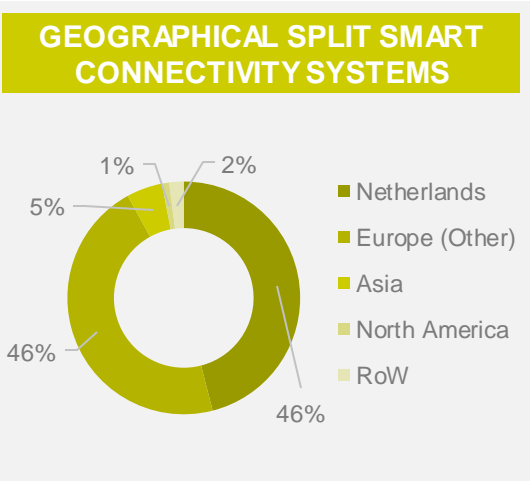
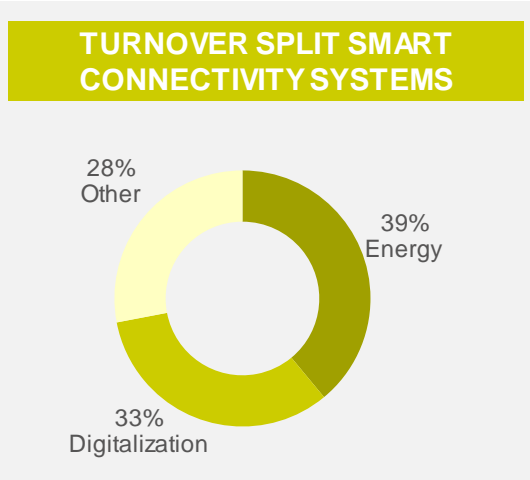
* Adjusted for acquisitions and currency effects, turnover decreased -1.5% organically

** EBITA before one-off income and expenses

*** In Aug 2019, CCG was divested (2018 EBITA € 14.3m)

**** In Jan 2020, ZTC was divested (2019 EBITA € 5.0m)

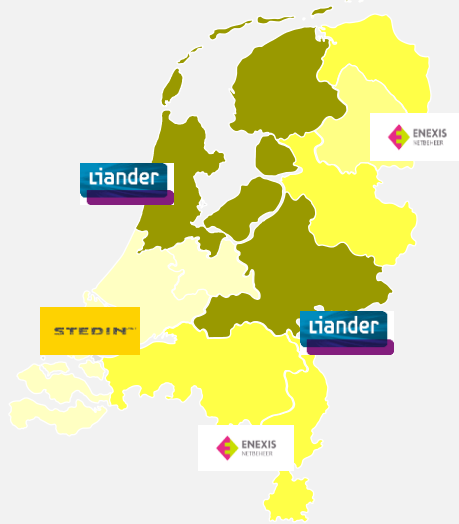
Smart Connectivity systems – Digitalization



KEY DIFFERENTIATOR – SYSTEMS APPROACH

Smart Connectivity systems – Onshore Energy

MAIN NETWORK OPERATORS



Currently

> 100,000 km medium voltage
> 200,000 km low voltage

HIGH AMBITIONS

80 to 130 TWH
additional electricity between
2030 and 2025

3-4x

more electricity needed in
2050 vs 2024

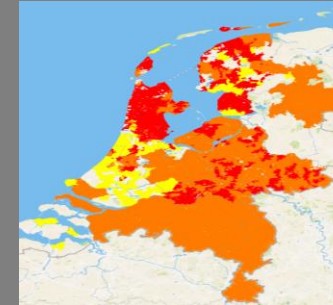
>60%

of total energy need industry
consist of electrification in
2050

Current estimates

> 100,000 km additional by 2035*
> 40,000 km by Liander by 2033

CONGESTED NETWORK



- Threat of transport limitation
- Pre-announcement of structural congestion
- Structural congestion

9400 companies waiting to be added to grid

INVENTORY & SLOW ROLL OUT

Liander	2021	2022	2023
Cable (km)*	2027	2212	2519
Invest's (€m)	1014	1228	1411
Inventory (€m)**	63	141	193
STEDIN			
Cable (km)*	989	863	892
Invest's (€m)	687	712	832
Inventory (€m)**	51	54	99
ENEXIS			
Cable (km)*	1770	1850	1850
Invest's (€m)	841	867	1098
Inventory (€m)**	41	74	150

• Expansion and replacement, MV and LV
** Includes all inventory, not only cables

Bottlenecks

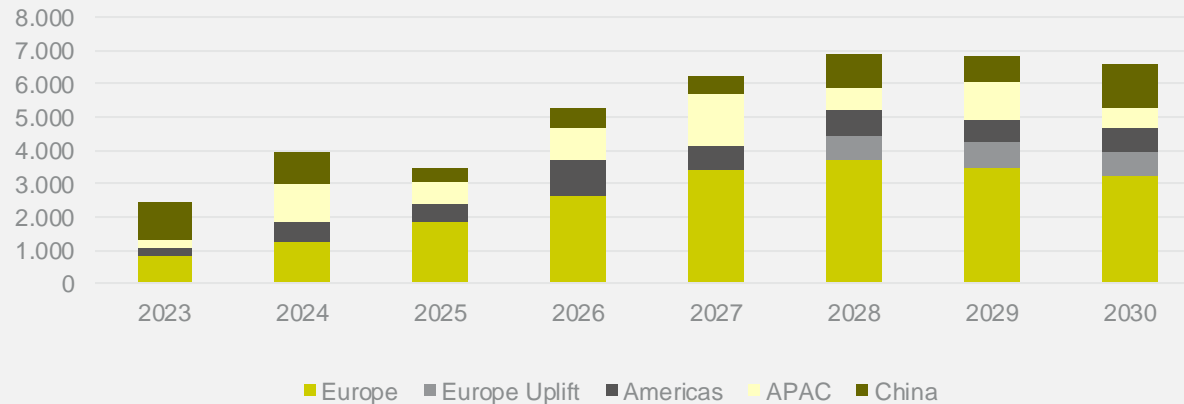
Planning and roll-out permissions, long project realisation times, shortage of technicians and engineers

Mitigating measures taken

Reduction in planning and roll-out permissions, reduction of project realisation times, hiring of engineers

Smart Connectivity systems – Offshore Energy

GLOBAL INTER-ARRAY CABLE DEMAND (KM)



Source: 4cOffshore, completed with information on built/planned windfarms and EU targets

EU TARGETS



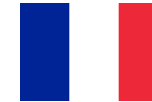
4.5 GW in 2023
21 GW by 2030
70 GW by 2050



8.5 GW in 2023
40 GW by 2035
70 GW by 2045



14 GW in 2023
Up to 50 GW by 2030



1 GW by 2023
18 GW by 2035
40 GW by 2050



2.6 GW in 2023
22.4 GW by 2040



2.2GW in 2023
5.8 GW by 2029

- Europe aims a North Sea Offshore wind capacity of 120GW by 2030 and 300GW by 2050
- Ambitious plans for Europe beyond 2030 have not been converted into concrete plans yet
- The MW power of the turbines will increase, leading to the demand for thicker inter-array cables with higher pricing and higher AV

- With its new capacity expansions in Eemshaven, TKH aims for a market share of approx 20% of European market
- Other inter-array cable manufacturers in Europe include Hellenic Cables, JDR and Prysmian
- Currently involved in 45 tenders, totalling 6000 km of inter-array cables up until 2028

A close-up photograph of a large, dense bundle of yellow cables, likely fiber optic, being held by a metal clamp. The cables are bundled together and curve towards the right. A dark, semi-transparent rectangular box is overlaid on the left side of the image, containing white text. The background is a blurred industrial or laboratory setting with a yellowish tint.

HIGHLIGHTS & FINANCIAL PERFORMANCE FY 2023

FY 2023: TKH delivers well on Outlook



Highlights FY 2023

Turnover € 1,847.5m

2022: € 1,816.6m

+ 3.2% organically***

EBITA* € 237.0m

2022: € 234.8m

+ 3.0% organically***

ROS* 12.8%

2022: 12.9%

Adjusted net profit
€ 130.5m**

2022: € 143.6m

- 9.1%

ROCE 19.8%

2022: 23.2%

Order book € 970.1m

Dec 31, 2022: € 971.9m

Innovations 16.1%

2022: 20.6%

As percentage of turnover

Net debt € 469.2m

Dec 31, 2022: € 307.2m

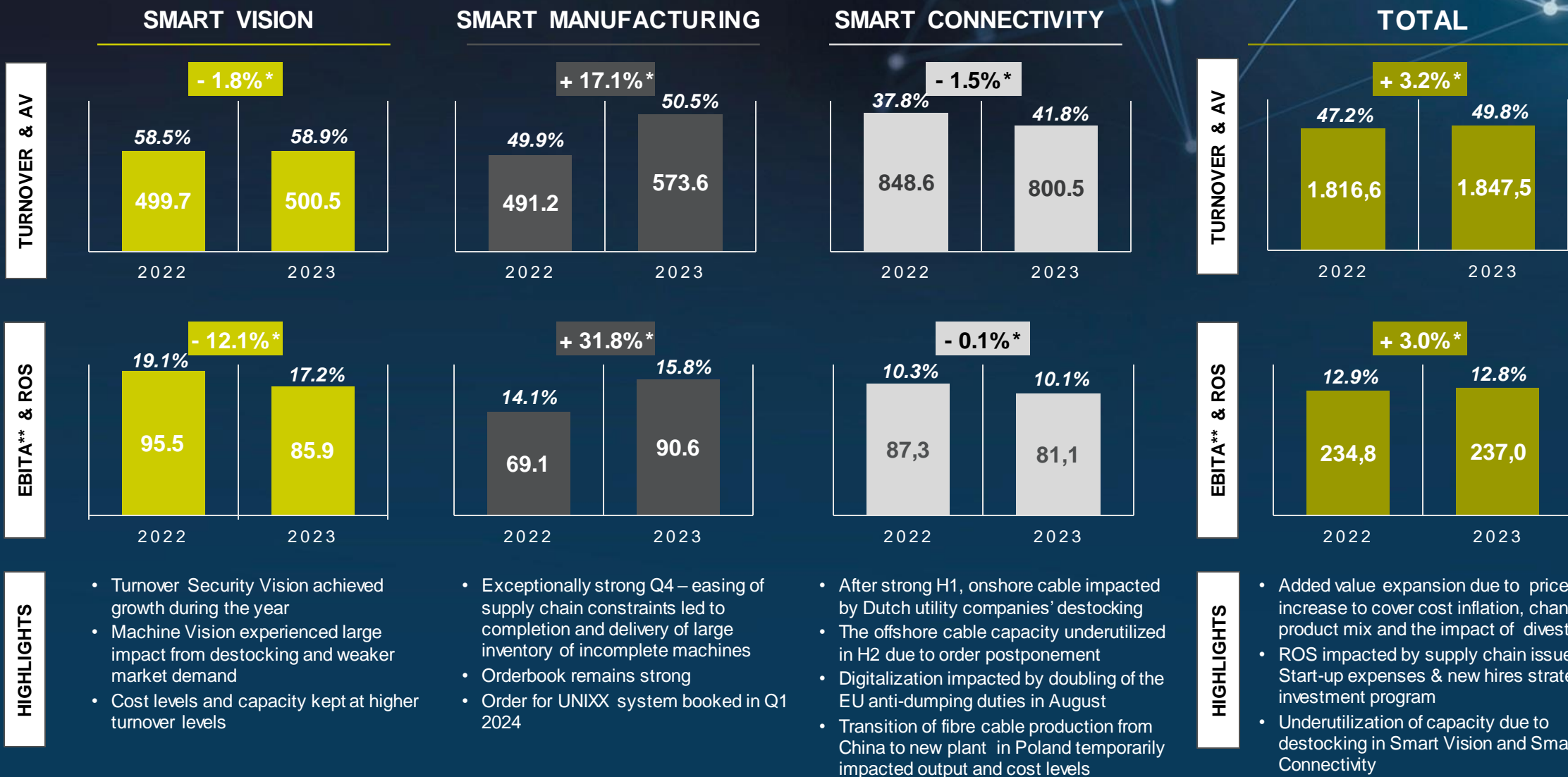
* EBITA & ROS excluding one-off income and expenses (one-off net expenses in 2023 amounted to € 2.0 million, 2022: one-off income of € 10.4 million)

** Net profit before amortization of intangible non-current assets related to acquisitions (after tax) and one-off income and expenses attributable to shareholders. Amortization of intangible non-current assets related to acquisitions (after taxes) in 2023 of € 12.3 million (2022: € 12.6 million)

*** Adjusted for acquisitions, divestments, and currency effects

FY 2023: Added Value increased across all segments

TCH



Geographical distribution of turnover

	2023	2022
Netherlands	24.6%	24.7%
Europe (other)	38.8%	44.1%
Asia	19.1%	14.8%
North America	13.0%	12.7%
Other	4.5%	3.7%

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



Profit and Loss Account

€ million	2023		2022		Δ in %
1 Turnover	1,847.5		1,816.6		+ 1.7%
Raw materials and subcontracted work	927.9		958.7		
2 Added value	919.7	49.8%	857.9	47.2%	+ 7.2%
Operating expenses	682.7	36.9%	623.1	34.3%	+ 9.6%
3 EBITA ¹⁾	237.0	12.8%	234.8	12.9%	+ 0.9%
One-off income & exp.	2.0		- 10.4		
Amortization	56.9		54.6		
Impairments	3.7		0.5		
Operating result	174.5		190.2		- 8.2%
Result associates	51.5		3.1		
Other financial result	- 23.0		- 12.0		
Result before taxes	202.9		181.2		+ 12.0%
Taxes	- 37.2		- 44.1		
Net profit	165.8	9.0%	137.1	7.5%	+ 20.9%
Adjusted net profit ²⁾	130.5	7.1%	143.6	7.9%	- 9.1%

€ million	Turnover	
2022	1,816.6	
Acquisitions	+ 16.9	+ 0.9%
Divestments	- 32.4	- 1.8%
Currency translation	- 11.3	- 0.6%
Organic growth	+ 57.7	+ 3.2%
2023	1,847.5	1.7%

- 2** All segments reported increase in added value
- Higher operational costs being passed on
 - Change in product mix
 - Impact of acquisitions and divestments

€ million	EBITA	
2022	234.8	
Acquisitions	+ 3.1	+ 1.3%
Divestments	- 5.1	- 2.2%
Currency translation	- 2.7	- 1.2%
Organic growth	+ 6.9	+ 3.0%
2023	237.0	0.9%

Personnel expenses +9.4% – Expansion of workforce (+532 FTEs) and payroll increases

Profit and Loss Account

€ million	2023		2022		Δ in %
Turnover	1,847.5		1,816.6		+ 1.7%
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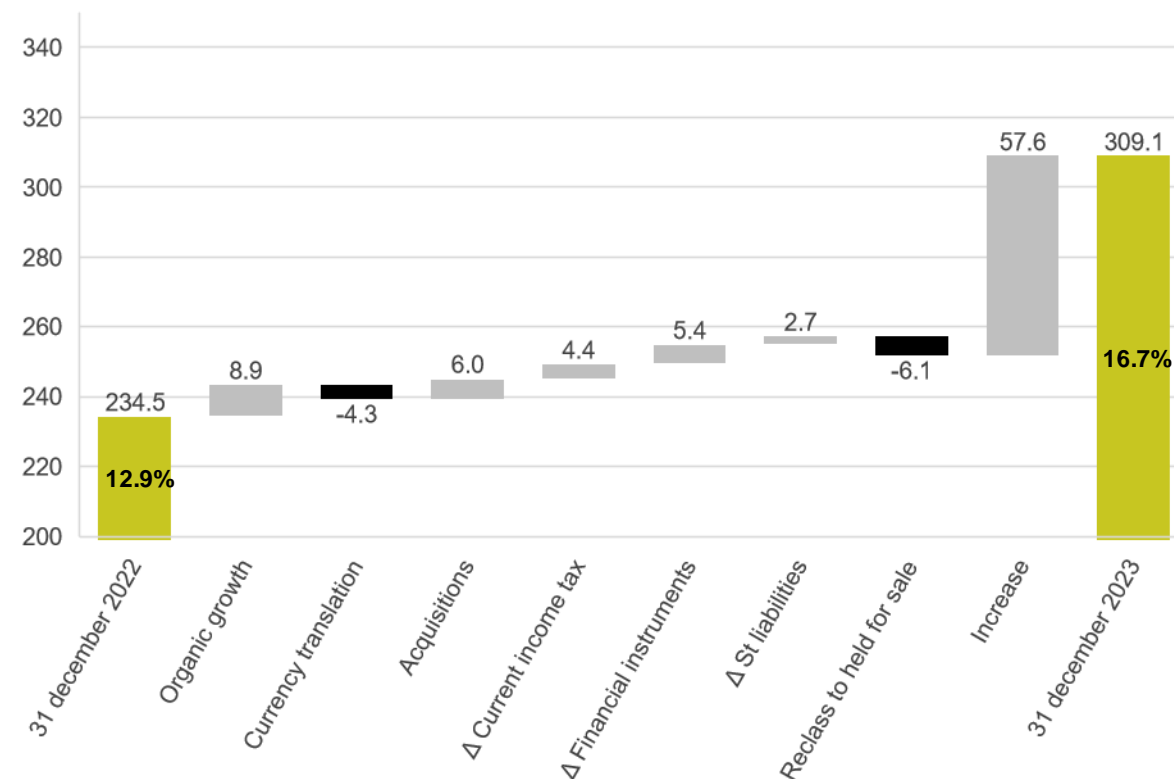
- 4 Reorganization costs in Smart Vision
Closure of fibre optic cable production in China
Acquisition and divestment costs
- 5 Mostly related to discontinued R&D
- 6 Includes € 54.8 million one-off net profit from the divestments of the remaining stake in CCG and of TKH France
- 7 Increase net interest expenses with € 12.4 million due to higher interest rates and outstanding debt
- 8 The normalized effective tax rate decreased slightly to 24.6% in 2023 from 24.8% in 2022
Benefitted from R&D tax facilities in several countries

Balance sheet



(in € million)	Dec 31, 2023	Dec. 31, 2022
Intangible assets and goodwill	565.7	533.8
Property, plant and equipment	436.0	295.0
Right-of-use assets	84.0	75.3
Other non-current assets	52.6	26.1
Total non-current assets	1,138.3	930.2
1 Current assets	874.6	845.1
Cash and cash equivalents	93.7	184.6
Total current assets	968.3	1,029.7
Assets held for sale	21.2	108.5
Total assets	2,127.8	2,068.4
Total group equity	835.7	786.9
Borrowings	572.4	503.0
Other non-current liabilities	75.2	64.0
Total non-current liabilities	647.6	567.0
1 Borrowings	75.9	70.4
Other current liabilities	565.5	610.7
Total current liabilities	641.4	681.1
Liabilities held for sale	3.1	33.4
Total equity and liabilities	2,127.8	2,068.4

1 Changes in working capital (in € million)



Use of non-recourse factoring ¹⁾

- > Dec 31, 2023 € 40.9 million
- > Jun 30, 2023 € 61.5 million
- > Dec 31, 2022 € 62.8 million

Use of supply chain finance ¹⁾

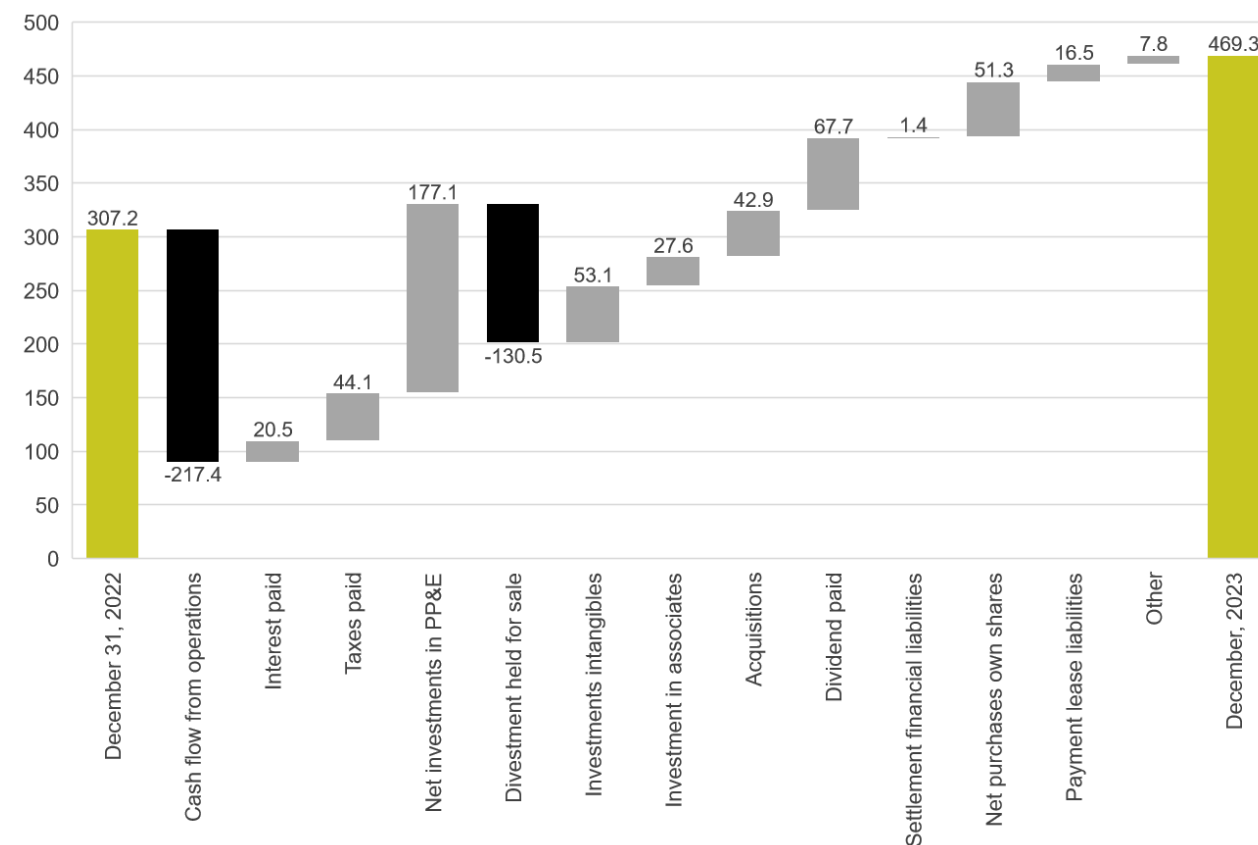
- > Dec 31, 2023 € 44.1 million
- > Jun 30, 2023 € 58.4 million
- > Dec 31, 2022 € 50.8 million

1) Amounts shown above include factoring and supply chain finance reported under 'held for sale' SMART TECHNOLOGIES <

Balance sheet

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Total equity and liabilities	2,127.8	2,068.4

2 Change in net debt (in € million)



Cash dividend of € 1.65 paid per (depository receipt of) ordinary share in 2023

Net debt/EBITDA of 1.8 (December 31, 2022: 1.1 and June 30, 2023: 1.7)

Free Cash Flow

	(in million € unless stated otherwise)	H1 2023	H2 2023	2023	2022	2021	2020
Operating result		93.3	81.2	174.5	190.2	136.9	70.9
Depreciation, amortization and impairment		51.7	57.7	109.4	100.6	98.0	103.1
EBITDA adjusted		145.0	138.9	283.9	290.8	234.9	174.0
1 Change in working capital		- 101.2	29.9	- 71.3	- 116.3	-3.5	42.5
Taxes paid		- 19.5	- 24.6	- 44.1	- 40.4	- 33.1	- 19.9
Other			4.9	4.9	-9.3	8.2	- 0.1
Cash flow from operations before interest		24.3	149.1	173.4	124.8	206.5	196.5
Payment of lease liabilities		- 7.7	- 8.8	- 16.5	- 14.7	- 15.6	- 16.0
2 Capital expenditure PP&E		- 71.0	- 106.1	- 177.1	- 91.8	- 31.0	- 29.4
3 Capital expenditure intangibles		- 25.5	- 27.6	- 53.1	- 45.9	- 40.5	- 39.2
4 Divestments of property held for sale					14.0		
Free Cash Flow ('FCF')		- 79.9	6.6	- 73.3	- 13.6	119.4	111.9
EBITDA (adjusted) to FCF conversion		- 55.1%	4.8%	- 25.8%	- 4.7%	50.8%	64.3%

1 FCF conversion can be affected by developments in working capital. Working capital ratio for the period-end included in the overview are:

- > 2019: 13.0%
- > 2020: 12.1%
- > 2021: 9.9%
- > 2022: 12.9%
- > 2023: 16.7%

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

2 In 2023, Strategic Investment Program impacted FCF by € 134 million (2022: € 41 million)

3 Payments for acquisitions have not been included in FCF

4 The net cash flow from the divestment of TKH France and CCG of € 129.5 million is not included in the FCF overview – Including the divestment, the FCF conversion would be 19.8%

OUTLOOK



Outlook Reiterated

TKH reiterates its outlook as communicated on March 5, 2024. For the full year, we expect Smart Manufacturing systems to return to more normalized growth when compared to last year. In Smart Vision systems, we expect growth to return in the second half of 2024, on the back of market recovery. Within Smart Connectivity systems, we anticipate the destocking in onshore energy cables in the Netherlands to continue throughout the year. Barring unforeseen circumstances, we anticipate organic growth in turnover and EBITA in 2024.

