TKH GROUP NV

GENERAL INVESTOR PRESENTATION

NOVEMBER 2023

IMPORTANT INFORMATION – DISCLAIMER

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.

Market Update Q3 2023

Turnover € 458.5m

Q3 2022: € 451.2m

+ 1.6% organically

EBITA € 54.3m

Q3 2022: € 55.2m

- 1.7%

ROS 11.8%

Q3 2022: 12.2%

Order book € 994.4m

June 30, 2023: € 999.9m

- Amidst challenging market circumstances, performed well during Q3 2023
- Added value increased, effect of sales price increases and easing of supply chain constraints
- Smart Manufacturing systems showed strong results, due to easing of supply chain constraints
- Smart Vision and Smart Connectivity systems impacted by destocking and challenging market conditions
- EBITA impacted by cost increases due to additional personnel for ramp-up of new plants

Acceleration of divestment opportunities in coming 12 months
Use of funds for investments in our core technologies as well as further share buyback programs

Market Update Q3 2023: Strong strategic progress

Closing divestment of cable distribution activities TKH France (one-off net profit of €20m)

Started second €25m share buyback program of this year

Opening and ramp-up of fibre optic cable and specialty cable facilities in Poland

Framework agreement awarded for the single-source supply of inter-array cables for all of Vattenfall's European windfarms in the coming years

First project to be called off under framework agreement is German Nordlicht cluster

Closing of cable production activities in China due to EU and UK anti-dumping duties on fibre optic cables

Strong strategic progress despite challenging market circumstances

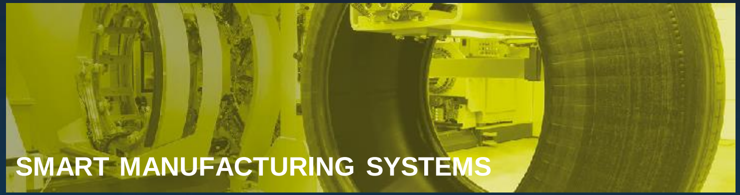
Content

PROFILE

TKH – Technology leader in high growth markets

SMART Technologies built on innovation

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



TKH WORLDWIDE

TOTAL FTE
> 7,000

TURNOVER
H1 2023 € 947.6 mln (FY22: € 1,817 mln)

SDGs
68% of turnover linked to SDGs

ENTREPRENEURIAL
High level of customer intimacy

NORTH AMERICA
€ 109 mln turnover

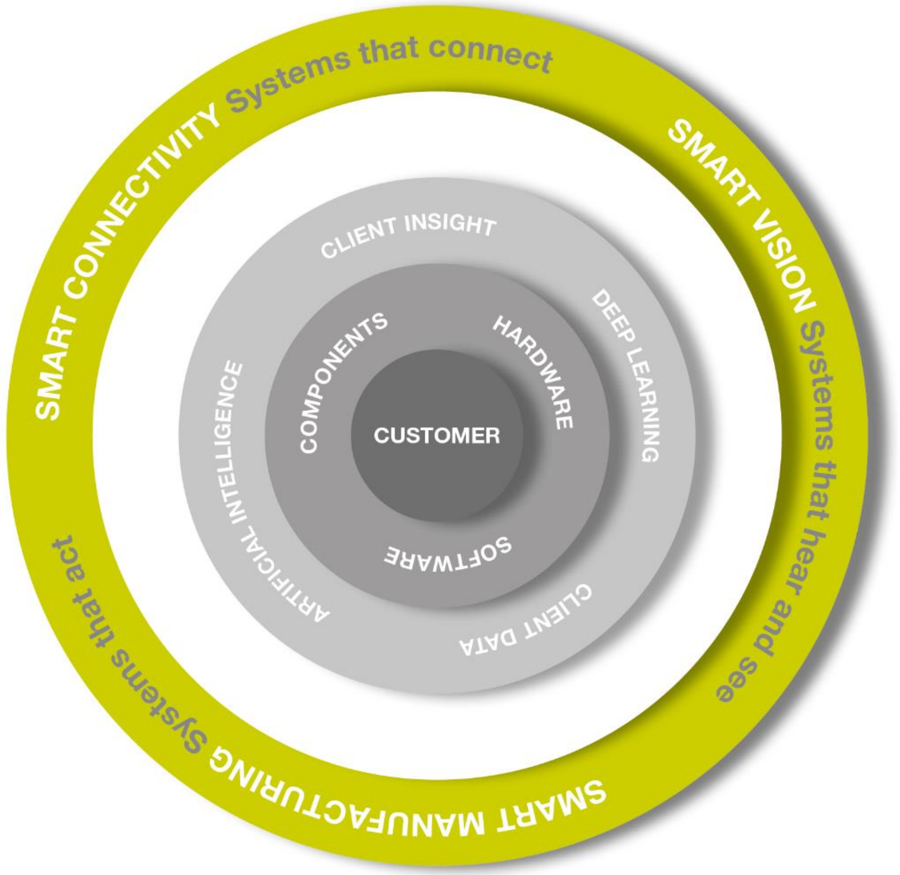
EUROPE (OTHER)
€ 404 mln turnover

OTHER
€ 38 mln turnover

THE NETHERLANDS
€ 244 mln turnover

ASIA
€ 153 mln 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

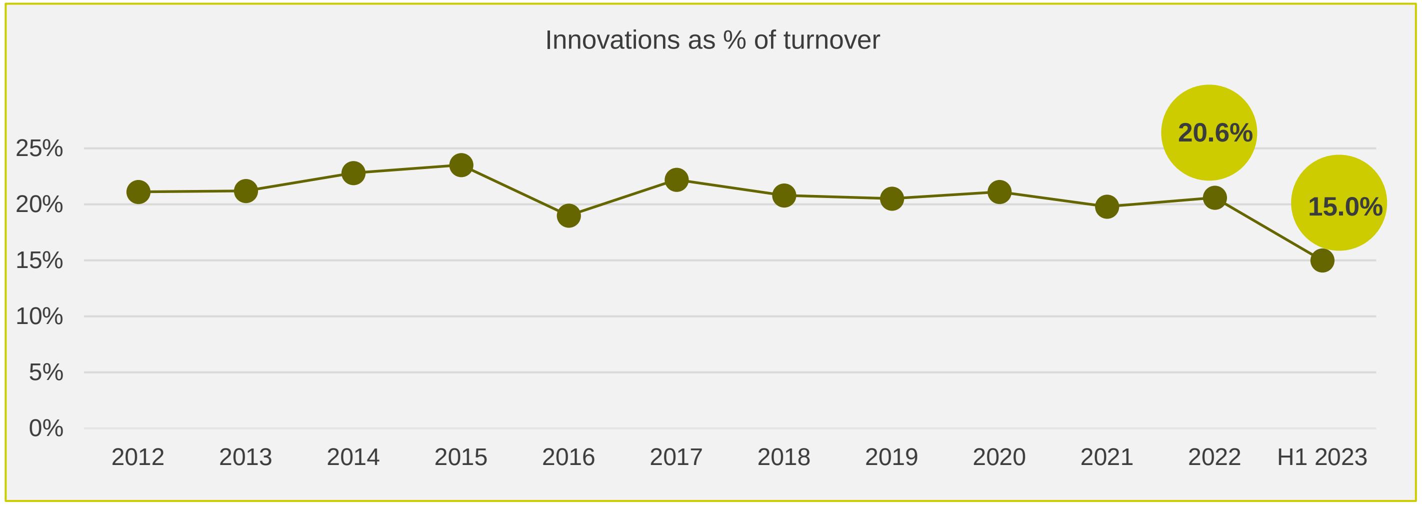
Creating one-stop-shop, plug-and-play innovations for Smart Vision, Smart Manufacturing and Smart Connectivity technology

Making the world more efficient and more sustainable

Built on innovation

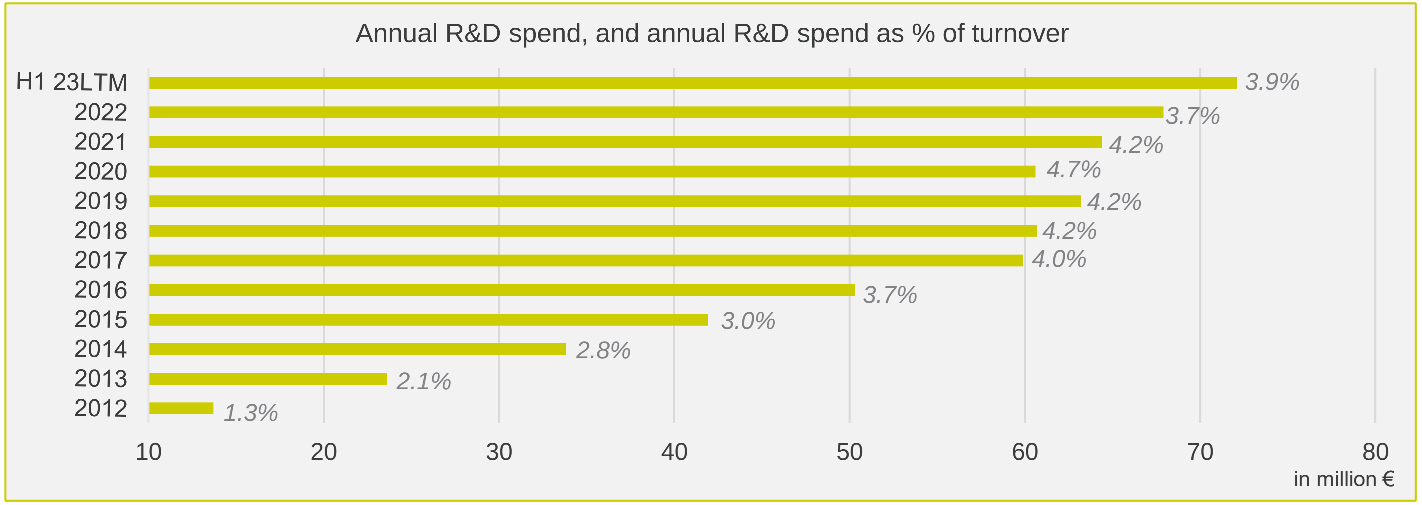
MORE THAN 15% TURNOVER REALIZED BY INNOVATIONS

Innovations: defined as technologies introduced in last 24 months



30% OF OUR TECHNOLOGY PROPOSITION IS SOFTWARE DRIVEN

MORE THAN € 70 MLN ANNUAL R&D SPEND



>750 FTE IN R&D AND SOFTWARE DEVELOPMENT

1,400+ PATENTS TO SECURE VALUE PROPOSITION

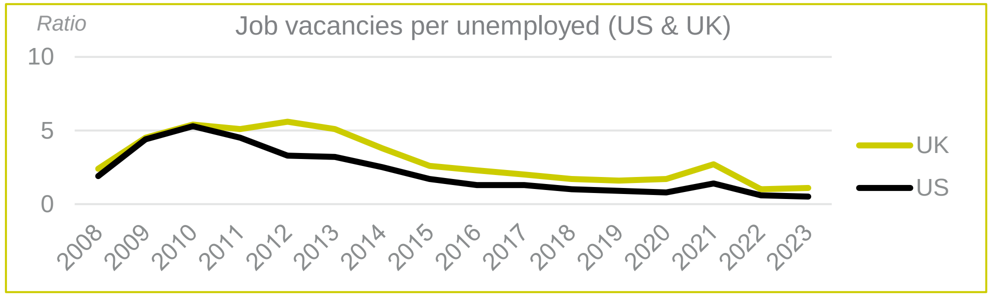
In high growth markets

LACK OF LABOUR

PRODUCTIVITY

RELIABILITY

ACCURACY



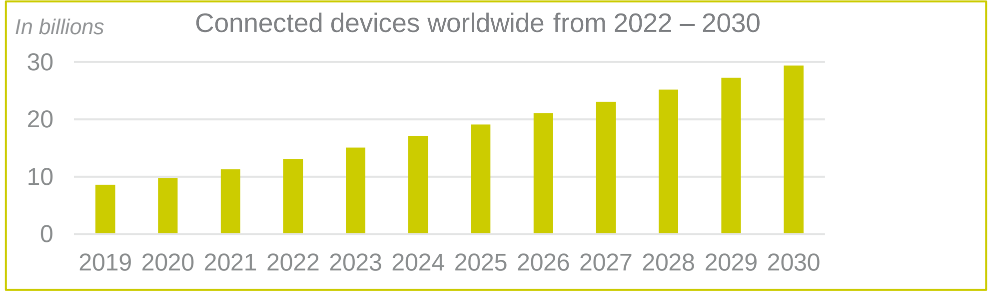
AUTOMATION

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

MOBILITY

SPEED

CLOUD COMPUTING

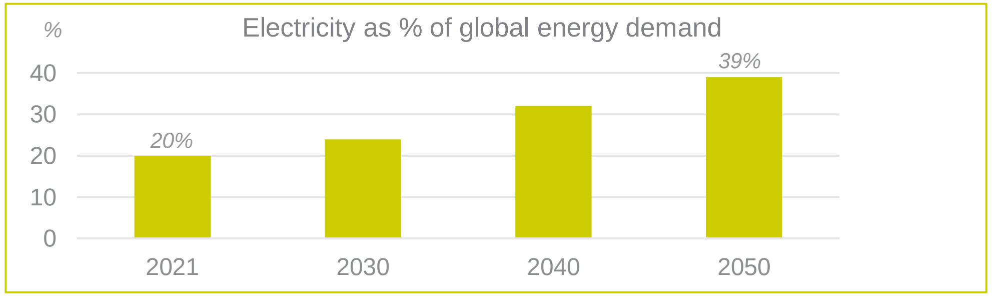


DIGITALIZATION

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

Leading market positions

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

Benefitting from

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

ACCELERATE 2025 STRATEGY

Accelerate 2025: Roadmap to turnover and ROS target

Unlocking the full potential of our leading technologies

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

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

Accelerate 2025: Roadmap to turnover & ROS Targets

H1 2023

Turnover
€947.6 m

ROS
12.6%

SMART VISION

Organic Growth

Acquisitions

- Topline organic growth on the back of further investments into software & AI and megatrend automation
- Strategically fitting acquisitions
- High value add leading to ROS expansions with turnover growth

18.0%

12.3%

11.5%

	H1 23	2022	2021
Turnover	250.2	499.7	429.8
EBITA	44.9	95.5	73.8
ROS	*18.0%*	*19.1%*	*17.2%*

SMART MANUFACTURING

Organic Growth

- Topline organic growth on the back of strong order book
- Margins to normalize as component shortages easing
- ROS margin to expand as

	H1 23	2022	2021
Turnover	263.3	491.2	419.1
EBITA	32.5	69.1	59.4
ROS	*12.3%*	*14.1%*	*14.2%*

SMART CONNECTIVITY

Strategic Investment Plan

Organic Growth

- Topline organic growth to continue
- Strategic investment program in higher margin activities
- Operational leverage leading to ROS margin expansion
- €10m anti-dumping duties to become obsolete
- Divestments of more commoditized activities

	H1 23	2022	2021
Turnover	451.8	848.6	692.3
EBITA	52.0	87.3	73.2
ROS	*11.5%*	*10.1%*	*10.6%*

2025

Turnover
> €2.0 bn

ROS
17%

= impact on ROS, = impact on turnover; sizes are arbitrary and serve for illustrative purposes only

Priority on ESG

Key non-financial KPIs

BEING RESPONSIBLE

CO$_2$e FOOTPRINT REDUCTION (scope 1 & 2)	% WASTE	RECYCLING	SATISFACTION SCORE	CODE OF SUPPLY
Compared to 2019		of most relevant raw materials	Customers	Signed by suppliers
Target 100% neutrality by 2030	**Target** < 5% waste	**Target** > 80% recycling	**Target** Average score above benchmark (7.8)	**Target** > 90% strategic suppliers signed up
H1 2023 45.0%	**H1 2023** 4.0%	**H1 2023** 83.3%		
2022 42.7%	**2022** 5.3%	**2022** 88.0%	**2022** 8.6	**2022** 91.9%
2021 29.8%	**2021** 5.2%	**2021** 83.2%	**2021** 8.4	**2021** 92.4%

TALENTED PEOPLE & EMPOWERMENT

DIVERSITY	ACCIDENT RATE (LTIFR)	ILLNESS RATE	SATISFACTION SCORE	Code of Conduct
Female Executive and Senior Management			Employees	Number of reported breaches
Target > 25% by 2030	**Target** <1.0	**Target** < 4.0%	**Target** > 7.5	**Target** 0
H1 2023 18.9%	**H1 2023** 0.7	**H1 2023** 3.75%		0
2022 18.4%	**2022** 0.8	**2022** 4.04%	**2022** 7.6	**2022** No breaches
2021 17.7%	**2021** 0.7	**2021** 3.56%	**2021** 7.4	**2021** No breaches

Priority on ESG

TKH has a broad portfolio of products and solutions that are aligned with the Sustainable Development Goals (SDGs) defined by the United Nations

Technology segment
SMART VISION SYSTEMS
Megatrend
AUTOMATION
SDG
9

Technology segment
SMART VISION SYSTEMS
Megatrend
DIGITALIZATION
SDG
3

Technology segment
SMART VISION SYSTEMS
Megatrend
AUTOMATION
SDG
9

Technology segment
SMART MANUFACTURING SYSTEMS
Megatrend
AUTOMATION
SDG
9

Technology segment
SMART CONNECTIVITY SYSTEMS
Megatrend
AUTOMATION
SDG
9

Technology segment
SMART CONNECTIVITY SYSTEMS
Megatrend
ELECTRIFICATION
SDG
7

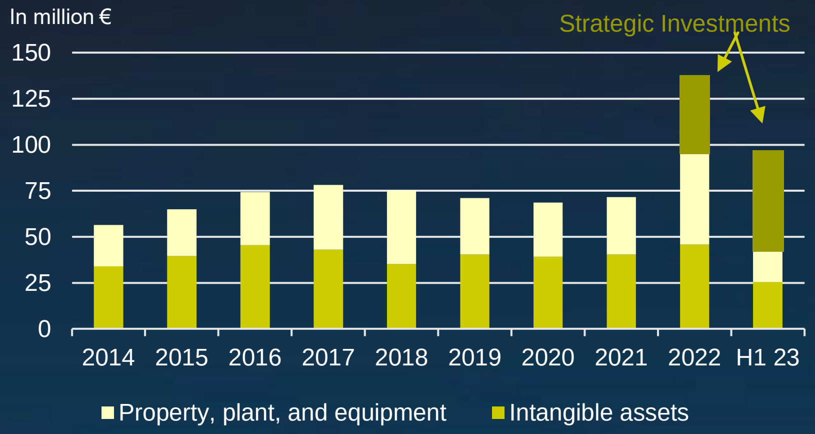
69% of turnover linked to SDGs

3 GOOD HEALTH AND WELL-BEING
7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES

CAPITAL ALLOCATION & STRATEGIC PRIORITIES

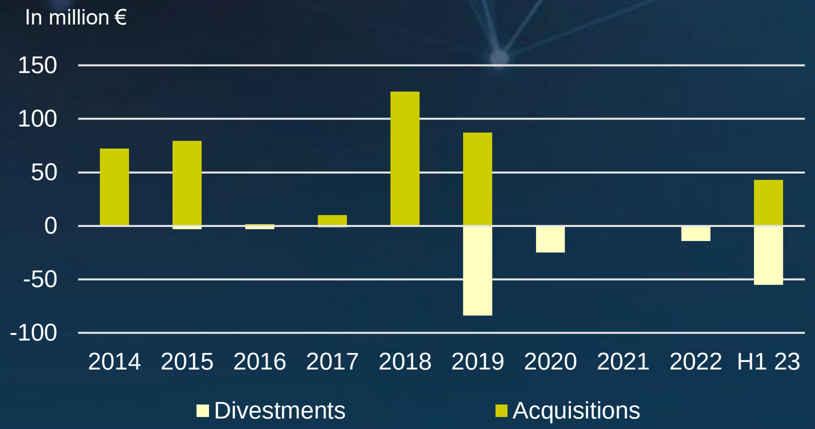
Capital allocation

CAPITAL EXPENDITURE



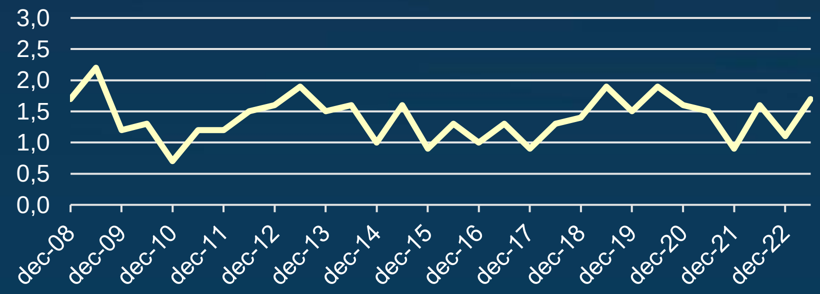
2023: PP&E capex of € 200 million of which € 160 from Strategic Investment Program

ACQUISITIONS & DIVESTMENTS



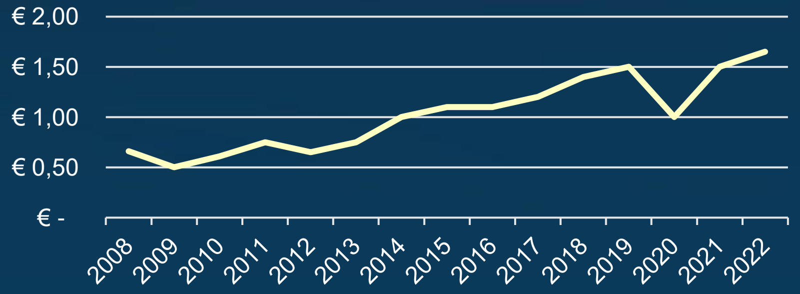
Acquisitions that strengthen our portfolio; divestments that do not contribute towards achieving long-term targets

DEBT LEVERAGE



Target net debt/ EBITDA < 2.0

DIVIDEND



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

Strong progress in our strategic positioning

TKH VISION

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

cae GROUPE

- Closing divestment of cable distribution activities TKH France (one-off net profit of €20m)

- Opening and ramp-up of fibre optic cable and specialty cable facilities in Poland

- Announced closing of cable production activities in China due to EU and UK anti-dumping duties on fibre optic cables

- Started second €25m share buyback program of this year

Further strategic focus on our differentiating and innovative power in smart technologies to drive added value at higher levels

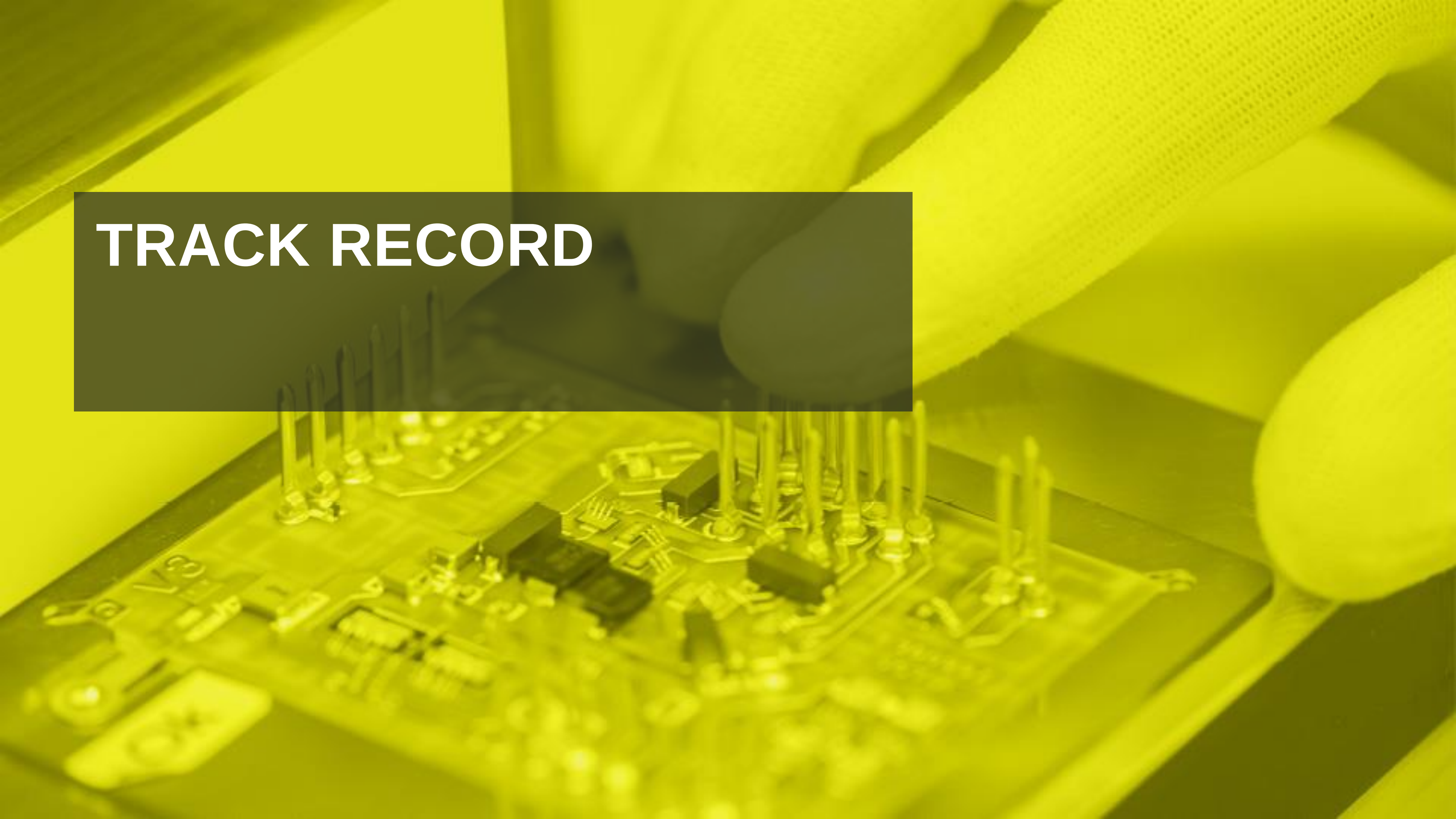
€ 200m Strategic Investments progressing well

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

€ 150 million investment	ELECTRIFICATION		Offshore: New Subsea Cable factory Eemshaven (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 (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.
€ 50 million investment	DIGITA-LIZATION		New **Fibre Optic Cable** factory Rawicz (Poland)	Operational in Q3 2023 ✓	New plant in Poland will eliminate EU imposed import duties (€ 10 million in 2022)
	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

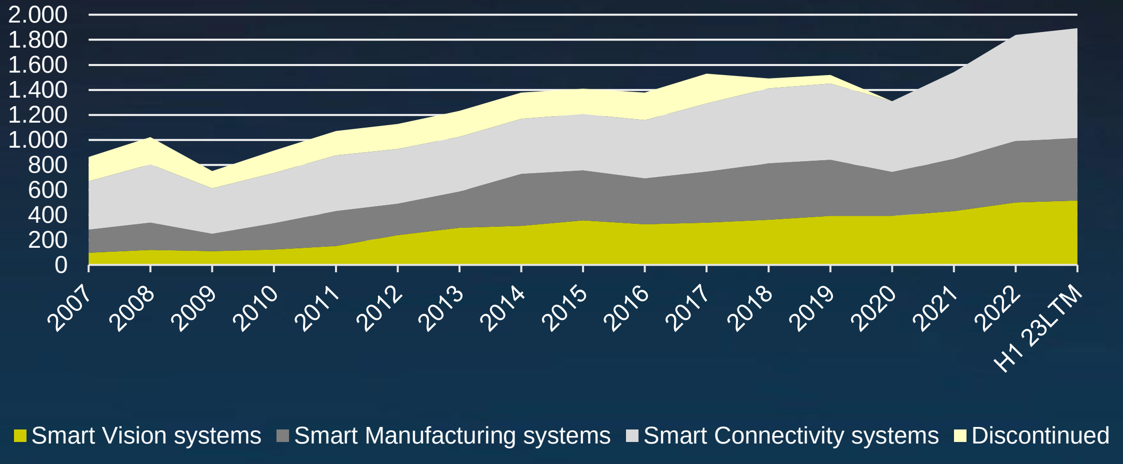
TRACK RECORD



TKH's evolution into today's technology leader

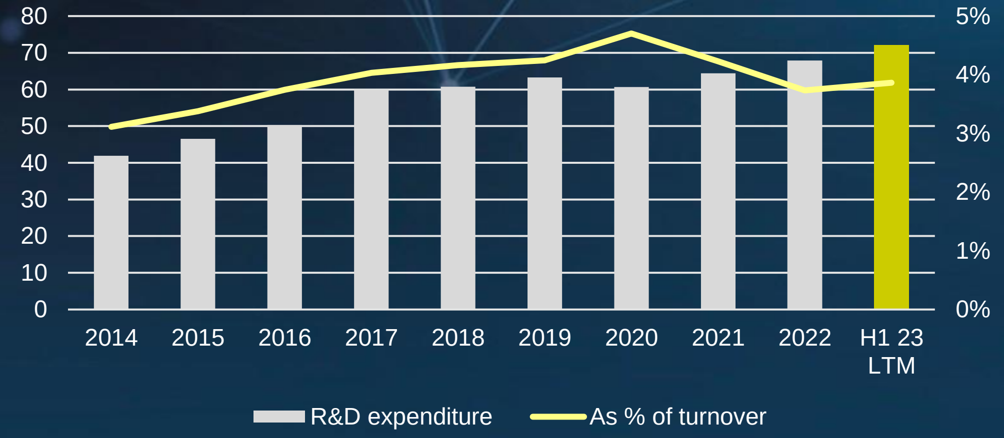
DEVELOPMENT OF TURNOVER

In million €



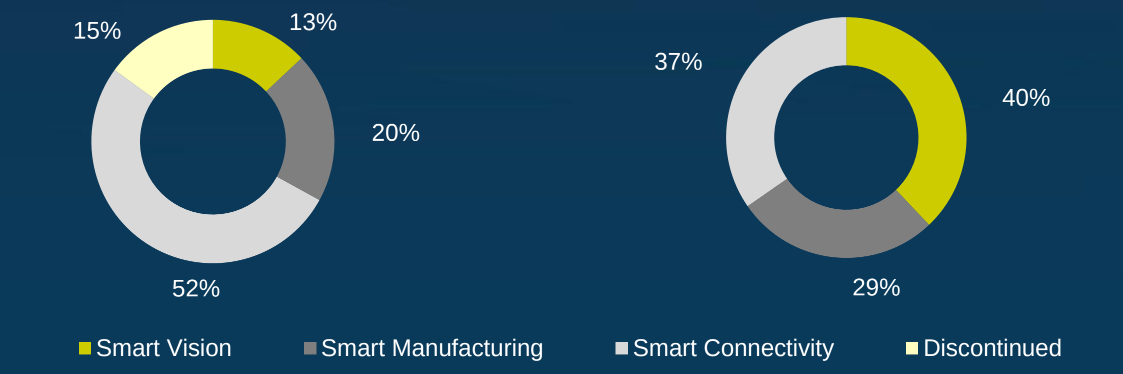
R&D EXPENDITURE

In million €



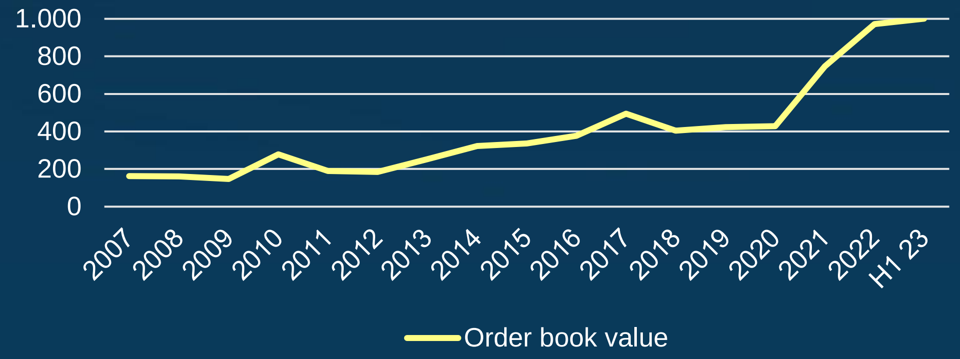
SEGMENT SPLIT EBITA 2008

SEGMENT SPLIT EBITA H1 23LTM



ORDER BOOK DEVELOPMENT 2007 – H1 2023

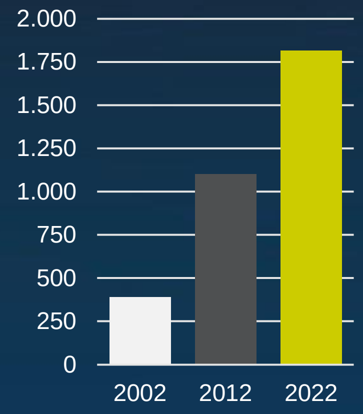
In million €



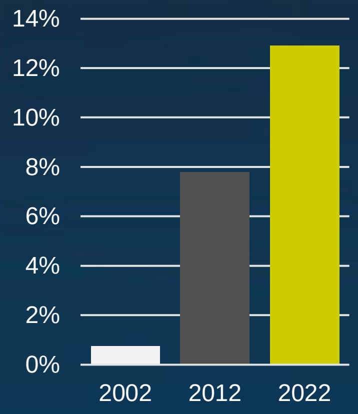
Our track record

TURNOVER

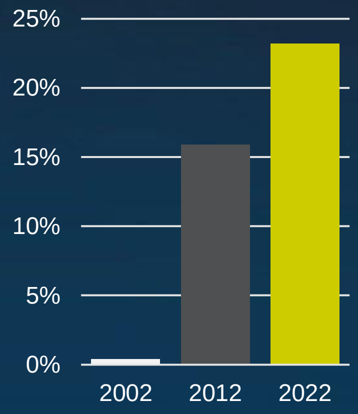
in million €



ROS



ROCE



DIVIDEND PER SHARE

EARNINGS PER SHARE*

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

REPORTING SEGMENTS

Smart Vision Systems

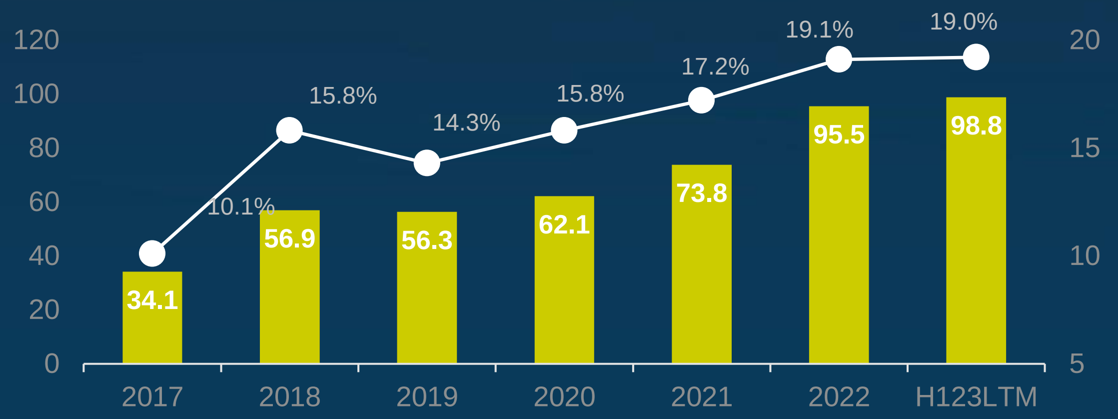
(in million € unless stated otherwise)	H1 2023	H1 2022	Δ in %	Q3 2023
Turnover	**250.2**	**234.8**	*+6.6%*	- 6.9% vs Q3 2022
Added value	*59.6%*	*58.1%*		
EBITA	**44.9**	**41.6**	*+7.9%*	
ROS	***18.0%***	***17.7%***		↓ vs H1 2023
Orderbook	143.9			

HIGHLIGHTS Q3 2023

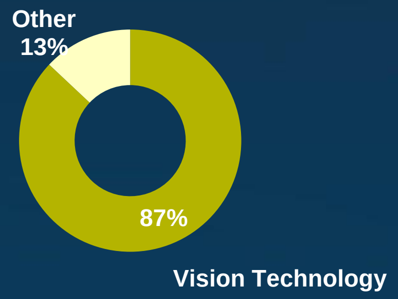
- The turnover at Security Vision remained stable in a market with short ordering cycles
- The turnover at 2D and 3D Machine Vision declined, due to destocking effects and lower demand in the consumer electronic and factory automation market
- The ROS decreased compared to the first half of 2023 due to the lower activity level while continuing the cost level to anticipate the next upturn

EBITA** & ROS

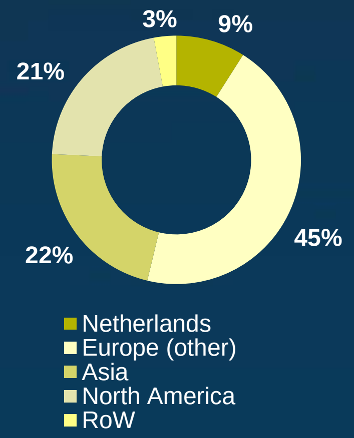
	2017	2018	2019	2020	2021	2022
Turnover (€ m)	337.4	360.9	393.2	393.0	429.8	499.7
YoY growth (%)	*4.0%*	*7.0%*	*8.9%*	*-0.1%*	*9.4%*	*16.3%*



TURNOVER SPLIT



GEOGRAPHICAL SPLIT



* Adjusted for acquisitions and currency effects, turnover increased 4.8% organically, with price effects accounting for 4.0%
** EBITA before one-off income and expenses

Smart Vision systems

PROPOSITION

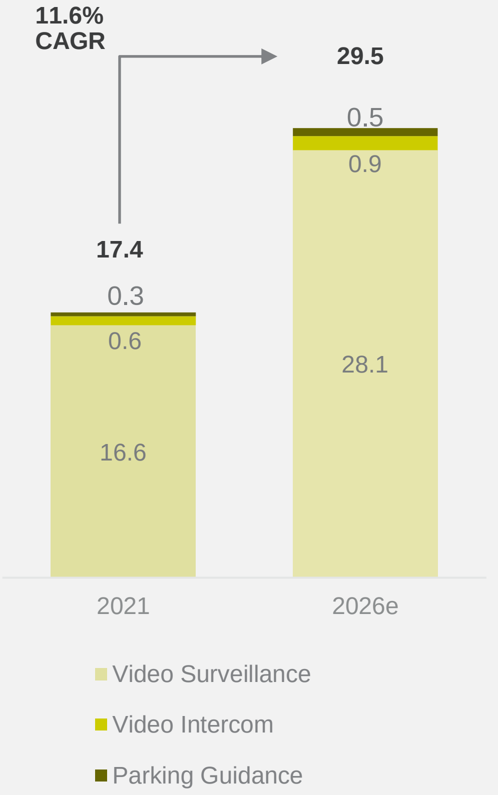
2D & 3D MACHINE VISION Area scan, Line scan, 3D, Embedded, High-speed, SWIR, UV, Polarized

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

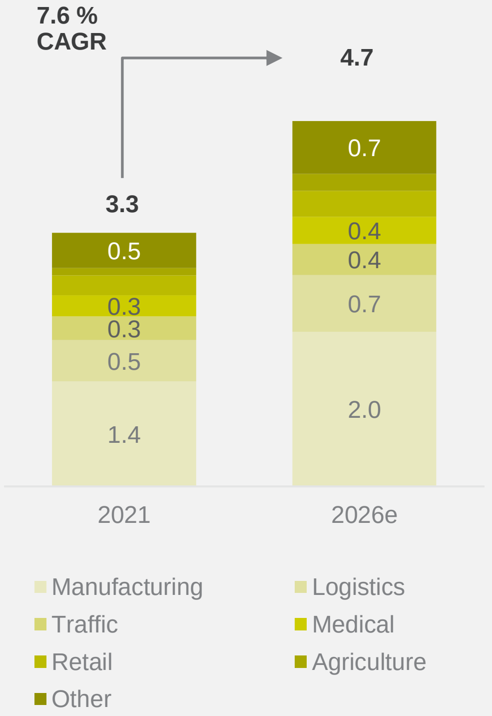
OTHER Access control, Alarm systems

MARKETS (amounts in billion €)

SECURITY VISION



2D & 3D MACHINE VISION



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

MARKET POSITIONS

3D MACHINE VISION

GLOBAL MARKET LEADER

Factory Automation · Battery Inspection · Consumer Electronics · Wood

2D MACHINE VISION

STRONG MARKET POSITIONS

Factory Automation · Medical / Healthcare

SECURITY VISION

GLOBAL MARKET LEADER IN HIGH END MARKET

Building & Infrastructure · Mobility

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

Smart Manufacturing Systems

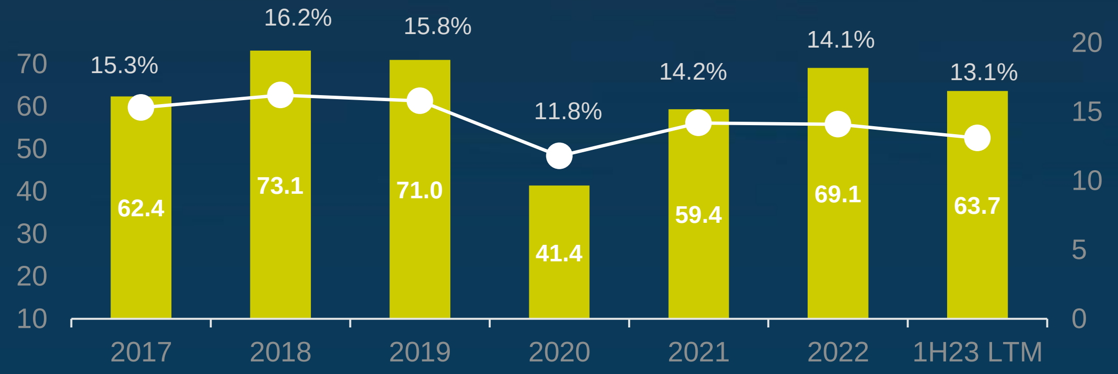
(in million € unless stated otherwise)	H1 2023	H1 2022	Δ in %	Q3 2023
Turnover	**263.3**	**256.0**	*+2.8%*	+28.0% vs Q3 2022
Added value	*49.5%*	*48.7%*		
EBITA	**32.5**	**38.0**	*-14.5%*	
ROS	***12.3%***	***14.8%***		↑ vs H1 2023
Orderbook	598.5			

HIGHLIGHTS Q3 2023

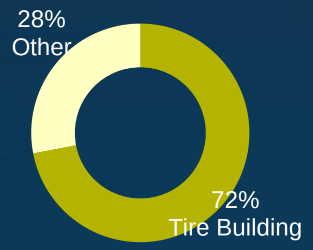
- Tire Building showed strong turnover growth, driven by the easing of component shortages and a continued strong order book,
- The other activities also recorded increases in turnover.
- ROS increased compared to the first half of 2023, benefiting from the turnover growth, increased added value and the reduction of operational inefficiencies at Tire Building.
- The order book and order intake remain high.

EBITA** & ROS

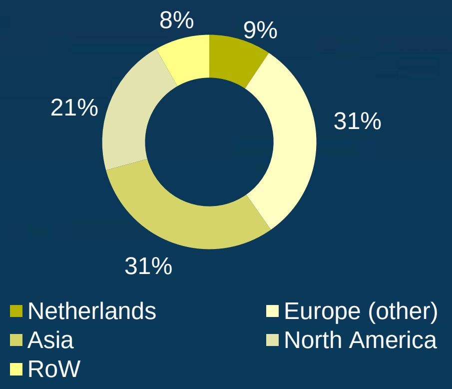
Turnover (€ m)	408.2	452.5	447.9	349.5	419.1	491.2
YoY growth (%)	*11.1%*	*10.9%*	*-1.0%*	*-22.0%*	*19.9%*	*17.2%*



TURNOVER SPLIT



GEOGRAPHICAL SPLIT



* *Adjusted for acquisitions and currency effects, turnover increased 3.0% organically, with price effects accounting for 2.6%*

** *EBITA before one-off income and expenses*

Smart Manufacturing systems

PROPOSITION

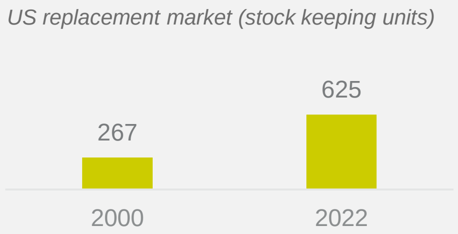
TIRE BUILDING SYSTEMS Passenger & Truck tire building machines, Bead assembly

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

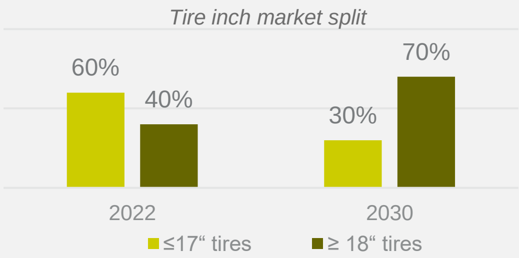
MARKET DRIVERS

TIRE BUILDING

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



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



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

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

MARKET POSITIONS

TIRE BUILDING

GLOBAL MARKET LEADER

Tire manufacturers

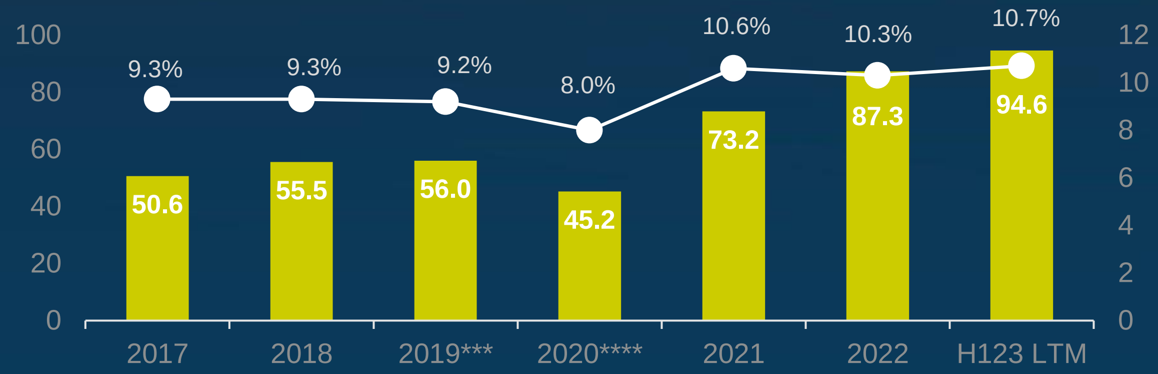
KEY DIFFERENTIATOR – VISION TECHNOLOGY FOR TIRE BUILDING TECHNOLOGY SUCCESS

Smart Connectivity Systems

(in million € unless stated otherwise)	H1 2023	H1 2022	Δ in %	Q3 2023
Turnover	**451.8**	**420.0**	*+7.8%*	- 7.8% vs Q3 2022
Added value	*41.1%*	*38.5%*		
EBITA	**52.0**	**44.6**	*+16.4%*	
ROS	***11.5%***	***10.6%***		↓ vs H1 2023
Orderbook	257.5			

EBITA** & ROS

Turnover (€ m)	546.7	597.4	609.8	565.6	692.3	848.6
YoY growth (%)	*17.5%*	*9.3%*	*2.1%*	*-7.3%*	*22.4%*	*22.6%*

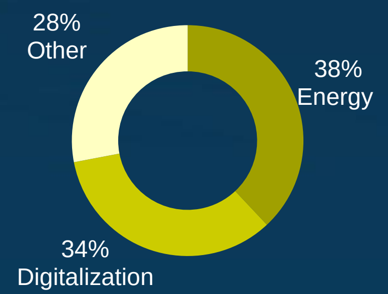


* Adjusted for acquisitions and currency effects, turnover increased 7.8% organically, with price effects accounting for 5.1%
** EBITA before one-off income and expenses
*** In Aug 2019, CCG was divested (2018 EBITA € 14.3m)
**** In Jan 2020, ZTC was divested (2019 EBITA € 5.0m)

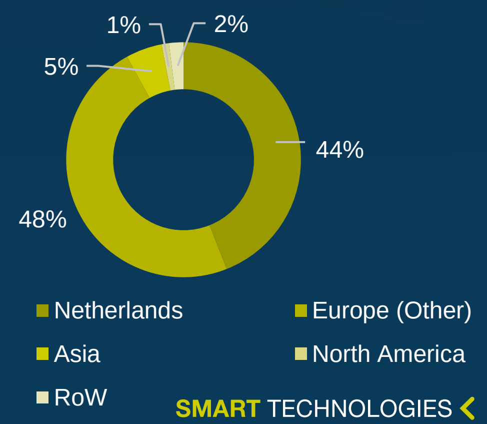
HIGHLIGHTS Q3 2023

- As expected, Smart Connectivity systems' turnover decreased; Q3 turnover included the contribution of the recently divested TKH France
- Onshore energy cable turnover was impacted by destocking, due to delays encountered by utility companies with the roll-out of their network infrastructure projects
- Offshore energy cable capacity was underutilized due to the postponement of an order to 2024, as previously communicated
- The new fibre optic and specialty cable plants in Poland were officially opened in early September and are rapidly ramping up, leading to an expansion in the number of employees
- Due to the doubling of the EU anti-dumping duties and the implementation of anti-dumping duties on optic cables from China to the United Kingdom, TKH decided to close the cable production activities in China, for which one-off costs will be recognized in Q4 of 2023.

TURNOVER SPLIT



GEOGRAPHICAL SPLIT



Smart Connectivity systems – Digitalization

PROPOSITION

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

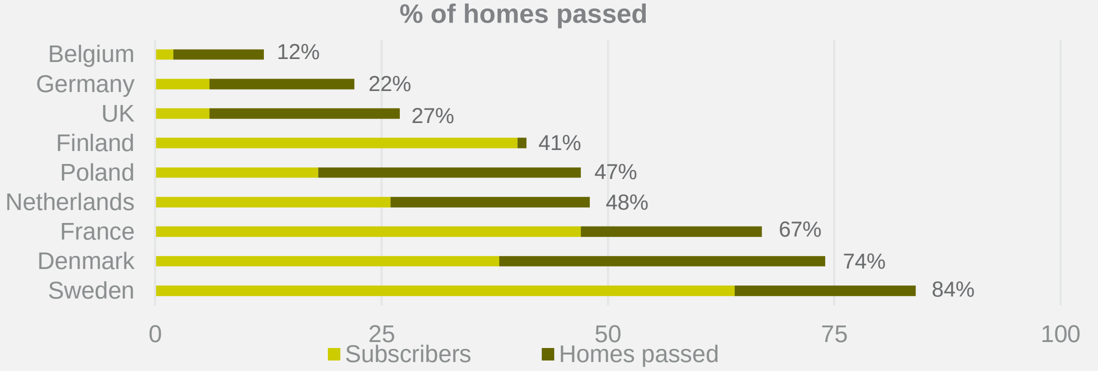
OTHER Specialized cable systems, Building & Industry cable systems

GROWTH DRIVERS

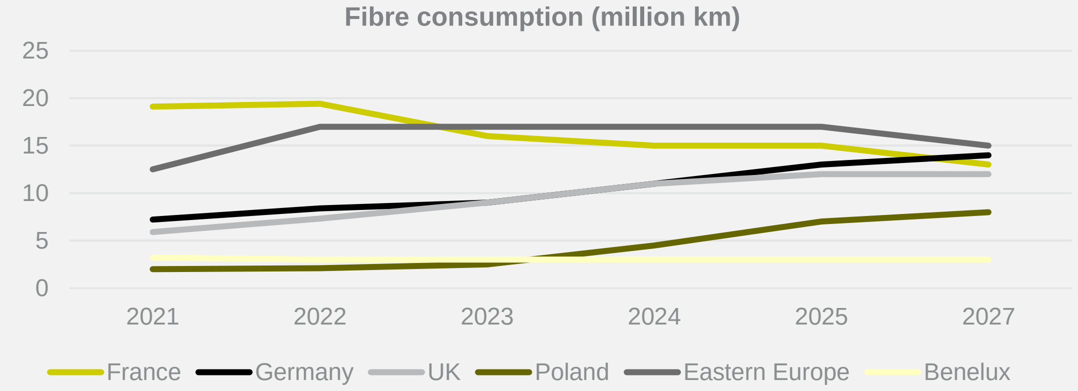
DIGITALIZATION Global need for high-speed bandwidth and data traffic, need for connected assets (IoT)

MARKET

DIGITALIZATION



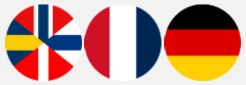
Source: FTTH Council Europe 2023



Source: various & internal calculations

MARKET POSITIONS

DIGITALIZATION



GROWING MARKET POSITIONS

Network companies

MARKET LEADER

Installers

KEY DIFFERENTIATOR – SYSTEMS APPROACH

Smart Connectivity systems – Electrification

PROPOSITION

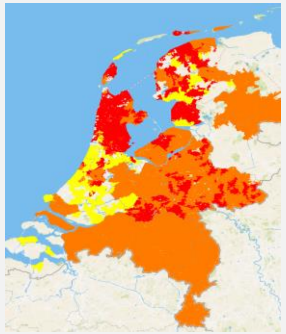
ELECTRIFICATION Offshore turnkey high voltage array cabling and accessories, Onshore turnkey medium and high voltage energy cable systems

GROWTH DRIVERS

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

MARKETS

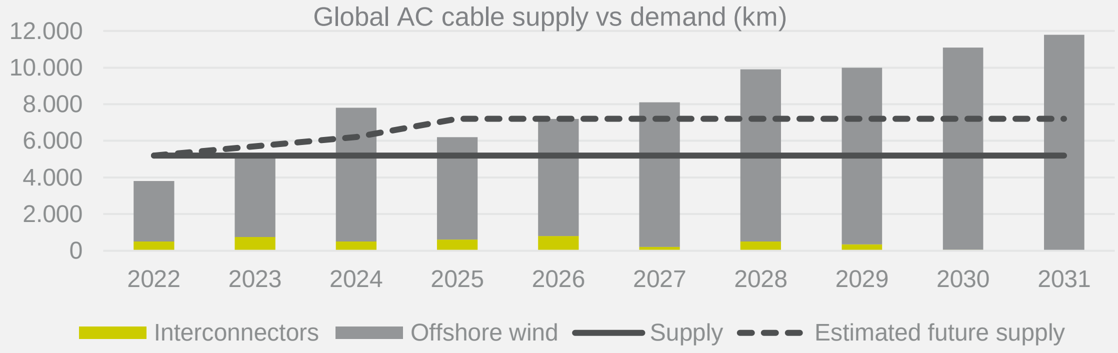
ONSHORE



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

Source: Netbeheer Nederland

OFFSHORE



Source: 4cOffshore

MARKET POSITIONS

ONSHORE

MARKET LEADER

Onshore
Utility companies

OFFSHORE

GROWING MARKET POSITIONS

Offshore
Utility companies

KEY DIFFERENTIATOR – SYSTEMS APPROACH

HIGHLIGHTS & FINANCIAL PERFORMANCE

H1 2023

Continued growth underpins strong strategic positioning

Highlights H1 2023

Turnover € 947.6m
H1 2022: € 899.7m
+ 5.0% organically

EBITA* € 119.8m
H1 2022: € 115.6m
+ 3.6%

ROS* 12.6%
H1 2022: 12.8%

Adjusted net profit € 67.7m**
H1 2022: € 70.5m
- 4.0%

ROCE 19.9%
H1 2022: 21.5%

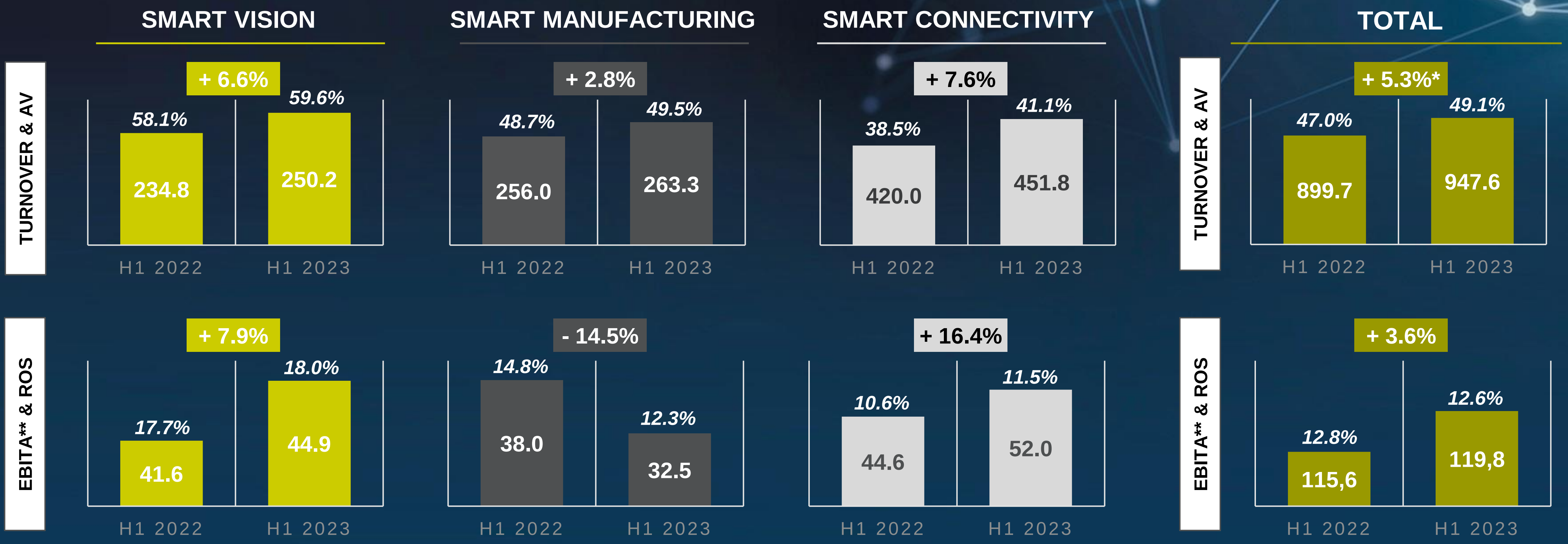
Order book € 999.9m
Dec 31, 2022: € 971.9m
+ 2.9%

Innovations 15.0%
H1 2022: 18.7%
As percentage of turnover

Net debt € 480.8m
Dec 31, 2022: € 307.2m

* *EBITA & ROS before one-off income (one-off income H1 2023: € 1.1m, H1 2022: € 9.3m)*
** *Net profit before amortization of intangible non-current assets related to acquisitions (after tax) and one-off income and expenses attributable to shareholders*

Added value increased across all segments



HIGHLIGHTS

Smart Vision

- Security Vision achieved growth
- Weakening market conditions for machine vision in Q2 (destocking)
- Challenging operating environment for machine vision expected to continue

Smart Manufacturing

- Strong order intake
- Operational inefficiencies from supply chain issues impacted turnover growth and ROS
- Easing supply chain issues evident
- Field services fully occupied with installing backlog

Smart Connectivity

- Energy turnover growth, strong contribution from subsea due to short delivery terms. Order intake onshore gradually weakened (destocking & project delays)
- Digitalization – improved results on stable turnover due to focus on margins, € 4.9m in import duties; import duties doubled from August 1 onwards

HIGHLIGHTS

Total

- Added value expansion due to positioning and sales price increases
- ROS impacted by temporary effects and machine vision slowdown in Q2

* *Adjusted for acquisitions and currency effects, turnover increased 5.0% organically, with price effects accounting for 4.1%*
** *EBITA before one-off income and expenses*

Geographical distribution of turnover

	H1 2023	H1 2022
Netherlands	25.7%	23.5%
Europe (other)	42.5%	43.0%
Asia	16.2%	17.8%
North America	11.5%	12.8%
Other	4.1%	2.9%

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

Profit and Loss Account

€ million	H1 2023		H1 2022		Δ in %
1 **Turnover**	**947.6**		**899.7**		**+ 5.3%**
Raw materials and subcontracted work	- 482.4		- 477.0		
2 **Added value**	**465.2**	**49.1%**	**422.7**	**47.0%**	**+ 10.1%**
3 Operating expenses	345.4	36.5%	307.1	34.1%	+ 12.5%
EBITA [1)]	**119.8**	**12.6%**	**115.6**	**12.8%**	**+ 3.6%**
One-off income	1.1		9.3		
Amortization	-26.9		-27.1		
Impairments	-0.6		-0.0		
Operating result	**93.3**		**97.8**		
Result associates	36.2		2.1		
Other financial result	- 9.5		- 5.7		
Result before taxes	**120.0**		**94.2**		
Taxes	21.5		24.2		
Net profit	**98.4**	**10.4%**	**70.0**	**7.8%**	**+ 40.6%**
Adjusted net profit [2)]	**67.7**	**7.1%**	**70.5**	**7.8%**	**- 4.0%**

1

€ million	Turnover	
H1 2022	**899.7**	
Acquisitions	5.0	0.6%
Currency translation	- 2.4	- 0.3%
Price effects	37.4	4.1%
Volume growth	7.9	0.9%
H1 2023	**947.6**	**5.3%**

2

Easing supply chain constraints

Sales price increases

3

Acquisitions + 0.5%

Currency translation - 0.4%

Personnel expenses + 12.1% – Expansion workforce (+ 532 FTEs) and payroll increases

1) before one-off income and expenses
2) before amortization of PPAs and one-off income and expenses attributable to shareholders

Profit and Loss Account

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Adjusted net profit 2)	**67.7**	**7.1%**	**70.5**	**7.8%**	**- 4.0%**

1) before one-off income and expenses
2) before amortization of PPAs and one-off income and expenses attributable to shareholders

4 Divestment of the remaining stake in CCG resulted in a profit of € 36.2 million in Q1 2023

5 Increase net interest expenses with € 5.5 million due to higher interest rates and outstanding debt

Offset by lower foreign exchange losses

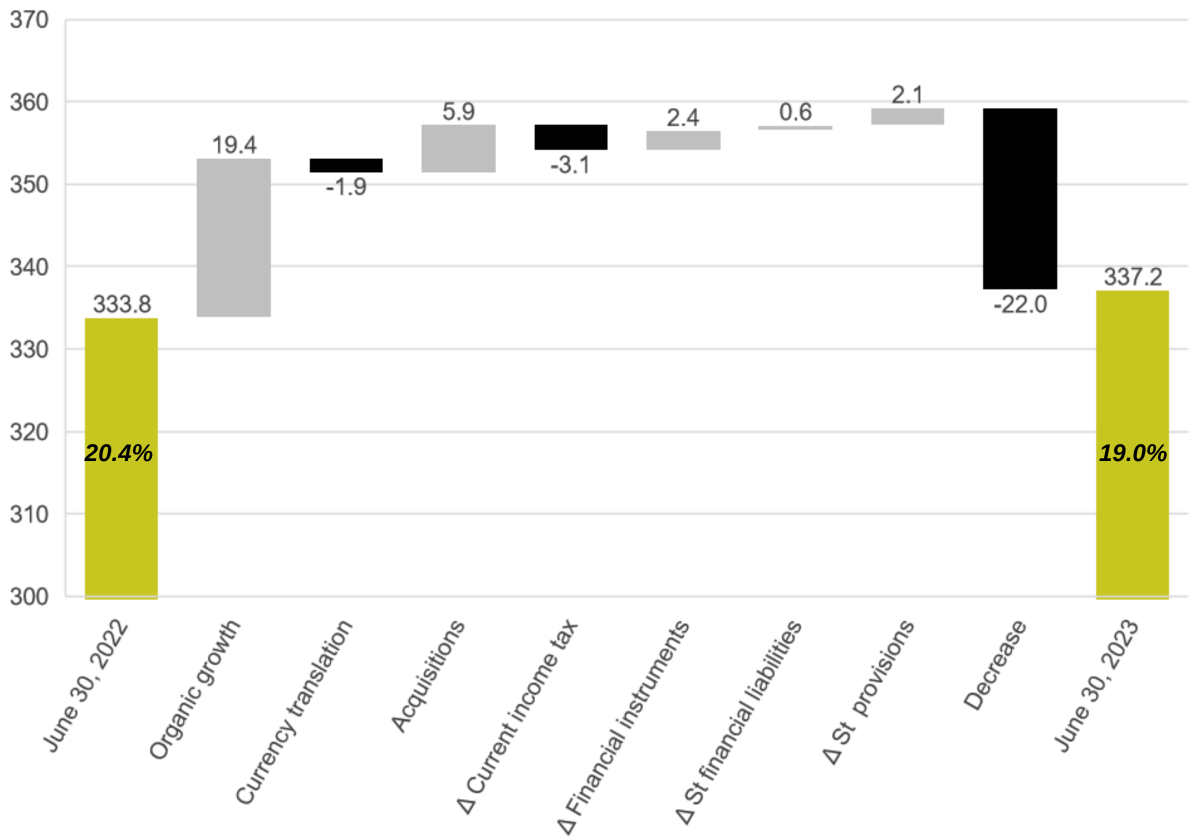
6 Normalized effective tax rate decreased to 25.7% (H1 2022: 26.3 %)

Relatively higher profits at companies benefitting from R&D tax facilities

Balance sheet

(in € million)	June 30, 2023	Dec. 31, 2022
Intangible assets and goodwill	570.7	533.8
Property, plant and equipment	358.8	295.0
Right-of-use assets	72.8	75.3
Other non-current assets	27.2	26.1
Total non-current assets	**1,029.5**	**930.2**
1 Current assets	876.8	845.1
Cash and cash equivalents	99.9	184.6
Total current assets	**976.7**	**1,029.7**
Assets held for sale	96.0	108.5
Total assets	**2,102.1**	**2,068.4**
Total group equity	**795.9**	**786.9**
Borrowings	596.8	503.0
Other non-current liabilities	69.8	64.0
Total non-current liabilities	**666.6**	**567.0**
Borrowings	61.4	70.4
1 Other current liabilities	539.9	610.7
Total current liabilities	**601.3**	**681.1**
Liabilities held for sale	38.3	33.4
Total equity and liabilities	**2,102.1**	**2,068.4**

1 Changes in working capital (in € million)



Use of non-recourse factoring

- Jun 30, 2023 — € 61.5 million
- Dec 31, 2022 — € 62.8 million
- June 30, 2022 — € 60.1 million

Use of supply chain finance

- Jun 30, 2023 — € 58.4 million
- Dec 31, 2022 — € 50.8 million
- June 30, 2022 — € 59.0 million

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

Balance sheet

(in € million)	June 30, 2023	Dec. 31, 2022
Intangible assets and goodwill	570.7	533.8
Property, plant and equipment	358.8	295.0
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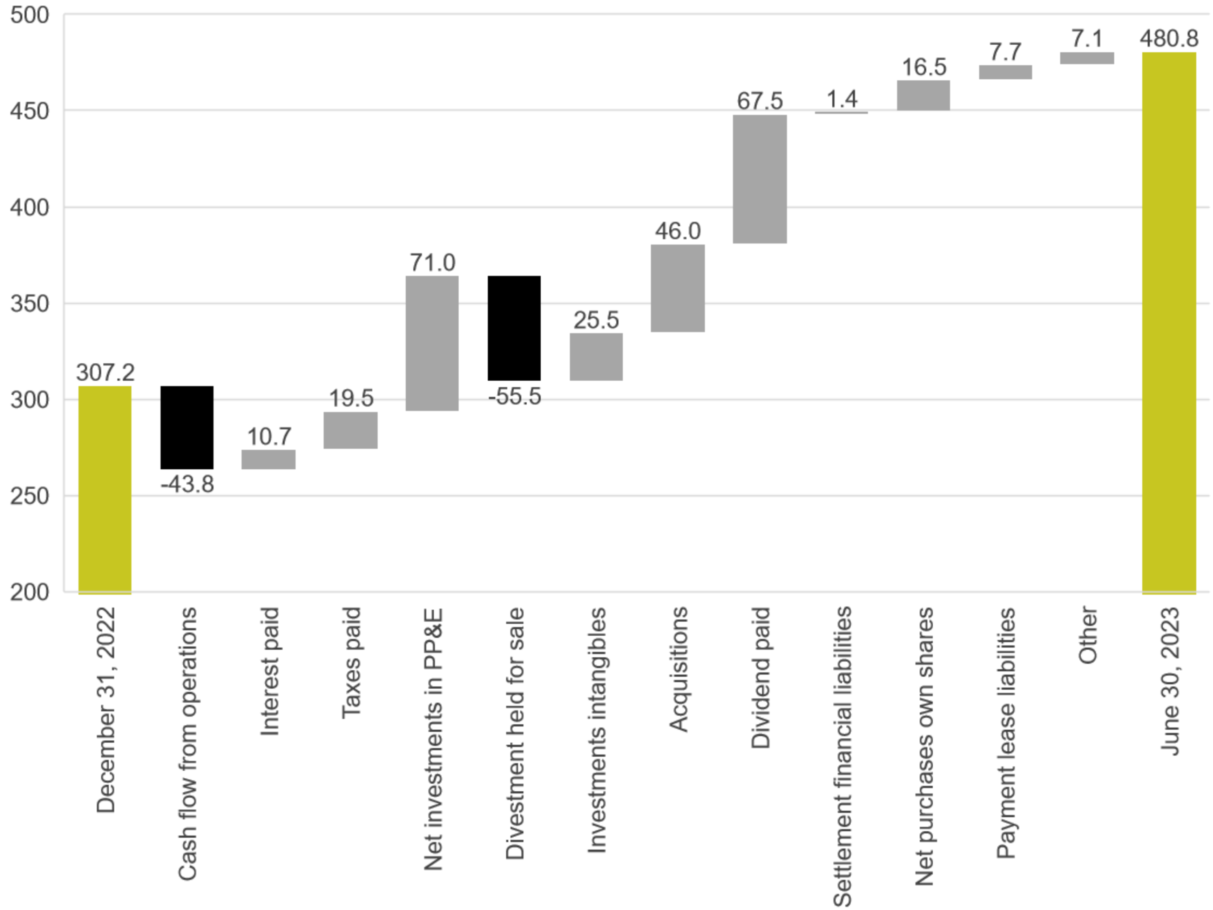
2 Change in net debt (in € million)



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

Net debt/EBITDA of 1.7 (December 31, 2022: 1.1 and June 30, 2022: 1.6)

Free cash flow

in million € unless stated otherwise	H1 2023	H1 2022	H2 2022	2022	2021	2020
Operating result	**93.3**	**97.8**	**92.4**	**190.2**	**136.9**	**70.9**
Depreciation, amortization and impairment	51.7	50.8	49.8	**100.6**	98.0	103.1
EBITDA adjusted	**145.0**	**148.6**	**142.2**	**290.8**	**234.9**	**174.0**
1 Change in working capital	-101.2	-197.5	81.2	**-116.3**	-3.5	42.5
Taxes paid	-19.5	-22.1	-18.3	**-40.4**	-33.1	-19.9
Other		-7.1	-2.2	**-9.3**	8.2	-0.1
Cash flow from operations before interest	**24.3**	**-78.1**	**202.9**	**124.8**	**206.5**	**196.5**
Payment of lease liabilities	-7.7	-7.8	-6.9	**-14.7**	-15.6	-16.0
2 Capital expenditure PP&E	-71.0	-27.9	-63.9	**-91.8**	-31.0	-29.4
3 Capital expenditure intangibles	-25.5	-21.8	-24.1	**-45.9**	-40.5	-39.2
Divestments of held for sale	55.5	14.0		**14.0**		
Free Cash Flow (‘FCF’)	**-24.4**	**-121.6**	**108.0**	**-13.6**	**119.4**	**111.9**
EBITDA (adjusted) to FCF conversion	-16.8%	-81.8%	75.9%	**-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: 10.7%
   - H1 2022: 20.4%
   - 2022: 14.1%
   - H1 2023: 19.0%

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

2. In H1 2023, Strategic Investment Program impacted FCF by € 55 million (2022: € 41 million)

3. Payments for acquisitions have not been included in FCF

OUTLOOK

Outlook

Smart Vision systems

Smart Vision systems continues to be faced with strong destocking effects and weakened market conditions in several end markets. As a result, we now expect EBITA to decrease slightly in H2 2023 compared to H1 2023

Smart Manufacturing systems

The outlook for Smart Manufacturing systems has improved, with turnover and EBITA expected to grow in H2 2023 compared to H1 2023

Smart Connectivity systems

As communicated earlier, Smart Connectivity systems H2 2023 EBITA and turnover are expected to be lower than H1 2023

On balance, for the full year 2023, TKH reiterates the earlier communicated outlook of an EBITA before one-off income and expenses between € 230 million and € 240 million, however EBITA is expected to be at the lower end of the forecasted range. This results in a net profit before amortization and one-off income and expenses attributable to shareholders at the lower end of the € 126 million and € 134 million range, barring unforeseen circumstances