

## H1 2024 Results

### Solid recovery in Q2 Increased order book supports future growth

#### Highlights Q2 2024

- Turnover increased 1.1% organically to €446.3 million, with a very strong performance in Smart Manufacturing systems
- Substantial 32.2% organic increase of EBITA at €54.5 million in Q2 compared to Q1; EBITA organically equal to Q2 2023

#### Highlights H1 2024

- Turnover decreased organically by 1.6% to €867.2 million
- Substantial increase of added value to 51.8% (H1 2023: 49.1%) with improvements in all segments confirming strategic strength
- EBITA decreased organically by 11.3% to €95.8 million, due to sustained destocking effects, weaker market demand in certain end markets and start-up costs related to expansion of production capacity
- ROS at 11.0% (H1 2023: 12.6%)
- Order book up 8.5% to €1,052.8 million (December 31, 2023: €970.1 million); with strong growth in order book at Smart Connectivity systems
- Portfolio development with two divestments and three acquisitions well on track; completion of strategic investment program of €200 million
- Cost saving program to lower cost base with €15 million annually

#### Outlook

- For the full year 2024, TKH expects organic growth in turnover and an EBITA excluding one-off income and expenses of between €210 million and €220 million. The 2023 EBITA, adjusted for divestments, amounted to €222 million.

#### Key figures (in € million unless otherwise stated)

Q2 2024	Q2 2023		H1 2024	H1 2023	Δ in %	Organic Δ in %
446.3	475.1	Turnover	867.2	947.6	- 8.5%	- 1.6%
		Added Value	51.8%	49.1%		
54.5	59.9	EBITA excl one-off income and expenses <sup>1)</sup>	95.8	119.8	- 20.0%	- 11.3%
		Adjusted net profit <sup>2)</sup>	45.4	67.7	- 32.9%	
		Net profit <sup>3)</sup>	49.8	98.4	- 49.4%	
		EPS (in €)	1.25	2.40	- 47.9%	
12.2%	12.6%	ROS	11.0%	12.6%		
		ROCE	15.9%	19.9%		

<sup>1)</sup> EBITA excludes one-off expenses of €0.4 million in H1 2024 and €1.1 million income in H1 2023.

<sup>2)</sup> Adjusted net profit is the net profit before amortization of intangible non-current assets related to acquisitions and one-off income and expenses attributable to shareholders.

<sup>3)</sup> Includes one-off profits from divestments of €13.7 million (H1 2023: €36.2 million profit).

For further details, including the calculations on organic turnover and EBITA growth, see the "Alternative Performance Measures" included in the appendix of this press release.



**Alexander van der Lof, CEO of technology company TKH:** *“The Q2 performance was considerably better than in Q1, and on a similar level as Q2 2023, supported by a strong performance in Smart Manufacturing systems. Smart Connectivity systems also showed quarterly sequential growth, yet strong headwinds in Digitalization, continued destocking effects in Energy, as well as start-up and ramp-up costs impacted EBITA. Smart Vision systems continued to be impacted by weak market conditions in Q2.*

*We managed to improve our added value across all segments, confirming the leadership positions of our differentiating technologies. In Q2 we won substantial contracts in Subsea and in the first month of H2 we were also awarded further, larger contracts in Smart Vision systems and in Smart Connectivity systems, which will contribute to our H2 2024 performance and turnover growth. Our innovative, differentiating and sustainable technologies were instrumental in securing these contracts.*

*Despite slower-than-anticipated growth in Smart Vision systems and expected prolonged weakness in Digitalization, we are on track to achieve a substantial improvement in profitability in H2 2024. We are well positioned to achieve further growth in results in 2025, supported by a robust order book. We are confident that the utilization of the strategic investments will contribute substantially, with most costs already in place.*

*We have introduced a cost saving program of around €15 million annually that will be implemented during the second half of this year and will have a positive effect on the result starting from 2025.*

*Our commitment to innovation differentiates us in the market and with our position in key megatrends we have created a robust foundation. The successful progress of Accelerate 2025 strategy supports the realization towards our targets.*

*Furthermore, with the strategic investment program completed, a large part of our commodity based portfolio divested, we are re-addressing our strategy in light of further value creation.”*

## ESG

TKH continues to demonstrate a strong commitment to its ESG ambitions and made further progress in H1 2024 towards our key sustainability targets as set out in the Accelerate 2025 strategy program. During 2024, we received substantially improved ESG ratings from CDP and Sustainalytics. The turnover related to the Sustainable Development Goals (SDG) stood at 71% (2023: 70%).

## Financial highlights Q2 2024

Turnover in Q2 2024 amounted to €446.3 million, a strong 6.6% organic increase on turnover in Q1 2024 and a 1.1% organic increase on turnover in Q2 2023. Compared to Q2 2023, acquisitions had a +0.4% effect on turnover, while divestments accounted for -7.5% of turnover. All segments demonstrated organic growth in turnover, compared to Q1 2024. As expected, the turnover in Smart Vision systems and Smart Connectivity systems decreased compared to Q2 2023. EBITA excluding one-off income amounted to €54.5 million, organically equal to Q2 2023 EBITA and a 32.2% organic increase on Q1 2024. Both Smart Manufacturing systems and Smart Connectivity systems showed sequential quarterly growth in EBITA in Q2 2024. However, Smart Vision systems' EBITA continued to be impacted by lower turnover levels. Order intake in the second quarter reached €516 million, and ROS amounted to 12.2% (Q2 2023: 12.6%).

## Financial developments H1 2024

In H1 2024, turnover was €867.2 million, representing a 1.6% organic decrease (H1 2023: €947.6 million). Acquisitions accounted for +0.7%, divestment for -7.5% and currency effects for -0.1% of



turnover. Of the three segments, only Smart Manufacturing systems recorded turnover growth in H1 2024.

The turnover share in the Netherlands remained at 26% of total turnover, while the share in Europe, excluding the Netherlands, decreased to 35% (H1 2023: 43%). Asia's share of turnover increased to 20% (H1 2023: 16%), while North America's share of turnover grew to 14% (H1 2023: 12%). The turnover share of the other geographical areas increased slightly to 5% (H1 2023: 4%). This shift in geographical turnover distribution is mostly due to the divestments.

The added value increased to 51.8% in H1 2024 (H1 2023: 49.1%). All segments reported an increase in added value, with the Smart Connectivity systems segment showing the most significant growth. The increase in added value was largely driven by higher input costs being passed on to customers, a shift in the product mix and the impact of acquisitions and divestments.

The order intake in the first half of 2024 was strong, resulting in an order intake of €970.9 million (H1 2023: €975.6 million), representing a 8.5% increase in the order book as of June 30, 2024 of €1,053 million (December 31, 2023: €970 million). The order book at Smart Manufacturing systems remained very strong at €618.5 million (December 31, 2023: €631.3 million), mainly driven by Tire Building systems, which continues to benefit from the effects of reshoring and the capex programs of tire manufacturers. The order book at Smart Connectivity systems increased to €301.3 million (€214.8 million on December 31, 2023), driven by a high order intake in the offshore wind connectivity systems.

Operating expenses (excluding amortization and impairments) increased by 2.3% compared to H1 2023. Acquisitions and divestments had a net downward impact of 2.7%. Personnel expenses increased by 2.2%, which in addition to the downward impact of divestments was driven by a further increase in headcount, mainly due to the start-up and ramp-up of capacity related to strategic investments, and payroll increases.

As a result, EBITA decreased by 11.3% organically to €95.8 million in H1 2024, from €119.8 million in H1 2023. In H1 2024, Smart Manufacturing systems was the largest contributor to EBITA (58.9% of the total).

ROS decreased to 11.0% (H1 2023: 12.6%) due to the start-up and ramp-up costs of the new facilities, as well as lower demand from continued destocking and weaker market conditions for both Smart Vision systems and Smart Connectivity systems. A one-off expense of €0.4 million was recorded in H1 2024 in relation to acquisitions (H1 2023: one-off income of €1.1 million).

Net interest expenses increased to €13.9 million (H1 2023: €8.9 million) due to the combination of higher interest rates and a higher outstanding debt. The result from associates of €13.7 million is largely attributable to the one-off contribution from the divestment of HE System Electronic in H1 2024.

The normalized effective tax rate was stable at 25.8% in the first half of 2024 from 25.7% in H1 2023.

Net profit before amortization and one-off income and expenses attributable to shareholders decreased by 32.9% to €45.4 million (H1 2023: €67.7 million) mainly due to a lower EBITA and higher interest expenses. Including the €13.7 million one-off contribution from the divestment of HE System Electronic, net profit amounted to €49.8 million (H1 2023: €98.4 million including €36.2 million contribution from the divestment of CCG).

The net interest-bearing debt increased by €105.7 million from the level at year-end 2023 to €574.9 million at June 30, 2024. Items which have affected the debt level include an increase in working capital (€36.2 million), net investments in property, plant and equipment of €59.7 million (of which about €30 million is related to the strategic investment program), dividends paid (€67.9 million), acquisitions (€19.5 million), and investments in intangible assets (€30.6 million). Cash flow from operating activities amounted to €47.4 million (H1 2023: €13.6 million). The net debt/EBITDA ratio stood at 2.3, which is well within the financial ratio agreed with our banks. Solvency decreased to 37.7% (H1 2023: 37.9%).

As of June 30, 2024, TKH employed a total of 6,852 FTEs (December 31, 2023: 6,899 FTEs), of which 437 were temporary employees (December 31, 2023: 434 FTEs).

## Developments by technology segment

### Smart Vision systems

*In the first half of 2024, Vision Technology accounted for about 86% of Smart Vision systems' turnover.*

#### Key figures (in € million unless otherwise stated)

	H1 2024	H1 2023	Δ in %	Organic Δ in %
Turnover	232.6	250.2	- 7.0%	- 9.4%
Added Value	60.2%	59.6%		
EBITA excl one-off income and expenses	30.4	44.9	- 32.4%	- 34.7%
ROS	13.1%	18.0%		

In H1 2024, the turnover of Smart Vision systems decreased organically by 9.4% to €232.6 million. Acquisitions had an upward impact of 2.4%. The order book improved to €133.1 million (December 31, 2023: €124.0 million). The added value increased from 59.6% to 60.2%. Due to lower turnover but continued higher cost levels to respond to anticipated growth, EBITA decreased to €30.4 million (-34.7% organically) and ROS for H1 2024 dropped to 13.1% (H1 2023: 18.0%).

**Vision Technology** – Security Vision saw a decline in turnover in H1 2024, mainly due to the strong comparison base of H1 2023, due to a large order in H1 2023. In Q2 2024, the market conditions for Machine Vision showed slight improvements, however the battery and solar market slowed down significantly. Both Machine Vision and Security Vision are expected to improve during the second half of this year, on the back of deliveries of larger secured orders for Q4.

### Smart Manufacturing systems

*In the first half of 2024, Tire Building systems accounted for about 79% of Smart Manufacturing systems' turnover.*

#### Key figures (in € million unless otherwise stated)

	H1 2024	H1 2023	Δ in %	Organic Δ in %
Turnover	315.9	263.3	+ 20.0%	+ 21.0%
Added Value	50.8%	49.5%		
EBITA excl one-off income and expenses	56.4	32.5	+ 73.8%	+ 74.9%
ROS	17.9%	12.3%		

Adjusted for currency effects, turnover at Smart Manufacturing systems grew organically by 21.0%. The added value increased further, from 49.5% to 50.8%. EBITA was up by 74.9% organically to

€56.4 million, with ROS reaching 17.9% (H1 2023: 12.3%). The order book saw a slight decline, but remains at a high level of €618.5 million, compared to the record €631.3 million level of December 31, 2023.

**Tire Building systems** – Tire Building systems' H1 2024 performance benefitted from the high order book in both passenger and truck tires. As was the case in Q4 2023, the easing of the supply chain effects has resulted in a catch-up effect of deliveries. This, along with the implemented efficiency improvements, has led to a strong operational performance. The order intake for both passenger and truck tire systems continues to be high, driven by investments related to the production of more sustainable tires, the rise of electric vehicles, and the need for more automation.

**Other** – The divestment of HE System Electronic and EKB, in line with our strategic focus on our core technologies, will result in the turnover share of 'Other' within Smart Manufacturing systems to decline in favor of Tire Building systems.

### Smart Connectivity systems

*In the first half of 2024, Energy and Digitalization accounted for about 48% and 30% of Smart Connectivity systems' turnover (for comparison purposes: H1 2023 excluding divestment 44% and 34%).*

### Key figures (in € million unless otherwise stated)

	H1 2024	H1 2023	Δ in %	Organic Δ in %
Turnover	328.5	451.8	- 27.3%	- 12.1%
Added Value	45.1%	41.1%		
EBITA excl one-off income and expenses <sup>1)</sup>	20.4	52.0	- 60.7%	- 39.2%
ROS	6.2%	11.5%		

Turnover in Smart Connectivity systems decreased organically by 12.1% to €328.5 million in H1 2024. The order book grew to €301.3 million (December 31, 2023: €214.8 million). The added value as a percentage of turnover increased from 41.1% to 45.1% in H1 2024, due to a shift in product mix, price increases, and the divestment of the cable distribution activities in France. EBITA decreased by 39.2% organically to €20.4 million (H1 2023: €52.0 million). This was due to a combination of factors, including lower turnover, which was partially due to the weak market environment in fibre optic cables, and higher costs associated with the start-up and ramp-up of the new facilities in Eemshaven and Poland. ROS decreased to 6.2%.

**Energy** – As anticipated, the demand for onshore energy cables in the Netherlands continues to be weak due to destocking by utility companies. At this moment, the roll-out of the networks has improved, leading to an increased volume of energy cables being installed. The new offshore cable factory in Eemshaven is scheduled for its official opening in the second half of September, with serial production recently started. The sales funnel for our Eemshaven facilities is strong. During the period under review, several offshore wind orders were signed.

**Digitalization** – Digitalization was impacted by a significant decline in demand due to the continued low level of investment in the roll-out of fibre optic networks in Europe. This has resulted amongst others in pricing pressure. In combination with the ramp-up costs and low capacity utilization, this has put significant pressure on the results of digitalization during H1 2024.

**Other** – TKH's specialized and customized connectivity systems for the machine-building, robotics, and medical industries were impacted by the weak German economy.



## Outlook

TKH expects the following developments per business segment:

### Smart Vision systems

Turnover and EBITA in H2 2024 are expected to grow compared to H1 2024, on the back of deliveries of larger secured orders for Q4. Overall, the market for Machine Vision remains challenging, with the anticipated return to growth materializing at a later stage.

### Smart Manufacturing systems

The catch-up effects reported in H2 2023 and H1 2024 following the easing of supply chain constraints will subside, leading to a lower H2 2024 turnover and EBITA compared to H1 2024. For the full year, we expect organic growth for turnover and EBITA compared to 2023.

### Smart Connectivity systems

Turnover and EBITA in H2 2024 are expected to grow compared to H1 2024, on the back of deliveries of larger secured orders for Q4 and a decline of the start-up and ramp-up costs.

On balance and barring unforeseen circumstances, for the full year 2024, TKH expects organic growth in turnover and an EBITA excluding one-off income and expenses of between €210 million and €220 million. The 2023 EBITA, excluding divestments, amounted to €222 million.

The presentation of the half year results on August 13, 2024 can be followed via live webcast at 10:00 CET ([www.tkhgroup.com](http://www.tkhgroup.com)).

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## Calendar

November 12, 2024      Market Update Q3 2024

## About TKH

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

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

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

For further information, please visit [www.tkhgroup.com](http://www.tkhgroup.com).

## Consolidated profit and loss account

in thousands of euros	1 <sup>st</sup> half year 2024	1 <sup>st</sup> half year 2023
<b>Total turnover</b>	<b>867,215</b>	<b>947,609</b>
Raw materials, consumables, trade products and subcontracted work	418,158	482,401
Personnel expenses	246,963	241,653
Other operating expenses	80,840	78,628
Depreciation and result on divestment of property, plant and equipment	25,924	24,099
Amortization	30,500	26,915
Impairments	896	644
<b>Total operating expenses</b>	<b>803,281</b>	<b>854,340</b>
<b>Operating result</b>	<b>63,934</b>	<b>93,269</b>
Financial income	519	543
Financial expenses	-14,419	-9,489
Exchange differences	-1,363	-589
Share in result of associates	-29	70
Result on sale of associates	13,709	36,164
<b>Result before tax</b>	<b>62,351</b>	<b>119,968</b>
Tax on result	12,558	21,541
<b>Net result</b>	<b>49,793</b>	<b>98,427</b>
Attributable to:		
Shareholders of the company	49,806	98,415
Non-controlling interests	-13	12
<b>Net result</b>	<b>49,793</b>	<b>98,427</b>
<b>Earnings per share attributable to shareholders</b>		
Basic earnings per share (in €)	1.25	2.40
Diluted earnings per share (in €)	1.25	2.40
Basic earnings per share before amortization and one-off income and expenses (in €)	1.14	1.65



## Consolidated statement of comprehensive income

in thousands of euros	1 <sup>st</sup> half year 2024	1 <sup>st</sup> half year 2023
<b>Net result</b>	<b>49,793</b>	<b>98,427</b>
<b>Items that may be reclassified subsequently to profit or loss (net of tax)</b>		
Currency translation differences	6,487	-5,548
Currency translation differences in other associates	26	-562
Effective part of changes in fair value of cash flow hedges (after tax)	602	-678
	<b>7,115</b>	<b>-6,788</b>
<b>Items that will not be reclassified subsequently to profit or loss (net of tax)</b>		
Actuarial gains/(losses)	0	140
	<b>0</b>	<b>140</b>
<b>Other comprehensive income (net of tax)</b>	<b>7,115</b>	<b>-6,648</b>
<b>Comprehensive income for the period (net of tax)</b>	<b>56,908</b>	<b>91,779</b>
<b>Attributable to:</b>		
Shareholders of the company	56,933	91,821
Non-controlling interests	-25	-42
<b>Total comprehensive income for the period (net of tax)</b>	<b>56,908</b>	<b>91,779</b>



## Consolidated balance sheet

in thousands of euros	30-06-2024	31-12-2023
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets and goodwill	588,775	565,696
Property, plant and equipment	464,615	436,019
Right-of-use assets	83,928	84,012
Associates	30,564	35,987
Other receivables	754	752
Deferred tax assets	15,706	15,824
<b>Total non-current assets</b>	<b>1,184,342</b>	<b>1,138,290</b>
<b>Current assets</b>		
Inventories	400,703	403,259
Trade and other receivables	269,912	243,622
Contract assets	187,709	217,123
Contract costs	10,992	8,014
Current income tax	1,972	2,603
Cash and cash equivalents	76,101	93,697
<b>Total current assets</b>	<b>947,389</b>	<b>968,318</b>
Assets held for sale	63,606	21,171
<b>Total assets</b>	<b>2,195,337</b>	<b>2,127,779</b>
<b>Equity and liabilities</b>		
<b>Group Equity</b>		
Shareholders' equity	826,829	835,565
Non-controlling interests	123	148
<b>Total group equity</b>	<b>826,952</b>	<b>835,713</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	645,517	572,368
Deferred tax liabilities	60,313	57,722
Retirement benefit obligation	3,793	3,679
Other non-current financial liabilities	2,000	1,033
Provisions	11,487	12,740
<b>Total non-current liabilities</b>	<b>723,110</b>	<b>647,542</b>
<b>Current liabilities</b>		
Interest-bearing loans and borrowings	91,953	75,864
Trade payables and other payables	325,887	357,245
Contract liabilities	176,626	176,130
Current income tax liabilities	5,107	11,290
Other financial liabilities	1,368	1,639
Provisions	17,004	19,209
<b>Total current liabilities</b>	<b>617,945</b>	<b>641,377</b>
Liabilities directly associated with assets held for sale	27,330	3,147
<b>Total equity and liabilities</b>	<b>2,195,337</b>	<b>2,127,779</b>

## Consolidated statement of changes in group equity

in thousands of euros	Total shareholders' equity	Non- controlling interests	Total group equity
<b>Balance on January 1, 2023</b>	<b>786,773</b>	<b>168</b>	<b>786,941</b>
Net result	98,415	12	98,427
Other comprehensive income	-6,594	-54	-6,648
<b>Total comprehensive income</b>	<b>91,821</b>	<b>-42</b>	<b>91,779</b>
Dividends	-67,467		-67,467
Share and option schemes	1,197		1,197
Purchased shares for share buy-back program	-15,708		-15,708
Purchased shares for share and option schemes	-8,545		-8,545
Sold shares for share and option schemes	7,708		7,708
<b>Balance on June 30, 2023</b>	<b>795,779</b>	<b>126</b>	<b>795,905</b>
<b>Balance on January 1, 2024</b>	<b>835,565</b>	<b>148</b>	<b>835,713</b>
Net result	49,806	-13	49,793
Other comprehensive income	7,127	-12	7,115
<b>Total comprehensive income</b>	<b>56,933</b>	<b>-25</b>	<b>56,908</b>
Dividends	-67,883		-67,883
Share and option schemes	1,689		1,689
Purchased shares for share and option schemes	-2,108		-2,108
Sold shares for share and option schemes	2,633		2,633
<b>Balance on June 30, 2024</b>	<b>826,829</b>	<b>123</b>	<b>826,952</b>



## Consolidated cash flow statement

in thousands of euros	1 <sup>st</sup> half year 2024	1 <sup>st</sup> half year 2023
<b>Cash flow from operating activities</b>		
Operating result	63,934	93,269
Depreciation, amortization and impairment	57,430	51,719
Share and option schemes not resulting in a cash flow	1,689	1,197
Result on disposals	-110	-56
Changes in provisions	-3,716	-1,212
Changes in working capital	-35,331	-101,166
<b>Cash flow from operations</b>	<b>83,896</b>	<b>43,751</b>
Interest received	519	544
Interest paid	-19,064	-11,226
Income taxes paid	-17,931	-19,498
<b>Net cash flow from operating activities (A)</b>	<b>47,420</b>	<b>13,571</b>
<b>Cash flow from investing activities</b>		
Investments in intangible assets and goodwill	-30,571	-25,507
Purchases of property, plant and equipment	-60,194	-71,253
Disposals of property, plant and equipment	465	291
Dividends received from associates	60	0
Repayments on loans	-28	-38
Divestments of assets held for sale	35,749	55,522
Acquisition of subsidiaries less cash and cash equivalents acquired	-19,461	-42,914
<b>Net cash flow from investing activities (B)</b>	<b>-73,980</b>	<b>-83,899</b>
<b>Cash flow from financing activities</b>		
Dividends paid	-67,883	-67,467
Settlement of financial liabilities regarding put options of non-controlling interests and earn-out	-273	-1,379
Purchased shares for share buy-back program	0	-15,708
Purchased shares for share and option schemes	-2,108	-8,545
Sold shares for share and option schemes	2,633	7,708
Payment of lease liabilities	-8,207	-7,667
Proceeds from long term debts	69,648	427,355
Repayments on long-term debts	0	-335,000
(Repayments)/proceeds from other long-term debts	-877	281
Change in short-term borrowings	14,495	61,591
<b>Net cash flow from financing activities (C)</b>	<b>7,428</b>	<b>61,169</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>-19,132</b>	<b>-9,159</b>
Exchange differences	512	-4,950
<b>Change in cash and cash equivalents</b>	<b>-18,620</b>	<b>-14,109</b>
Cash and cash equivalents at 1 January	69,294	78,387
<b>Cash and cash equivalents at 30 June</b>	<b>50,674</b>	<b>64,278</b>
Cash and bank balances as included in the cash flow statement	50,674	64,278
Cash at companies assets held for sale	-1,683	-82
Cash and bank balances in cash and interest pools	27,110	35,669
<b>Cash and cash equivalents in balance sheet</b>	<b>76,101</b>	<b>99,865</b>

## Notes to the interim financial report

### Accounting principles for financial reporting

The accounting policies for the valuation of assets and liabilities and determination of the result (hereafter ‘valuation principles’) are the same as the accounting principles applied for the consolidated financial statements 2023. Annual accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Section 2: 362 sub 9 of the Dutch Civil Code (Dutch Civil Code).

The interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. It does not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements 2023 of the group.

### Judgements

The preparation of the consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported value of assets and liabilities, and income and expenses. Actual results may differ from these estimates. The main sources for estimates used by management are the same as those used in preparing the 2023 consolidated financial statements.

### Acquisition

On January 24, 2024, TKH acquired 100% of the shares in JCAI Inc. JCAI offers state-of-the-art guidance software and equipment that provides airports with the tools needed to ensure the aircraft is directed automatically over the tarmac, allowing for maximization of throughput, whilst balancing safety. JCAI’s software is currently deployed across many airports as well as airlines. JCAI will be able to take advantage of as well as accelerate the growth of the advanced TKH CEDD connectivity technology especially in the North American market. JCAI is based in Toronto, Canada, employs 35 people and realized an annual turnover in 2023 of CAD 13.7 million, with 25% of turnover derived from recurring software sales. The activities are part of the Smart Connectivity Systems segment.

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

	JCAI		
in thousands of euros	Book value	Adjustments	Fair value
Acquired net assets	-1,609	8,827	7,218
Goodwill paid			14,063
<b>Purchase price</b>			<b>21,281</b>
Contingent consideration			-963
Cash and cash equivalents acquired			-857
<b>Purchase price paid</b>			<b>19,461</b>

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

### Divestment

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

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

in thousands of euros	2024
<b>Net assets at the time of divestment</b>	<b>22,906</b>
Result on divestment	13,709
Cash and cash equivalents divested	-866
<b>Cash flow from divestments</b>	<b>35,749</b>

The sales agreement includes a guarantee and contingent consideration, which is based on specific customer-contract developments in the coming three years and can potentially have a positive or negative impact on the presented result of this divestment. Currently this consideration is valued at a net amount of nil.

### Assets and directly associated liabilities held for sale

The assets and directly associated liabilities held for sale relate to:

- EKB Groep B.V. – In July 2024, TKH reached an agreement on the sale of its 100% share. The transaction is expected to be closed in Q3 2024. The turnover of EKB, part of TKH's Smart Manufacturing segment, totaled € 35.5 million in 2023 with an EBITA of € 2.6 million and 199 FTE; EKB operates mainly in The Netherlands.
- In Q2 2024, TKH started an active program to divest certain distribution activities.

The amount of allocated goodwill has been based on applying the relative value method. Barring unforeseen circumstances, a sale of both activities is highly probable within the upcoming 12 months. The balance per end of 2023 relate to HE System Electronic, for which reference is made to 'Divestment' above. The main categories of assets and liabilities classified as held for sale are as follows:

in thousands of euros	June 30, 2024	December 31, 2023
<b>Assets</b>		
Intangible assets and goodwill	4,810	1,179
Property, plant and equipment	8,410	10,718
Right-of-use assets	3,617	667
Other associates	5,360	0
Other receivables	26	0
Deferred tax assets	463	398
Inventories	15,692	4,363
Trade and other receivables	18,461	2,071
Contract assets	4,974	1,718
Current income tax	110	0
Cash and cash equivalents	1,683	57
<b>Assets held for sale</b>	<b>63,606</b>	<b>21,171</b>
<b>Liabilities</b>		
Non-current interest-bearing loans and borrowings	2,815	536
Deferred tax liabilities	386	490
Retirement benefit obligation	10	0
Other long-term provisions	430	0
Current interest-bearing loans and borrowings	1,148	149
Trade payables and other payables	19,925	1,972
Contract liabilities	1,600	0
Current income tax liabilities	981	0
Other short-term provisions	35	0
<b>Liabilities directly associated with assets held for sale</b>	<b>27,330</b>	<b>3,147</b>
<b>Net assets directly associated with held for sale</b>	<b>36,276</b>	<b>18,024</b>

### Statutory capital

The number of outstanding (depository receipts of) shares as per December 31, 2023 amounted to 39,801,946. Due to the exercise of options rights and share schemes, a balance of 62,962 (depository receipts of) shares were sold in the first half of 2024. As a result, the number of (depository receipts of) shares outstanding with third parties as per June 30, 2024 was 39,864,908. The amount of own shares held by TKH amounts to 2,337,521 per 30 June 2024 (2,400,483 per 31 December 2023), which represents 5.54% (2023: 5.69%) of the total outstanding shares.

### Dividend

At the General Meeting of Shareholders 2024, the dividend over 2023 was declared at € 1.70 per (depository receipts of) ordinary share. The dividend on the priority shares was declared at € 0.05 per share. The total amount in dividends paid in the first half of 2024 was € 67,883,000 and this amount was charged to the other reserves (H1 2023: € 67,467,000).

### Order book

The following table shows the expected future revenue regarding contractual performance obligations that have not (or have only partially) been completed on the balance sheet date:

in thousands of euros	June 30, 2024	December 31, 2023	June 30, 2023
Expected to be recognized as revenue within 1 year	811,213	785,077	757,814
Expected to be recognized as revenue between 1 and 2 years	143,808	166,885	197,376
Expected to be recognized as revenue after 2 years	97,800	18,143	44,692
<b>Total</b>	<b>1,052,821</b>	<b>970,105</b>	<b>999,882</b>

  

in thousands of euros	June 30, 2024	December 31, 2023	June 30, 2023
Smart Vision systems	133,050	124,035	143,875
Smart Manufacturing systems	618,484	631,285	598,490
Smart Connectivity systems	301,287	214,784	257,516
Other		1	1
<b>Total</b>	<b>1,052,821</b>	<b>970,105</b>	<b>999,882</b>

### Contingent liabilities

The contingent liabilities which are not reflected in the balance sheet, as reported in the consolidated financial statements for 2023, have not essentially changed in the first half 2024.

## Segmented information

in thousands of euros (unless stated otherwise)	Smart Vision systems		Smart Manufacturing systems		Smart Connectivity systems		Other and eliminations		Total	
	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023
<b>Turnover</b>	<b>232,606</b>	<b>250,211</b>	<b>315,888</b>	<b>263,268</b>	<b>328,508</b>	<b>451,849</b>	<b>-9,787</b>	<b>-17,719</b>	<b>867,215</b>	<b>947,609</b>
Added value	140,137	149,173	160,613	130,423	148,188	185,583	119	29	449,057	465,208
Added value in %	60.2%	59.6%	50.8%	49.5%	45.1%	41.1%			51.8%	49.1%
EBITDA	38,721	53,020	61,135	37,049	32,641	63,992	-10,812	-9,134	121,685	144,927
Depreciation	8,325	8,084	4,707	4,576	12,249	12,040	643	457	25,924	25,157
<b>EBITA</b>	<b>30,396</b>	<b>44,936</b>	<b>56,428</b>	<b>32,473</b>	<b>20,392</b>	<b>51,952</b>	<b>-11,455</b>	<b>-9,591</b>	<b>95,761</b>	<b>119,770</b>
ROS	13.1%	18.0%	17.9%	12.3%	6.2%	11.5%			11.0%	12.6%
One-off income & expenses						1,058	-430		-430	1,058
Amortization	-22,125	-19,848	-5,552	-5,396	-2,817	-1,671	-6		-30,500	-26,915
Impairments	-896	-649		4				1	-896	-644
<b>Operating result</b>	<b>7,375</b>	<b>24,439</b>	<b>50,876</b>	<b>27,081</b>	<b>17,575</b>	<b>51,339</b>	<b>-11,892</b>	<b>-9,590</b>	<b>63,934</b>	<b>93,269</b>
<b>Other information</b>										
Employees (FTE)	2,081	2,116	1,912	1,887	2,305	2,446	117	89	6,415	6,538

EBITDA and EBITA are excluding one-off income and expenses.

## Overview of alternative performance measures (APM)

For a complete overview of our APM's and definitions reference is made to the annual report 2023 as published on our website. An overview of the reconciliation of the APM's used in this press release is included in the annex to this press release.

## Events after balance sheet date

There have been no events in the past interim period that are material to the understanding of this interim report, except for the following acquisitions and divestment:

On July 16, 2024, TKH reached an agreement on the sale of its 100% share in EKB Groep BV to Eiffage Énergie Systèmes. The transaction is expected to be closed in Q3 2024.

On July, 16, 2024, TKH acquired Comark Srl, a company specialized in laser-based volumetric vehicle measurement and classification for tolling and free-flow tolling applications. With this acquisition, TKH can further drive the optimization of traffic flows through innovative and AI-driven products, with new high-performance and high-added value solutions. Comark is based in Udine, Italy and realized a turnover of € 2.8 million in 2023.

On August 2, 2024, TKH acquired Liberty Robotics Inc. ("Liberty Robotics"), a state-of-the-art 3D vision guidance systems provider for robotic applications. Liberty Robotics is headquartered in Ann Arbor, Michigan, and has 32 employees, of whom 70% are in R&D. Liberty Robotics' turnover amounted to US\$7 million in 2023. Liberty Robotics has a strong foothold in the North American market and besides automotive, also services the material handling/packaging and logistics industries. The transaction is expected to have a positive effect on TKH's earnings per share as per 2024.



### **Risks**

The 2023 annual report describes in detail certain risk categories and risk factors that could have a (negative) impact on TKH's financial position and results. On June 30, 2024, the risk categories and risk factors were re-analyzed and it was concluded that they are still relevant.

### **Executive Board declaration**

This report contains the interim financial report of TKH Group NV. The interim financial report ended June 30, 2024 consists of the condensed consolidated interim financial statements, the interim director's report and Executive Board declaration. The information in this interim financial report is unaudited. The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements of TKH for the year ended December 31, 2023.

The Executive Board hereby declares that to the best of their knowledge, the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and the interim director's report gives a fair review of the information required pursuant to section 5:25d (8)/(9) of the Dutch Financial Markets Supervision Act ('Wet op het financieel toezicht').

### **Signature of interim report**

Haaksbergen, August 13, 2024

Executive Board

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

E.D.H. de Lange, MBA

H.J. Voortman, Msc

*The figures in the interim financial report have not been audited.*

### **Disclaimer**

Statements included in this press release 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.

## Appendix: Alternative Performance Measures (APM)

### EBITA and EBITDA and ROS (return on sales)

EBITA: Earnings before interest, taxes, impairments, and amortization, and one-off income and expenses.

EBITDA: Earnings before interest, taxes, impairments, depreciation, and amortization, and one-off income and expenses.

ROS: EBITA divided by total turnover as a percentage.

Reference is made to the 'Notes to the interim financial report – Segmented information' for a reconciliation and calculation.

### Net profit before amortization of intangible non-current assets related to acquisitions (after tax) and one-off income and expenses attributable to shareholders (summarized as: 'Adjusted net profit')

in thousands of euros	June 30, 2024	June 30, 2023
Net profit	49,793	98,427
Less: Non-controlling interests	13	-12
<b>Net profit attributable to the shareholders of the company</b>	<b>49,806</b>	<b>98,415</b>
Amortization of intangible non-current assets from acquisitions	8,959	7,717
Taxes on amortization	-2,362	-1,951
<b>Net profit before amortization from continuing operations attributable to the shareholders of the company</b>	<b>56,403</b>	<b>104,181</b>
One-off income	430	-1,058
Result from divestments and purchase price allocations in the result of associates	-11,972	-36,164
Impairments	896	644
Tax impact on one-off expenses and benefits	-331	103
<b>Net profit before amortization and one-off income and expenses attributable to the shareholders of the company</b>	<b>45,426</b>	<b>67,706</b>

### Capital employed and ROCE (return on capital employed)

Capital employed: Group equity plus Interest-bearing loans and borrowings current and non-current, less total lease liabilities and less cash and cash equivalents. Return on capital employed: is the EBITA for the last 12 months divided by the average of capital employed at the beginning and at the end of the period.

in thousands of euros	June 30, 2024	June 30, 2023
Group equity	826,952	795,905
add: Interest-bearing loans and borrowings, non-current	645,517	596,799
add: Interest-bearing loans and borrowings, current	91,953	61,619
minus: Total lease liabilities	-88,074	-80,330
minus: Cash and cash equivalents	-76,101	-99,865
<b>Capital employed current year</b>	<b>1,400,247</b>	<b>1,274,128</b>
Capital employed previous year	1,274,128	1,128,111
<b>Average capital employed</b>	<b>1,337,188</b>	<b>1,201,120</b>
EBITA - 12 months	213,023	239,006
<b>ROCE</b>	<b>15.9%</b>	<b>19.9%</b>

### Net interest bearing debt and Debt leverage ratio (net interesting bearing debt/EBITDA)

Net interest bearing debt: Bank loans reported under non-current liabilities, plus bank borrowings reported under current liabilities less cash and cash equivalents. Debt leverage ratio: Net interest bearing debt according to bank covenants, divided by EBITDA according to bank covenants.

in thousands of euros	June 30, 2024	2023
Net interest bearing debt	574,880	469,200
adjustment according to bank covenants	-1,683	-6
<b>Net interest bearing debt according to bank covenants</b>	<b>573,197</b>	<b>469,194</b>
EBITDA - 12 months	260,205	287,470
adjustment according to bank covenants	-10,989	-25,125
<b>EBITDA according to bank covenants</b>	<b>249,216</b>	<b>262,345</b>
Debt leverage ratio	2.3	1.8

The 'adjustments according to bank covenants' mainly relate to the exclusion of some specific debt items from the calculation of the net interest bearing debt and some adjustments in determining EBITDA. All based on specific arrangements as included in the credit facilities with our banks.

### Normalized effective tax rate

Tax on result divided by Result before tax less the impact of Share in result of associates, Result on sale of associates and subsidiaries and Fair value changes of financial liability for earn-out and put options of shareholders of non-controlling interests.

in thousands of euros	June 30, 2024	June 30, 2023
Result before tax	62,351	119,968
minus: Share in result of associates	29	-70
minus: Result on sale of associates and subsidiaries	-13,709	-36,164
minus: Fair value changes of financial liability for earn-out and put options of shareholders of non-controlling interests	0	0
<b>Normalized result before tax</b>	<b>48,671</b>	<b>83,734</b>
Tax on result	12,558	21,541
<b>Normalized effective tax rate</b>	<b>25.8%</b>	<b>25.7%</b>

### Operating expenses excluding one-off expenses, amortization and impairments

This relates to the operating expenses excluding one-off expenses, amortization and impairments. This is used when reconciling between Added value and EBITA.

in thousands of euros	June 30, 2024	June 30, 2023
Total Operating expenses	803,281	854,340
minus: Raw materials, consumables, trade products and subcontracted work	-418,158	-482,401
minus: One-off income and expenses	-430	1,058
minus: Amortization	-30,500	-26,915
minus: Impairments	-896	-644
<b>Operating expenses (excluding one-off expenses, amortization and impairments)</b>	<b>353,297</b>	<b>345,438</b>

### Order book and order intake

Expected future turnover with respect to contractual performance obligations that have not yet (or partially) been satisfied at balance sheet date. The order intake is calculated as follows:

in thousands of euros	June 30, 2024
Order book at 1 January	970,105
Acquisitions and divestments	-20,960
Turnover	-867,215
Order intake	970,891
<b>Order book at 30 June</b>	<b>1,052,821</b>

### Organic turnover growth

Growth of turnover corrected for the impact of acquisitions, divestments and foreign exchange effects from translating turnover in foreign currencies.

in thousands of euros (unless stated otherwise)	Smart Vision Systems	Δ in %	Smart Manufacturing Systems	Δ in %	Smart Connectivity Systems	Δ in %	H1 2024	Δ in %
Turnover current year	232,606		315,888		328,508		867,215	
Turnover previous year	250,211		263,268		451,849		947,609	
<b>Turnover growth</b>	<b>-17,605</b>	<b>-7.0%</b>	<b>52,620</b>	<b>20.0%</b>	<b>-123,341</b>	<b>-27.3%</b>	<b>-80,394</b>	<b>-8.5%</b>
Impact of acquisitions & divestments	5,567	2.2%	-2,159	-0.8%	-67,665	-15.0%	-64,257	-6.8%
Impact of foreign exchange effects	305	0.1%	-396	-0.2%	-828	-0.2%	-919	-0.1%
<b>Organic turnover growth</b>	<b>-23,477</b>	<b>-9.3%</b>	<b>55,175</b>	<b>21.0%</b>	<b>-54,848</b>	<b>-12.1%</b>	<b>-15,218</b>	<b>-1.6%</b>

### Organic EBITA growth

Growth of EBITA corrected for the impact of acquisitions, divestments and foreign exchange effects from translating EBITA in foreign currencies.

in thousands of euros (unless stated otherwise)	Smart Vision Systems	Δ in %	Smart Manufacturing Systems	Δ in %	Smart Connectivity Systems	Δ in %	H1 2024	Δ in %
EBITA current year	30,396		56,428		20,392		95,761	
EBITA previous year	44,936		32,473		51,952		119,770	
<b>EBITA growth</b>	<b>-14,540</b>	<b>-32.4%</b>	<b>23,955</b>	<b>73.8%</b>	<b>-31,560</b>	<b>-60.7%</b>	<b>-24,009</b>	<b>-20.0%</b>
Impact of acquisitions & divestments	877	1.9%	-281	-0.9%	-10,792	-20.8%	-10,197	-8.5%
Impact of foreign exchange effects	193	0.4%	-70	-0.2%	-414	-0.8%	-291	-0.2%
<b>Organic EBITA growth</b>	<b>-15,610</b>	<b>-34.7%</b>	<b>24,306</b>	<b>74.9%</b>	<b>-20,354</b>	<b>-39.1%</b>	<b>-13,521</b>	<b>-11.3%</b>

### Solvency

Percentage of the Total group equity relative to the Total equity and liabilities.

in thousands of euros (unless stated otherwise)	June 30, 2024	June 30, 2023
Total group equity	826,952	795,905
Total equity and liabilities	2,195,337	2,102,143
<b>Solvency</b>	<b>37.7%</b>	<b>37.9%</b>



### Turnover related to the Sustainable Development Goals (SDGs)

Total of TKH's portfolio's turnover linked to one of the 17 SDGs, adopted by all United Nations Member States in 2015. This is calculated by allocating TKH's portfolio based on internal reporting of turnover by end-market combined with portfolio information included in quarterly reports of operating companies.

in thousands of euros (unless stated otherwise)	H1 2024	2023
Turnover linked to SDGs	615,553	1,296,403
Total Turnover	867,215	1,847,532
<b>Turnover linked to SDGs%</b>	<b>71.0%</b>	<b>70.2%</b>

### Working capital ratio

Working capital ratio is calculated by dividing working capital by turnover.

in thousands of euros (unless stated otherwise)	June 30, 2024	December 31, 2023	June 30, 2023
Add: Current assets	947,389	968,318	976,673
Less: Cash and cash equivalents	-76,101	-93,697	-99,865
Less: Current liabilities	-617,945	-641,377	-601,266
Add: Current interest-bearing loans and borrowings	91,953	75,864	61,619
<b>Working capital</b>	<b>345,296</b>	<b>309,108</b>	<b>337,159</b>
Turnover - 12 months	1,767,138	1,847,532	1,864,494
Working capital ratio	19.5%	16.7%	18.1%