TKMS

VOLUNTARY CONDENSED

ANNUAL REPORT

2024/25

Your Maritime Powerhouse

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CONDENSED MANAGEMENT REPORT

Condensed Management Report of the TKMS Group as of and for the fiscal years ended September 30, 2025


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I. PRELIMINARY REMARKS

This voluntary report is the first independent report by TKMS AG & Co. KGaA, which was spun off from thyssenkrupp AG with effect from January 1, 2025. TKMS AG & Co. KGaA (hereinafter also referred to as “TKMS Holding” for the individual company, and “TKMS” when referring to the group with TKMS AG & Co. KGaA as the ultimate parent company) was granted admission for its shares to be traded on the Frankfurt Stock Exchange in October 2025. Due to the structure of domination and profit transfer agreements with companies of the thyssenkrupp group still prevailing as of the balance sheet date, which will only be terminated after 30 September 2025 upon completion of the legal reorganization, the control criterion within the meaning of IFRS 10 has not yet been met as of the balance sheet date, which is why TKMS AG & Co. KGaA prepare voluntary combined financial statements instead of consolidated financial statements. As the criteria of IFRS 10 were met upon completion of the reorganization measures after the balance sheet date and a legal group exists with TKMS AG & Co. KGaA as the ultimate parent company, the term ‘group’ is used below for the purpose of simplification, although the criteria were not met until after 30 September 2025.

The voluntary preparation of the combined financial statements closes the information gap through the targeted voluntary publication of financial and corporate information, including selected parts of a management report and notes to the combined IFRS financial statements, intended to provide a sound decision-making and information basis for reporting recipients. In the following financial year, 2025/2026, full IFRS consolidated financial statements within the meaning of Section 315e (1) HGB (German Commercial Code) will be prepared. All relevant information about business development, the market environment and strategic initiatives can then be found in a comprehensive management report in accordance with Section 315 HGB.

The spin-off from thyssenkrupp AG is the result of internal restructuring as part of which all activities assigned to the Marine Systems segment were consolidated under TKMS AG & Co. KGaA. Thyssenkrupp AG holds a 51% majority stake in TKMS AG & Co. KGaA through thyssenkrupp Technologies Beteiligungen GmbH (hereinafter also referred to as “tk TB”), a wholly owned subsidiary of thyssenkrupp AG. The remaining 49% of the limited partnership shares were distributed to the shareholders of thyssenkrupp AG through a capital increase.

The strategic rationale behind the spin-off is TKMS Holding’s focused alignment toward opportunities in the naval industry. The global geopolitical situation, in particular, is leading to dynamic growth forecasts, which are opening up economic potential. TKMS Holding can address this potential more quickly and effectively as an independent, publicly traded, company.

II. FUNDAMENTAL INFORMATION ABOUT THE GROUP

Profile and Organizational Structure

TKMS is an international maritime industrial Group with approximately 8,500 employees worldwide and a leading provider of state-of-the-art maritime technologies and solutions. Our portfolio includes the development and manufacture of conventional submarines, highly specialized submarines such as frigates and corvettes and specialized civilian vessels. Integrating innovative electronic solutions to meet the specific requirements of our customers is a particular focus. Furthermore, we use our extensive maritime expertise and the technologies we have developed to continually advance and expand our product portfolio. This includes the development of solutions for the recovery and disposal of munitions contamination in the world's oceans and the construction of specialized civilian vessels. We also support our customers throughout the entire life cycle of their maritime capabilities with comprehensive services ranging from spare parts procurement and maintenance to modernization, the establishment of maintenance sites and specialized training.

The central location of TKMS and, in future, also the headquarters of the ultimate parent company TKMS-Holding is Kiel, with its shipyard for submarine construction. In addition, there are domestic locations in Bremen, Emden, Flintbek, Hamburg, Koblenz, Munich, Wedel, Wilhelmshaven and Wismar. Other key locations are in Dorset (United Kingdom) and Itajaí (Brazil). TKMS supplies its products to naval forces and customers worldwide, in particular NATO member state and global partners, as well as other important allies. TKMS is the leading supplier of conventional submarines.

In recent years, TKMS has consistently focused on the further development and optimization of contract design and project management as well as increasing efficiency and profitability. At the same time, TKMS continually optimizes all processes instruments, and structures along the entire value chain.

The business activities of TKMS comprise the three operating units (i) Submarines, (ii) Surface Vessels and (iii) Atlas Electronics. The operating units represent the operating segments of the TKMS business. In addition to these operating units, the business activities of NXTGEN and TCCT thyssenkrupp transrapid GmbH (hereinafter also referred to as "transrapid" or TechCenter Control Technology, abbreviated as "TCCT") are also part of the business activities of TKMS, which are summarized as "Other segments." From the 2025/2026 fiscal year, TCCT will be organizationally integrated into the Atlas Electronics segment. NXTGEN will continue to be summarized and presented as "Other segments."

SUBMARINES SEGMENT

The segment comprises the construction (including design, procurement, and manufacturing) of non-nuclear submarines for use in coastal and offshore areas. The corresponding projects are customer-specific and have a long-term focus. A comprehensive portfolio of related after-market services is similarly offered, with a view to establishing long-term customer partnerships. TKMS supplies the naval forces of 20 countries and is the main supplier to the German Navy. In addition to construction and delivery, TKMS offers comprehensive life cycle services and maintenance services for some submarines of other manufacturers.

The current product portfolio includes various conventional submarine classes as well as unmanned vessels. The portfolio is set to be expanded to include an unmanned underwater mother ship called “Stargazer” and a new class of submarine that will be used for intelligence gathering, surveillance, reconnaissance and special operations, offering improved stealth and weaponry.

SURFACE VESSELS SEGMENT

The Surface Vessels segment develops ship types and models for a wide range of applications, from coastal to offshore, and is one of the three highest-grossing European suppliers of surface vessels. The product portfolio of the Surface Vessels segment includes powerful frigates and compact corvettes, as well as special offshore patrol vessels and support ships, and the research vessel Polarstern 2.

The surface vessels are designed to support configuration and deployment modularity, allowing for rapid reconfiguration and redeployment. This ensures that a single platform can be adapted for a variety of roles supporting different areas of operation, such as anti-submarine warfare (ASW), humanitarian aid and special forces operations. TKMS is a major supplier of surface combatants to navies worldwide, particularly key NATO countries. The main development activities for surface vessels are performed at the Hamburg and Emden sites. The main facilities for construction and maintenance are located at the shipyards in Wismar and Itajaí (Brazil) and at other partner shipyards, depending on the order.

Business activities of the Surface Vessels segment range from the granting of licenses (ship design, construction and operating licenses) and the supplementary provision of material packages to overall responsibility for deliveries as general contractor.

ATLAS ELECTRONICS SEGMENT

The Atlas Electronics segment has a comprehensive product portfolio ranging from sonars and sensors to command and control systems for submarines and surface vessels, mine countermeasure systems, heavyweight torpedoes, unmanned underwater and surface vehicles and radio and communications systems. The segment is one of the world's established suppliers of high-end sonar for submarines and surface vessels, as well as combat management systems for conventional submarines.

Atlas Electronics know-how and expertise in the areas of hydroacoustics, sensor technology and information technology complement experience and competence in naval shipbuilding. Its customers include more than 40 naval forces worldwide.

Equipping submarines and surface vessels with sensor packages and integrated command and weapon delivery systems constitutes another key area of activity. Anti-submarine warfare, mine defense and mine hunting are also among the segment's core competencies. In addition, the Atlas Electronics segment has expertise in the integration of existing systems into complex networks and the associated communication technologies, including encryption.

In further developing the product portfolio the segment's focus lies on the implementation of AI applications and the advancement of autonomous vehicles. In addition, the networking of manned and unmanned units (manned-unmanned teaming) is being expanded. In addition, NATO qualification of an anti-torpedo torpedo (SeaSpider®) will begin shortly.

OTHER SEGMENTS

TKMS's expertise in the civilian market is primarily based on its extensive experience and broad product portfolio in the high-tech field of shipbuilding. NXTGEN products are derived directly from the current portfolio. For example, they can be used in the civilian sector to protect critical infrastructure, detect and dispose of contaminated sites in the sea or for unmanned marine surveying.

In addition, a key component of TKMS's strategy consists of consolidating its position as a "maritime powerhouse" and further developing its product portfolio through the development and implementation of AI applications. To that end, TCCT is to be integrated in the TKMS Group. TCCT's business activities, inter alia, have already included the fields of artificial intelligence and data analysis. This area is to be further developed and expanded in the future, and an AI competence cluster is to be created within TKMS at the TCCT level ("TKMS AssetAI hub").

Strategy

TKMS aims to further establish itself as a leading "maritime powerhouse." In this way, TKMS is to become a key European and global player in the provision of integrated system solutions ("system-of-systems") in the field of maritime defense technology.

As a maritime powerhouse, TKMS plans to offer its customers in future not only individual platforms and services, but an intelligent ecosystem consisting of manned and unmanned platforms, stationary and mobile systems and distributed sensors and effectors. By offering a range of diverse, advanced solutions in an integrated, scalable system network, TKMS aims to further secure and expand its technology leadership. AI expertise plays an important role in this innovation strategy, and TKMS is actively pursuing its development.

TKMS aims to further strengthen its market position through strategic partnerships and active participation in European defense consolidation.

Supported by a robust project pipeline, TKMS is pursuing its goal of continued prudent, margin-enhancing growth. The high level of orders in the backlog ensures capacity utilization, allowing the company to focus on high-margin future projects and service business. TKMS plans to further increase the share of recurring revenues through the targeted expansion of its software and licensing business.

TKMS is expanding its production capacity by modernizing existing shipyards, such as the expansion of the site in Wismar, and outsourcing selected production steps to proven partners. These initiatives, often supported by customer financing, are geared towards maximizing production, increasing efficiency and providing scalable capacity to meet growing demand.

TKMS's strategy is geared towards providing customer value and life cycle support, as well as setting standards in technological innovation. This strategic development strengthens TKMS' position as a "Maritime Powerhouse" in the maritime defense and security industry.

Management of the Group

The indicators used throughout the group for profitability and liquidity form the basis for operational and strategic management decisions at TKMS. We use them to set targets and measure the company's performance. The key financial performance indicators are net sales, adjusted earnings before interest and taxes (adjusted EBIT) and investments. The variable components of the management compensation are determined until September 30, 2025, based on the financial performance indicator adjusted EBIT, among other things.

Furthermore, TKMS uses gross margin as a key performance indicator for profitability at segment level. Starting October 1, 2025, management within the scope of segment reporting will be based on adjusted EBIT as the key performance indicator.

The Management Board defines long-term goals for TKMS, which form the framework for short and medium-term financial goals as well as budget and medium-term planning for all units.

SALES

Depending on the nature of the transfer of the underlying goods or services, TKMS applies two different methods of revenue recognition: revenue recognition at a point in time and revenue recognition during a period of time. Revenue recognition based on timing is largely used for the delivery of less complex and less customer-specific products, standardized spare parts and tools (finished goods and merchandise) and takes place at the point in time when control is transferred to the customer. The time of transfer of title is determined, among other things, on the basis of the delivery clauses (Incoterms) agreed with the customer.

Revenue is recognized during a period of time for the majority of contracts, which are typically customized for each customer, across all of our segments. This includes both new construction projects and specialized service contracts, such as repair and overhaul work, modernization, upgrades and other customized agreements.

Revenue is recognized during the period of production, with progress in fulfilling performance obligations measured using the input method based on contract costs. Progress is determined by the ratio of contract costs incurred to date to total estimated contract costs at the reporting date.

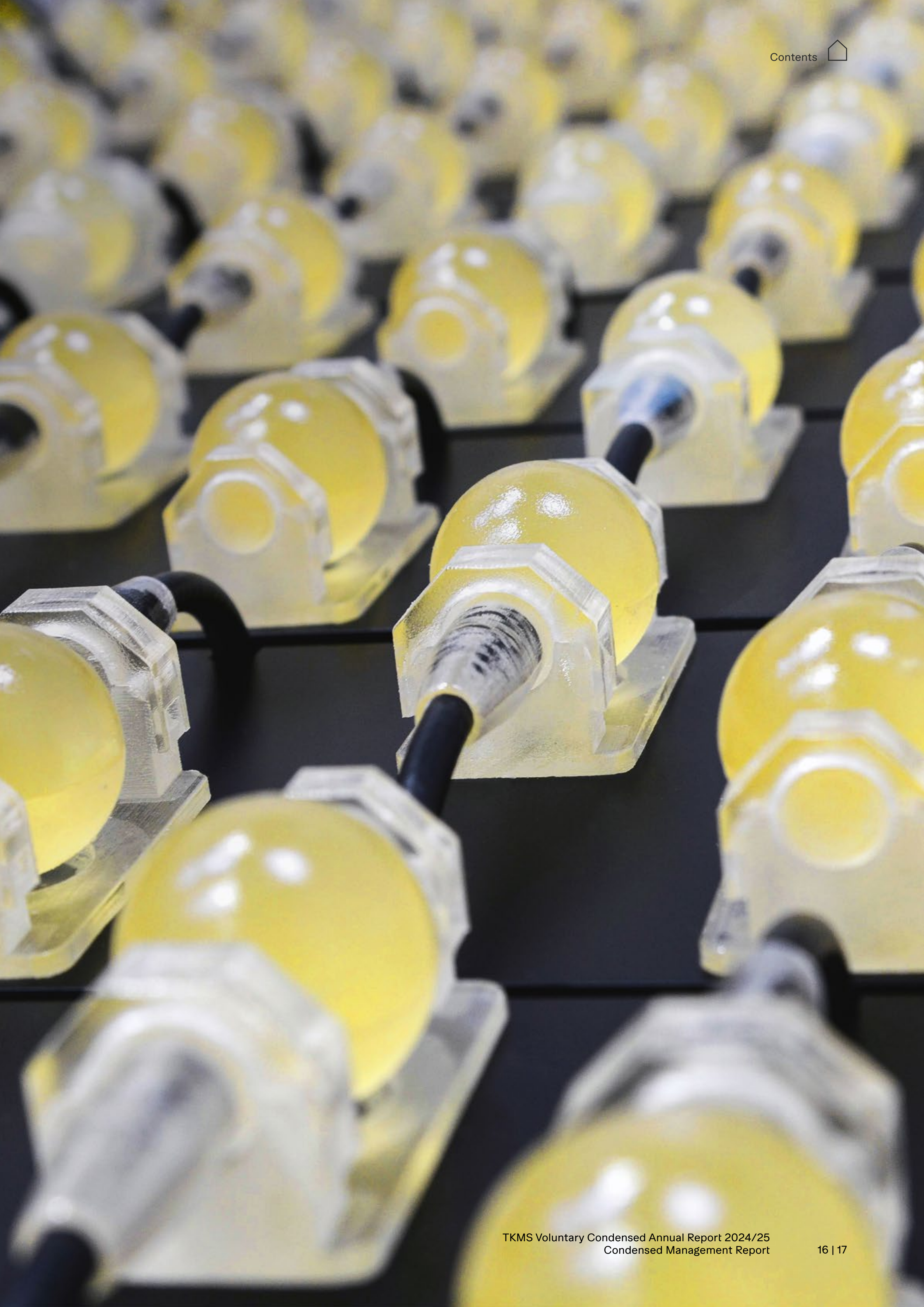
ADJUSTED EBIT

Adjusted EBIT, as a profit-related indicator, is adjusted for expenses related to the thyssenkrupp brand license fee, expenses or income from at-equity valuations and impairments. These include restructuring expenses, impairments or write-ups, gains/losses on disposals and certain M&A-related advisory and transaction costs. These key indicators are suitable for assessing operational performance over several periods because they exclude non-recurring effects and thus facilitate a clearer comparison across the years.

INVESTMENTS

Investments comprise expenditure on property, plant and equipment and intangible assets, including advance payments, which serve both expansion and modernization. The calculation is made by adding the purchases of investments accounted for using the equity method, non-current financial assets, property, plant and equipment and intangible assets, less the proceeds from their disposal.

TKMS' capital expenditure is largely financed by operating cash flows, which originate from contractual payments made by customers. These expenses are subject to fluctuations and the influence of the timing of strategic investments and the life cycle of major projects.



III. REPORT ON THE ECONOMIC CONDITION

Macro and Sector Environment

MACROECONOMIC ENVIRONMENT

According to the latest forecast by the International Monetary Fund (IMF), the global economy is expected to lose momentum in 2025. After growth of 3.3% in 2024, lower growth of 3.2% is forecast for 2025. This development reflects a gradual adjustment of the global economy to ongoing trade and geopolitical conflicts, which is accompanied by higher interest rates, the consequences of the US tariff policy initiated in April 2025 and economic weakness in Europe, particularly in Germany. The IMF's forecast indicates that growth could flatten further to 3.1% in 2026. Such slower growth is particularly reflected in the developed economies, which are expected to grow by 1.6% in 2025 and 2026.[1]

Following growth of 0.9% in the 2024 calendar year, the European market is expected to grow to 1.2% in the 2025 calendar year. The main reasons for the forecast increase are an expected decline in the inflation rate, an increase in government spending in the defense sector, a robust development of the labor market with rising real wages and the expectation of a general, moderate, increase in consumption.

The German economy continues to face challenges. The pressure from global uncertainties and high energy costs is having a negative impact on the export-oriented industry. Nevertheless, improvements in private consumption, supported by rising wages, could ensure a certain recovery from 2026. The inflation rate is estimated to decrease worldwide, but will remain unevenly distributed, with a rate of 2.1% expected for 2026 in developed countries such as Germany.[2]

INDUSTRY ENVIRONMENT

TKMS operates in a dynamic sector environment characterized by strategic modernization, innovation leadership and comprehensive life cycle services. The need for conventional submarines and specialized surface and underwater vehicles is growing, driven by increasing maritime security threats and the quest for more autonomous logistical and operational capabilities, especially in NATO and partner countries.

In the European defense sector, consolidation offers opportunities for cooperation, joint development projects and the expansion of supply chains with European partners. Nevertheless, these opportunities are accompanied by strict regulations and compliance requirements, including export controls and offset obligations.

There will be a significant increase in global defense spending in 2025. The latest report from Jane's Defense Budgets points to planned growth of 3.6%, which will increase total spending to 2.56 trillion US dollars. This increase is primarily driven by higher budgets in Europe, Russia, North East Asia and the Middle East.[3]

1 Qualitative description based on German Federal Statistical Office (Gross domestic product: detailed economic performance results for the 2nd quarter of 2025, Press release No. 310 of 22 August 2025)

2 Qualitative description based on International Monetary Fund (World Economic Outlook: Global Economy in Flux, Prospects Remain Dim, International Monetary Fund, Oktober 2025)

3 Qualitative description based on Jane's, 2025 Defence Budgets Annual Report (27 February 2025).

Germany has responded to the geopolitical tensions, particularly with regard to the challenges within NATO, and has significantly increased its defense spending. Efforts to strengthen national defense capabilities include increased investment in the German Federal Armed Forces. Strategic partnerships and projects with other European and NATO partners are at the fore in that regard to ensure sustainable security in the region.[4]

The German government is planning a significant increase in defense spending in response to growing security concerns in Europe. To that end, debt regulations in the German Basic Law were relaxed, with expenditures exceeding 1% of GDP rendered exempt from borrowing limits. These measures are part of a broader effort to strengthen Germany's military capabilities and ensure operational readiness in the face of recent geopolitical tensions. Other European countries have also announced similar increases in their defense budgets.[5]

Business Performance and Results of Operations in the Group

BUSINESS PERFORMANCE

In the fiscal year 2024/2025, TKMS operated successfully within a dynamic and challenging sector environment characterized by growing demands on maritime security solutions. While demand for conventional submarines and surface and underwater vehicles continued to grow, TKMS expanded in particular in the submarine segment.

The growth was reflected in a significant increase in sales. Revenue increased by €185 million or 9.3%, from €1,987 million in the fiscal year 2023/2024 to €2,171 million in the fiscal year 2024/2025 , significantly exceeding the previous year's level.

The Submarines segment was a key driver here, complemented by growth in the Atlas Electronics segment. This increase counteracted the decline in the Surface Vessels segment. Gross margin also increased by €70 million or 22.4%, from €313 million in the fiscal year 2023/2024 to €383 million in the fiscal year 2024/2025 , which is attributable to larger project volumes and project progress in the new construction business.

TKMS recorded an adjusted EBIT of €131 million as of September 30, 2025 (previous year: €86 million), which corresponds to an increase of €45 million or 52.9%, supported by operational progress in the new construction business and an increase in higher-margin projects. The fiscal year was characterized by strategic investments in production capacities, such as in the Wismar site, which are intended to benefit the long-term growth strategy, in the course of which research and development costs increased by €7 million or 14.7%, from €48 million in the fiscal year 2023/2024 to €55 million in the fiscal year 2024/2025.

TKMS remains on course to consolidate its leadership in the European defense sector by proactively responding to opportunities and risks within a rapidly changing geopolitical and industrial environment.

4 Qualitative description based on Federal Ministry of Defence (Significant increase in defence budget from 2025 onwards, 24 June 2025)

5 Qualitative description based on Parliament of the Federal Republic of Germany (Household committee decides on amendments to the basic law for the Federal Republic of Germany, 2025)

RESULTS OF OPERATIONS

Sales increased by €185 million or 9.3%, from €1,987 million in the fiscal year 2023/2024 to €2,171 million in the fiscal year 2024/2025, exceeding €2 billion for the first time. The increase is largely attributable to growth in the Submarines segment (€976 million as of September 30, 2024 to €1,142 million as of September 30, 2025) and the increase in sales in the Atlas Electronics segment (€590 million as of September 30, 2024 to €701 million as of September 30, 2025).

In the reporting year, the domestic share of total sales were 27.0% and thus higher than the previous year's figure of 25.6%. The share of sales generated with customers in the rest of Europe was 33.3% (previous year: 28.5%). In addition, customers from the South America region contributed 16.8% (previous year: 18.6%), from the Middle East 11.4% (previous year: 10.5%) and Africa 2.2% (previous year: 4.2%) to the increase in sales in the fiscal year 2024/2025. TKMS generally benefited from the increased defense budgets resulting from the growing geopolitical tensions and the resulting increased focus on national security interests.

Gross margin increased by €70 million, or 22.4%, from €313 million as of September 30, 2024 to €383 million as of September 30, 2025. The increase was achieved through further growth in the Atlas Electronics segment and a higher proportion of projects with higher margins in the Submarines segment. Accordingly, gross margin as a percentage of sales increased from 15.8% as of September 30, 2024 to 17.6% as of September 30, 2025.

Research and development costs, which largely relate to the areas of unmanned ships, fuel cell technology and the recovery of underwater munitions, increased by €7 million or 14.7%, from €48 million as of September 30, 2024 to €55 million as of September 30, 2025 and thus remained at a constant level in relation to sales of 2.5% (previous year: 2.4%), in line with the previous year.

Adjusted EBIT increased by €45 million or 52.9%, from €86 million as of September 30, 2024 to €131 million as of September 30, 2025. Project progress in the new construction business and the growing share of higher-margin projects contributed to this positive development.

The following table reconciles the Group's operating result with adjusted EBIT:

	For the fiscal year ending September 30,	
	2023/24	**2024/25**
	(in M€)	(in M€)
Operating profit	**78**	**112**
Thyssenkrupp Group trademark license fee	4	4
Income/expenses from equity valuation	2	1
Other special items[1]	0.5	(0.4)
Transaction costs	0	13
Adjusted EBIT	**86**	**131**

Note:

1 The other special effects mainly comprise restructuring expenses in the fiscal year 2024/2025 in the amount of €0 million (fiscal year 2023/2024: €0.1 million), reversals of impairment losses in the fiscal year 2024/2025 in the amount of €1 million (fiscal year 2023/2024: €2 million), income from other investments in the sum of €1 million (fiscal year 2023/2024: €0 million) and consulting expenses in the fiscal year 2024/2025 in the sum of €0 million (fiscal year 2023/2024: €3 million).

The financial result fell by €9 million or 18.7%, from €50 million as of September 30, 2024 to €41 million as of September 30, 2025. The decrease is attributable to an increase in other financial expenses in the course of the IPO and the decline in interest income from cash pooling, which was only partially offset by the increase in other income.

Earnings before taxes increased by €25 million or 19.1%, from €129 million as of September 30, 2024, to €153 million as of September 30, 2025. The increase is largely attributable to the growing share of high-margin projects.

Income taxes increased by €4 million or 10.1%, from €41 million as of September 30, 2024 to €45 million as of September 30, 2025. The higher tax expense compared to the previous year is largely attributable to tax expenses on positive results abroad. The deferred tax income resulting from the revaluation of deferred tax items due to the reduction in the corporation tax rate in Germany partially compensated the higher tax expense.

The Group result was also influenced by the following developments:

Selling expenses increased by €7 million or 10.0%, from €71 million as of September 30, 2024 to €79 million as of September 30, 2025. In addition to higher employee numbers and collectively agreed salary increases, the increase is also attributable to increased marketing activities in connection with the IPO to establish the company on the market.

General and administrative expenses increased by €25 million or 21.8%, from €115 million as of September 30, 2024 to €140 million as of September 30, 2025. The increase is largely attributable to audit and consulting fees in conjunction with the spin-off and the associated IPO as well as higher personnel expenses due to an increase in the number of employees and collectively agreed salary increases.

Other operating income increased by €27 million or 89.6%, from €30 million as of September 30, 2024 to €56 million as of September 30, 2025. The increase is largely attributable to income from foreign currency translation and grants received for research and development projects. Income from a partial arbitration award, additional other ancillary income, the valuation of foreign bank accounts at the exchange rate on the reporting date and fluctuations from derivatives for unhedged foreign currency transactions also contributed significantly to the increase in income.

Other operating expenses increased by €23 million or 77.0%, from €30 million as of September 30, 2024 to €54 million as of September 30, 2025. The increase is largely attributable to expenses from the arbitration proceedings in Korea as well as valuation adjustments of foreign banks and fluctuations from derivatives for unhedged foreign currency transactions.

Business Performance and Results of Operations in the Segments

TKMS prepares segment reporting in accordance with IFRS 8 for the Submarines, Surface Vessels, Atlas Electronics, and other segments for the fiscal years ending 2023/2024 and 2024/2025. In accordance with the management approach specified by IFRS 8, segment reporting reflects the internal organizational and reporting structure. At operating segment level, performance is primarily assessed on the basis of the gross margin result until September 30, 2025. From October 1, 2025 onwards, segment reporting will be managed based on adjusted EBIT as a key performance indicator.

The following table provides a breakdown of certain financial information for each segment for the periods indicated:

	For the fiscal year ending September 30,	
	2023/24	**2024/25**
	(in M€)	(in M€)
Submarines segment		
Sales	976	1,142
Gross margin	73	139
Surface Vessels segment		
Sales	571	503
Gross margin	95	84
Atlas Electronics segment		
Sales	590	701
Gross margin	144	159
Other segments		
Sales	8	12
Gross margin	4	3
Group and consolidation		
Sales	(157)	(187)
Gross margin	(2)	(2)
TKMS Total		
Sales	**1,987**	**2,171**
Gross margin	**313**	**383**

BUSINESS PERFORMANCE AND RESULTS OF OPERATIONS IN THE SUBMARINES SEGMENT

Sales

Sales in the Submarines segment increased by €166 million or 17.0%, from €976 million as of September 30, 2024 to €1,142 million as of September 30, 2025. This was largely attributable to progress in the new construction business for three major projects.

Gross margin

Gross margin in the Submarines segment increased by €66 million or 91.3%, from €73 million as of September 30, 2024 to €139 million as of September 30, 2025. Project progress in the new construction business was also the driving factor here.

BUSINESS PERFORMANCE AND RESULTS OF OPERATIONS IN THE SURFACE VESSELS SEGMENT

Sales

Sales in the Surface Vessels segment decreased by €67 million or 11.8%, from €571 million as of September 30, 2024 to €503 million as of September 30, 2025. This was attributable, in particular, to the more advanced project phases in the new construction business for three major orders compared to the previous year, which led to a decline in realized sales due to lower phase-dependent project costs.

Gross margin
Gross margin in the Surface Vessels segment decreased by €11 million or 11.7%, from €95 million as of September 30, 2024 to €84 million as of September 30, 2025. This decline is largely attributable to the lower project progress in the new construction business compared to the previous year as described above.

BUSINESS PERFORMANCE AND RESULTS OF OPERATIONS OF THE ATLAS ELECTRONICS SEGMENT

Sales
Sales in the Atlas Electronics segment increased by €111 million or 18.8%, from €590 million as of September 30, 2024 to €701 million as of September 30, 2025. The increase is attributable to higher production volumes combined with a higher proportion of higher-margin projects.

Gross margin
Gross margin in the Atlas Electronics segment increased by €15 million or 10.4%, from €144 million as of September 30, 2024 to €159 million as of September 30, 2025. The increase is attributable to higher-margin new projects.

BUSINESS PERFORMANCE AND RESULTS OF OPERATIONS OTHER SEGMENTS

Sales
Sales in the other segments increased by €4 million or 59.5%, from €8 million as of September 30, 2024 to €12 million as of September 30, 2025, due in part to increased service revenue from the rental of an escort ship.

Gross margin
Gross margin in the other segments decreased by €1 million or 21.2%, from €4 million as of September 30, 2024 to €3 million as of September 30, 2025. The reduction was largely attributable to the recognition of provisions for follow-up work.

Net assets and financial position

BALANCE SHEET ANALYSIS

Non-current assets
Non-current assets comprise goodwill, intangible assets, property, plant, and equipment, investments accounted for using the equity method, other financial assets, other non-fiscal assets, and deferred tax assets. Non-current assets increased by €75 million or 3.9%, from €1,935 million as of September 30, 2024 to €2,010 million as of September 30, 2025. The increase in non-current assets is attributable to the investment-related additions to property, plant and equipment and the addition of the TKMS brand as well as the increase in other non-financial assets resulting from higher advance payments made for intangible assets and property, plant and equipment. In addition, investments accounted for using the equity method showed a positive development, boosted by valuation adjustments. This is offset by the reduction in deferred tax assets resulting from the creation or reversal of temporary differences.

Current assets
Contract assets consist of inventories, trade receivables, contract assets, other financial and non-financial assets, current income tax assets, and cash and cash equivalents. Current assets increased by €390 million, or 13.0%, from €2,996 million as of September 30, 2024 to €3,386 million as of September 30, 2025. The increase was largely attributable to the increase in cash and cash equivalents as a result of contract-related advance payments received for a project with a construction period of several years in the Submarines segment and the introduction of a TKMS internal cash pooling system in the course of the spin-off from thyssenkrupp AG. Similarly, inventories increased, driven by the increased purchase of raw materials for upcoming construction contracts and the general increase in stock materials due to high order intakes. This also included increases in drawing parts and stock material for components manufactured in-house and for products under construction.

These increases were partially offset by the decline in contract assets due to project-related developments and other financial assets, the decline of which resulted primarily from the reduction in the cash pooling balance and insurance compensation claims.

Equity
Equity decreased by €513 million, or 32.1%, from €1,598 million as of September 30, 2024 to €1,086 million as of September 30, 2025. The reduction resulted primarily from transactions with the thyssenkrupp Group due to the legal reorganization in the course of preparing the spin-off from thyssenkrupp AG.

Non-current liabilities
Non-current liabilities consist of provisions for pensions and similar obligations, provisions for other non-current employee benefits, other non-current provisions, deferred tax liabilities, non-current lease liabilities and other non-current financial liabilities. Non-current liabilities increased by €1 million or 0.2%, from €629 million as of September 30, 2024 to €630 million as of September 30, 2025. The change was largely attributable to the decrease in pension obligations and the decrease in other financial liabilities due to the reclassification of broker commissions from non-current to current other financial liabilities. Further reducing effects resulted from the decrease in other provisions. These decreases were partially offset by an increase in deferred tax liabilities and provisions for other non-current employee benefits as part of long-term, share-based payment models.

Current liabilities
Current liabilities comprise provisions for current employee benefits, other current provisions, current tax liabilities, current lease liabilities, trade payables, other financial liabilities, contract liabilities and other non-financial liabilities. Current liabilities increased by €977 million, or 36.1%, from €2,704 million as of September 30, 2024 to €3,681 million as of September 30, 2025. The increase was largely attributable to the rise in contract liabilities, which was influenced by incoming customer payments for current delivery obligations.
The increase in other financial liabilities, resulting from recognized purchase price obligations for the acquisition of the remaining 10.1% of shares in TKMS GmbH and increased cash flow hedges, which were partially offset by a decrease in liabilities from profit and loss transfer agreements and liabilities to related parties, also had an impact. Trade payables also increased, driven by liabilities for materials that met the requirements of the performed projects. Lease liabilities also increased due to contract extensions.

These increases were partially offset by decreases in other non-financial liabilities and other current provisions, such as the reversal of project-related provisions and the payment of the liability resulting from the arbitration award from South Korea.

ANALYSIS OF THE CASH FLOW STATEMENT

The following table shows the main components of TKMS' cash flow statement for the stated periods:

	For the fiscal year ending September 30,	
	2023/24	2024/25
	(in M€)	(in M€)
Operating cash flow	458	948
Cash flow from investing activities	170	943
Cash flow from financing activities	(641)	(286)
Cash and cash equivalents at the beginning of the reporting period	151	122
Cash and cash equivalents at the end of the reporting period	122	1,722

Operating cash flow
Operating cash flow increased by €491 million or 107.2%, from €458 million in the fiscal year 2023/2024 to €948 million in the fiscal year 2024/2025. The increase was primarily due to the rise in contract liabilities as a result of advance payments from customers for newly initiated major projects.

Cash flow from investing activities
Cash flow from investing activities increased by €772 million or 453.7%, from €170 million in the fiscal year 2023/2024 to €943 million in the fiscal year 2024/2025. The increase is mainly due to the change in cash pool balances with the thyssenkrupp Group from €272 million in fiscal year 2023/24 to €1,107 million in the fiscal year 2024/25. Investment expenditure for intangible assets and property, plant and equipment increased from €102 million to €164 million in the fiscal year 2024/2025, particularly due to payments for the expansion of the Wismar site and the acquisition of the TKMS brand.

Cash flow from financing activities
The cash outflow from cash flow from financing activities decreased by €355 million or 55.4%, from €641 million in the fiscal year 2023/2024 to €286 million in the fiscal year 2024/2025. The change is mainly attributable to lower compensation payments due to existing profit and loss transfer agreements within the thyssenkrupp Group.

Free cash flow
Free cash flow increased by €429 million or 120.7%, from a cash inflow of €355 million for the twelve months ended September 30, 2024, to a cash inflow of €784 million for the twelve months ended September 30, 2025. This is largely attributable to the higher cash flow from the increase in operating cash flow.

IV. OUTLOOK

Medium-Term Goals

For the medium term, TKMS is aiming for continual sales growth at an average annual rate of about 10.0%, with the prospect of intensifying growth momentum. In addition to the sales target, TKMS aims to achieve an adjusted EBIT margin of more than 7.0%. This improvement is made possible by the strategic realignment and the phasing out of less profitable older orders. TKMS also expects high-margin software and electronics to play an increasingly important role in maritime production, further optimizing operational efficiency and asset utilization.

The completion of legacy contracts with low margins and the increasing proportion of sales from profitable new orders support a substantial increase in gross margin in the submarine segment. These legacy contracts relate to agreements before the first order was received for the 212CD program from Norway and Germany in July 2021.

The personnel strategy envisages an increase of over 25% in the number of employees within the next few years, driven primarily by the ramp-up of capacity at the Wismar site. Depreciation and amortization are expected to be in the range of 3.5% to 4.0% of sales.

TKMS has scheduled strategic investments of some €200 million for the fiscal year 2025/2026 , in particular for the expansion of the Wismar site. A substantial part of these investments is funded by contributions from our customers. In the medium term, the investment level is to be reduced to about 4.0% of sales, while maintaining the strategic objectives.

In addition, TKMS intends to achieve a cumulative free cash flow of more than €400 million over three fiscal years in the medium term.. This will be determined prospectively from the fiscal year 2025/26 onwards and reported for the first relevant three-year period from the fiscal year 2027/28 onwards.

Forecast for fiscal year 2025/26

TKMS is well on track to achieve the aforementioned medium-term targets. Based on current developments, we assume that the improvement in profitability achieved in the previous year of 4.3% in fiscal year 2023/2024 will continue to 6.0% in fiscal year 2024/2025 and that TKMS will further improve its profitability in fiscal year 2025/2026.

In a business model characterized by large-scale project business, the expected business development is largely dependent on project-specific developments, project progress and the materialization of existing opportunities and risks, which are reflected in the following ranges for the financial performance indicators relevant to TKMS:

	Actual values Fiscal year 2024/2025	**Forecast for fiscal year 2025/2026**
Sales (revenue)	€2,172 million	- 1% to + 2% compared to previous year
Adjusted EBIT	€131 million	€100 million to €150 million
Investments	€164 million	€200 million

The forecast takes into account both the aforementioned project-based profile of TKMS and a conservative planning approach. Based on current knowledge, we expect to achieve results in the upper half of this range and further improve our EBIT margin. We thus expect to continue our progress towards our medium-term goals, which we hereby reaffirm.

TKMS will specify its forecast as part of its first regular reporting as a capital market-oriented company for the first quarter of fiscal year 2025/2026.

V. OPPORTUNITY AND RISK REPORT

OPPORTUNITIES

TKMS defines opportunities as events or developments that enable us to exceed the group’s forecasts or other targets due to unplanned future events. Opportunity management encompasses all measures required for the systematic and transparent management of opportunities. As it is integrated with the strategy, planning and reporting processes, opportunity management is an integral part of our corporate management.

Opportunity management process
In the annual planning process the segments of TKMS describe bands, for instance for their earnings and liquidity targets in the planning period. In this way, they take account of the opportunities and risks of their businesses. In the monthly reporting during the year, our projects, but also the cross-project service areas, are called upon to identify and record opportunities at any time.

Management of our opportunities is a task shared by all relevant decision makers - from the Management Board and the heads of the business areas to managers and project managers. This structured involvement of a large number of experts in identification and mitigation enables opportunities to be recognized early and reliably and exploited systematically.

OPPORTUNITIES FOR THE TKMS GROUP

Strategic and operational opportunities
Significant strategic opportunities for TKMS arise from the current heightened public and political awareness of security and defense issues, which is leading to increased interest in TKMS products. This is accompanied by increased interest in TKMS and its products on the market for skilled workers.

Significant operational opportunities arise from the possibility of planning and implementing long-term investments in our infrastructure on the basis of a very good and extensive backlog. The shipyard location in Wismar plays a special role here.

Our opportunity management builds on the annual operational planning process and regularly identifies potential events that could contribute to exceeding the planned targets. Measures to seize identified opportunities are recorded, evaluated and managed. Short-term, intra-year, management of financial opportunities is integrated into the operational controlling process and takes place on a monthly basis.

We regularly identify strategic and operational opportunities – monthly for our key contracts – and report them in standardized formats and processes.

A key source of operational opportunities is the recording of facts that provide the basis for proprietary claims against contracting parties whose inadequate execution of contracts has caused damage to TKMS and which can be compensated in full or in part by enforcing claims (interface with claim management).

Regularly identifying and tracking opportunities are part of the standard range of tasks performed by our project managers and are reported on a monthly basis.

Operational opportunities for businesses
We expect operational opportunities to arise from using modernized infrastructure, which has been expanded to include a shipbuilding hall at the Kiel site, to process our order backlog. The expansion of our shipbuilding capacities at the new location in Wismar is proceeding according to plan. Delivery of the cruise ship, which was completed under the direction of the previous owners, means the shipyard is now free to start work on orders for submarines and the polar research vessel Polarstern 2.

The further development of our autonomous underwater and surface vehicles offers additional business opportunities given the increased demand for these products, in part due to recent experiences with the use of drones in Ukraine.

The positive order situation also offers us a good opportunity to broaden our base on the procurement side and thus reduce our dependence on single-source suppliers or eliminate it entirely for certain systems and components.

RISKS

TKMS defines risks as possible negative deviations from forecasts or other targets due to future unplanned events. Our holistic definition of risks also includes possible negative effects on non-financial aspects such as environmental and climate protection, sustainability, reputation and human resources. Risk management encompasses all measures for dealing with risks in a systematic and transparent manner. As it is linked to our planning and reporting processes, it is an integral part of our value-oriented corporate management and therefore fulfils the legal requirements for early risk detection. Our risk management process therefore also serves the interests of our investors and other stakeholders.

Overall assessment by the Management Board: no risks that threaten TKMS's ability to continue as a going concern.
Our risk management system with structured processes contributes to the efficient management of the TKMS's overall risks. From the present standpoint there are still no risks that threaten TKMS Group's ability to continue as a going concern. This statement is supported by the regular assessments of the individual risks classified as material and the associated mitigation plans.

We use a criticality analysis to categorize risks that pose a threat to the company as a going concern or that are significant, for the financial assessment of which the exceeding of certain threshold values is examined in relation to the planned result. For more information, see Risk assessment.

RISK STRATEGY AND RISK POLICY

Our risk strategy is focused on securing the existence of TKMS in the long term and sustainably increasing the value of the company. For this reason, we will generally avoid risks that could threatening the company's ability to continue as a going concern.

As a subgroup that was only recently spun off from the thyssenkrupp Group, TKMS has retained the proven structures of the overarching Governance, Risk and Compliance Policy (GRC Policy) and supplemented these with its own business model-specific regulations (Risk Management System Framework Directive and Risk Assessment Work Instructions). In addition, the RMS is continually developed further, with adjustments being made in line with requirements.

In this way, TKMS has defined the basis for risk management as a holistic framework. The objectives of risk management at TKMS include increasing risk awareness in all organizational units and further developing the value-oriented risk culture. To that end, we prepare risks and opportunities transparently and systematically incorporate them into business decisions.

RISK MANAGEMENT PROCESS

The TKMS risk management system is based on the internationally recognized COSO (Committee of Sponsoring Organizations of the Treadway Commission) model. In addition to project and enterprise risk management, it also includes the internal control system (ICS) and compliance management system modules. Details on individual responsibilities in the risk management process and other requirements are defined uniformly in the binding Risk Management System Framework Directive.

We have structured our risk management tools in such a way that a continuous risk management loop is created, with the steps of identifying, assessing and managing risks and risk reporting at project level on a monthly basis and at the level of cross-project risks on a quarterly basis in regular reports. There are clear rules for ad hoc treatment of material risks.

TKMS uses derivative financial instruments, primarily traditional forward exchange transactions, to manage and hedge foreign currency risks arising in the course of its ongoing business activities. The aim is to protect TKMS from the negative effects of price changes (currency fluctuations) and corresponding fluctuations in cash flows.

As part of our risk management methods, assets, liabilities, and pending transactions (underlying transactions) are combined with derivative financial instruments (hedging transactions) to form valuation units if the requirements under commercial law are met. This serves to offset opposing changes in value or cash flows from the occurrence of comparable risks.

Price hedging is carried out using micro-hedging as individual hedges, in which a specific underlying transaction is hedged by one or more hedging transactions. The hedging instruments used are precisely tailored to the risk to be hedged. This ensures that the opposing changes in value or cash flows between the hedging instrument and the hedged underlying transaction are offset as completely as possible.

We take into account our risk management requirements from sustainability reporting in accordance with the CSRD (Corporate Sustainability Reporting Directive) by recording the relevant content of a materiality analysis relating to our business in our risk database and assigning specific risks to these risk areas, which may vary depending on the part of the company.

The organizational anchoring of risk management in controlling enables a holistic design of the risk management system integrated into the planning and reporting processes. At the same time, by partially assigning risk managers to our key projects, we have ensured that they are sufficiently closely involved in the information and decision-making processes at project level for the steps of the risk management process. TKMS has appointed risk managers in the key service areas or delegated the task to relevant functions that act in accordance with standardized guidelines from the risk management area.

RISK IDENTIFICATION

Our major projects are required to report on the development of their risk portfolio on a monthly basis. In addition to identifying new risks, a focus is also placed on mitigation successes and the ongoing quality assurance of the risk assessment is monitored. Cross-project risks are identified and recorded in a similar process. Using various key figures, we are able to always monitor the quality of the risk management process within the responsibilities of the risk owners.

We record risks using standardized recording tools that are based on the structure of our risk database. In the project business, we start identifying risks at an early stage, namely at the time of the so-called “bid-no-bid” decision.

At the time of the decision to issue large and complex offers, the review of a structured risk overview is an obligatory prerequisite and a mandatory part of the management decision.

Risks that have already been accounted for in the form of provisions or provisions in individual orders are also part of standardized analyses and reporting in TKMS risk management.

RISK ASSESSMENT

Identified risks are assessed uniformly using central principles. On the basis of probabilities of occurrence and loss amounts - measured in the categories of financial loss, on-time delivery, technological performance, intellectual property, human resources, reputation and customer relations - we derive risk criticalities in a 4x4 matrix (see figure below). If the criticality of a risk differs in the various assessment categories, the highest criticality determined in each case is included in the overall risk assessment.

Probability (likelihood)	low (a)	some (b)	moderate (c)	major (d)
almost certain ≤ 75 %	6	9	13	16
very likely ≤ 50 %	4	8	12	15
likely ≤ 25 %	2	5	10	14
unlikely ≤ 10 %	1	3	7	11

Impact

Risks with a criticality rating of 1-5 are classified as ”low” for reporting purposes, while risks with a criticality rating of 6-12 as “medium” and above 12 as ”high”.

The assessment of the “impact” evaluation category in the various categories is provided for in our framework guideline. For financial losses, it is defined at company level that exceeding the thresholds (financial loss / EBIT in the reporting year) of 1.25%, 12.5% and 33% determines whether the consequence of a risk is classified as “low,” “some”, “moderate” or “major.” We consider risks of criticality >12 to be material for reporting purposes.

For probabilities of occurrence of 75% or more, we consider the identified events to be events to be integrated into the planning, i.e. they are no longer to be treated as a risk. In such a case, an opportunity is recorded and mitigated accordingly.

Furthermore, we conduct a qualitative assessment of the possible negative impacts of our own actions on non-financial aspects such as environmental and climate protection.

The risk presentation at TKMS comprises the updated gross assessment (“current assessment”: assessment without taking into account measures that have not yet been completed but are planned) and the net assessment (“target assessment”: assessment after successful completion of all planned and/or initiated measures). The main risks are selected on the basis of the updated gross valuation. For the sustainability analysis, the expected potential financial loss is set in relation to the short-term sustainability of TKMS if the risk can materialize in the short term. For risks that can only occur in the medium term, a medium-term sustainability is assumed.

RISK CONTROL

All companies in the TKMS Group are required to formulate risk control measures for the individual risks, systematically track their implementation and monitor their effectiveness.

We define our mitigation strategy (Avoid, Mitigate, Transfer, Accept) in our risk database for each recorded risk.

Our fundamental aim is to prevent the emergence of undesirable risks. Where this is not possible or not economically viable after detailed analysis, we determine one of the other mitigation strategies and pursue this as part of the risk management process.

In the case of risks whose occurrence would be associated with a violation of laws, codes of conduct and other relevant Group-wide guidelines, our strategy is always “avoid”, i.e. risk avoidance.

We transfer risks if the financial risk can be minimized by measures such as taking out insurance or, where economically viable, by outsourcing the risky work steps. The scope and structure of our insurance cover are derived from structured risk assessments.

We also reduce risks by constantly improving our internal control system. Further details can be found in the following section.

INTERNAL CONTROL SYSTEM

We counter risks that could originate in our processes through our structured internal control system. To monitor these risks, TKMS performs regular tests of the controls, i.e. the risk mitigation measures recorded in the internal control system, of which approximately half take place and are documented annually (key controls) and the other half every three years (standard cycle controls).

In addition, smaller subsidiaries that are part of TKMS perform self-assessments of key risk areas, the results of which are reviewed and monitored in accordance with the dual control principle (self-assessment questionnaires). All elements of the internal control system comply with the definitions and processes of the majority shareholder thyssenkrupp AG and are subject to separate monitoring by our auditor.

In addition to the roles of process owner and risk owner, our internal control system also recognizes the roles of control manager and control tester. These roles are filled according to strict criteria, so that the effectiveness of established controls is at all times checked using a dual control principle, i.e., the control tester comes from an organizational unit that is organizationally independent of the controlled process.

Our internal control system, as the entirety of all systematically defined controls and monitoring activities, is based on the corresponding COSO framework and aims to ensure the security and efficiency of business transactions, the reliability of financial and non-financial reporting and the compliance of all activities with laws and guidelines. An effective and efficient internal control system is crucial to successfully managing risks in our business processes. In its design, the internal control system of TKMS considers all key business processes and thus extends far beyond controls in the accounting process.

In the accounting process itself, various monitoring measures and controls contribute, for example, to ensuring that the consolidated financial statements are prepared in accordance with the regulations. We use a system based on standard software for consolidation, thereby ensuring a standardized procedure. This also reduces the risk of misstatements in accounting and external reporting. Appropriate separation of functions and the application of the dual control principle reduce the risk of fraudulent acts. The coordinated processes, systems and controls help to ensure that the accounting process complies with IFRS, the HGB and other accounting-related regulations and laws and is reliable.

With the separation of TKMS from the thyssenkrupp Group in the course of the IPO, we have begun to incorporate processes, sub-processes and associated controls that were previously conducted centrally into our internal control system. These are the processes of consolidation, non-financial mandatory reporting, taxes and selected controls from the areas of Human Resources and Finance, which were previously managed by thyssenkrupp AG.
Based on new regulatory requirements, our internal control system will also be expanded to include the relevant aspects of the sustainability report from the fiscal year 2025/2026. We will apply the same methodologies for documenting and testing controls to these non-financial topics as we do to financial aspects.

We regularly back up our IT systems to prevent data loss and system failures as far as possible. This security concept also includes technical system checks, manual spot checks by experienced employees and customized authorizations and access restrictions.
TKMS continually develops the requirements for its internal control system, adapts the controls to changing processes and uses a comprehensive risk-control matrix and a structured self-assessment process for this purpose. TKMS continues to use a standardized IT application already used in previous years for all company units.

ROLES AND RESPONSIBILITIES

Risk management at TKMS is organized as a combined top-down/bottom-up process. The binding process and system specifications, which are formulated centrally and continually developed, apply to all operating units. The original responsibility for recording, assessing and managing risks along the value chain is decentralized and lies with the specialist managers in the operating units.

The material risks are discussed and validated in meetings of the interdisciplinary Risk and Internal Control Committee (RICC) which will be held once every quarter and chaired by the Chief Financial Officer. The RICC meeting is also the preparation for the subsequent risk reporting to the Management Board and Audit Committee. The RICC meetings are attended by the key officers for governance, risk and compliance and key risk owners of the currently relevant risks.

We provide ongoing training for employees responsible for risk management and the internal control system and use internet-based applications, among other things, to make the appropriate information and training material available on a permanent basis.

Internal Auditing examines the effectiveness of our internal control and risk management system. Internal Auditing uses the results of risk identification in projects, specialist areas or at overall company level, our risk control matrix and the results of the self-assessment processes carried out as part of the internal control system as building blocks for risk-oriented audit planning. The audits based on this help to efficiently monitor the risk management system and the internal control system in the sense of a “three lines of defense” model as a third line of defense, and they provide findings that we can use to further improve the handling of risks at TKMS.

Our standardized risk management processes are vital to ensure that the Management Board is informed promptly and in a structured way about the current risk situation of TKMS. Nevertheless, despite the comprehensive risk analysis, the occurrence of risks cannot be entirely ruled out.

RISK CATEGORIZATION

We have pooled the material risks for TKMS into the following categories:

- Risks due to a changed political environment,
- Risks resulting from project and multi-project management,
- Risks resulting from the failure of bottleneck resources,
- Risks resulting from the failure of IT resources,
- Risks from expansion investments,
- Risks from the supply chain,
- Risks from development projects.

In the following sections, we discuss these categories in detail and explain and assess the risks.

RISKS DUE TO A CHANGED POLITICAL ENVIRONMENT

Due to the long duration of typical naval projects, TKMS is constantly exposed to the risk that a positive decision issued at the time of the preliminary inquiry to the federal government may need to be revoked over time. This results in a reputational and financial risk because depending on the contract, adverse consequences such as rescission or contractual penalties are to be expected. This category of risks can only be addressed in close coordination with the German federal government. Typical mitigation plans, which are regularly adjusted and reassessed, include investigating the alternative usability of semi-finished products in the form of fallback plans.

In the short term, risk category is assessed as low to medium.

RISKS RESULTING FROM PROJECT AND MULTI-PROJECT MANAGEMENT

The management of numerous long-running projects that require resources in the areas of planning, design, procurement, production and commissioning with a time lag naturally entails risks in the form of resource bottlenecks, delays and additional costs, including contractual penalties. We address this category of risks by regularly reviewing resource allocation across projects, adjusting the make/buy ratio, adapting our shift models, and, in the medium term, expanding or reducing capacities. As part of our integrated planning, simulation models are used to estimate confidence levels for planned key delivery and milestone dates.

Risk category is assessed as low.

RISKS RESULTING FROM THE FAILURE OF BOTTLENECK RESOURCES

In the product development process TKMS has identified key resources that are only available once in extreme cases due to the considerable capital commitment (dry docks, special drilling rigs for pressure hulls, sea trials escort vessel, ship lift). The unplanned failure of such resources would entail the risk of delays and significant additional costs. We address this category of risks by creating scenarios in which we assume that the risk will occur at randomly selected points in time, and for each specific case we both assess the consequences of the risk and develop a fallback plan for the affected projects. This method makes it possible, on the one hand, to recognize the need for expansion investments in good time when the follow-up costs reach a certain level and, on the other, to have at least an approximate fallback plan at hand in the event of an actual failure, which already contains all the essential information. We review these scenarios regularly, usually annually.

Risk category is assessed as low to medium, with the criticality depending on the randomly determined scenarios.

RISKS RESULTING FROM THE FAILURE OF IT RESOURCES

Through close technical collaboration with IT experts from comparable and affiliated companies, we mitigate risks that may result from attacks on our IT systems. This includes particularly strict requirements for the usability of software products, which are evaluated according to information security criteria. Restrictions on the usability of software and hardware products also fall into the category of mitigation measures against such risks. We rely on redundant components to limit the potential consequences of unplanned IT system failures.

Recognizing that users themselves are the weak point in many attacks on networks and IT systems, we have developed a series of training courses and tests to regularly raise awareness among all users of risks such as phishing, social engineering, tailing and malware infiltration etc.

Risk category is assessed as high.

RISKS FROM EXPANSION INVESTMENTS

Major expansion investments, such as the acquisition of the shipyard in Wismar, but also the expansion of our Kiel site with a new shipbuilding hall and additional office space, at all times involve a cost and schedule risk. The planned expansion of our workforce in view of the very large backlog also poses schedule and cost risks.

We regularly address these types of risks by drawing on external expertise, bringing in planners and approval managers who are familiar with such projects. We provide the corresponding plans with financial and time buffers to achieve a high degree of certainty in meeting budgets and schedules.

Risk category is assessed as low.

RISKS FROM THE SUPPLY CHAIN

Our products are generally customized prototypes or small series. At the same time, our customers place strict and high demands on the performance and resilience of the products in all their components. Combined, these characteristics result in a narrow procurement base, meaning that the success of product manufacturing depends on suppliers being willing and able to meet these requirements and there being no disruptions in the supply chain. We address this category of risks by expanding our supplier base as soon as our backlog allows us to do so and by establishing long-term partnerships that must meet strict requirements. This includes trusting mutual cooperation in risk management.

Risk category is assessed as low to medium.

RISKS FROM DEVELOPMENT PROJECTS

Due to the long-term nature of project initiation and implementation in the marine business, our projects generally involve adaptation or new development components that pose both time and performance risks. We address this category of risks by providing fallback plans for projects that either rely on existing technologies or at least strictly limit additional costs in the event of delays in development plans.

Risk category is assessed as low to medium.

LEGAL NOTICE AND FINANCIAL CALENDAR

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Financial Calendar

February 27, 2026
Annual General Meeting

February 11, 2026
Interim report 1st quarter 2024/2025
(October to December)

May 11, 2026
Interim report 1st half 2024 / 2025
(October to March)

August 12, 2026
Interim report 9 months 2024 / 2025
(October to June)

ROUNDING AND PERCENTAGE VARIATIONS

The key figures recorded in this report have been rounded for commercial purposes. Rounding differences may occur in percentages and figures.

The sign indicating the rate of change is based on economic considerations: improvements are represented by positive percentages, while deteriorations are represented by negative percentages (–).

DISCLAIMER

This report contains forward-looking statements based on the current expectations, assumptions and forecasts of the Management Board and the information currently available to it. The forward-looking statements should not be construed as guarantees of the future developments and results stated therein. Future developments and results are dependent on a variety of factors; they involve various risks and uncertainties and are based on assumptions that may prove to be inaccurate. Therefore, actual results may differ materially from those explicitly stated or implicitly contained in this financial report. The forward-looking statements contained in this financial report will not be adjusted to reflect events or developments occurring after the date of this report.

This document is also available as an English translation. In the event of discrepancies, the German version of the document shall prevail over the English translation.

GENDER NOTE

For reasons of better legibility, the simultaneous use of masculine, feminine and diverse (m/f/d) language forms is avoided. All references to persons apply equally to all genders.


SeaCat

COMBINED FINANCIAL STATEMENTS

As of and for the fiscal years ended September 30, 2025

COMBINED STATEMENT OF FINANCIAL POSITION

thousand €	Note	Sept. 30, 2024	Sept. 30, 2025
Goodwill	4	1,043,676	1,043,676
Intangible assets other than goodwill	4	270,780	284,288
Property, plant and equipment	5	487,946	531,906
Investments in equity-accounted investees	18	6,249	7,555
Other financial assets	9	14,441	10,285
Other non-financial assets	10	93,765	119,218
Deferred tax assets	28	17,645	12,807
Total non-current assets		**1,934,502**	**2,009,735**
Inventories	6	244,629	322,650
Trade accounts receivable	7	281,019	284,935
Contract assets	8	401,349	300,396
Other financial assets	9	1,346,202	151,064
Other non-financial assets	10	594,999	600,678
Current income tax assets	28	5,664	4,715
Cash and cash equivalents	31	122,037	1,721,853
Total current assets		**2,995,899**	**3,386,291**
Total assets		**4,930,401**	**5,396,026**
Equity and liabilities			
Invested equity attributable to tk Group		1,676,319	1,166,304
Cumulative other comprehensive income		(89,500)	(94,622)
Equity attributable to tk Group		**1,586,819**	**1,071,682**
Equity attributable to non-controlling interests		11,198	13,834
Total equity	**11**	**1,598,017**	**1,085,516**
Provisions for pension and similar obligations	12	366,502	343,604
Provisions for other non-current employee benefits	13	12,182	15,317
Other provisions, non-current	13	5,609	305
Deferred tax liabilities	28	202,712	237,034
Lease liabilities, non-current	17	26,990	26,338
Other financial liabilities, non-current	15	14,556	7,067
Total non-current liabilities		**628,551**	**629,665**
Provisions for current employee benefits	13	36,658	39,550
Other provisions, current	13	354,082	332,528
Current income tax liabilities	28	13,676	13,509
Lease liabilities, current	17	5,750	6,360
Trade accounts payable	14	411,395	423,170
Other financial liabilities, current	15	122,829	348,964
Contract liabilities	8	1,543,282	2,349,242
Other non-financial liabilities	16	216,161	167,522
Total current liabilities		**2,703,833**	**3,680,845**
Total liabilities		**3,332,384**	**4,310,510**
Total equity and liabilities		**4,930,401**	**5,396,026**

COMBINED STATEMENT OF INCOME

thousand €	Note	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Sales	23	1,986,551	2,171,369
Cost of sales	24	(1,673,492)	(1,788,260)
Gross margin		**313,059**	**383,109**
Research and development cost	24	(47,716)	(54,713)
Selling expenses	24	(71,481)	(78,623)
General and administrative expenses	24	(114,718)	(139,780)
Other income	25	29,604	56,136
Other expenses	26	(30,303)	(53,647)
Income from operations		**78,445**	**112,482**
Income (loss) from companies accounted for using the equity-method	18	2,343	1,306
Finance income	27	70,296	69,526
Finance expenses	27	(22,303)	(29,918)
Financial income/(expense), net		**50,336**	**40,914**
Income before tax		**128,781**	**153,396**
Income tax (expense)/income	28	(41,182)	(45,351)
Net income		**87,599**	**108,045**
Thereof:			
attributable to tk Group		82,946	105,014
attributable to non-controlling interests		4,653	3,031
Earnings per share (in EUR) for profit for the period attributable to shareholders based on the capital structure of TKMS AG & Co. KGaA	11		
Basic		1,31	1,65
Diluted		1,31	1,65

COMBINED STATEMENT OF COMPREHENSIVE INCOME

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Net income	**87,599**	**108,045**
Items of other comprehensive income that will not be reclassified to profit or loss in future periods:		
Remeasurements of pensions and similar obligations	(18,077)	10,389
Items of other comprehensive income that could be reclassified to profit or loss in future periods:		
Cash flow hedges, net	10,582	(2,648)
Foreign currency translation adjustment	(10,314)	(9,866)
Other comprehensive income/(loss)	**(17,809)**	**(2,124)**
Thereof: tax effect	4,937	(6,686)
Total comprehensive income/(loss) for the period	**69,790**	**105,921**
Thereof:		
attributable to tk Group	66,599	103,209
attributable to non-controlling interests	3,191	2,711

COMBINED STATEMENT OF CHANGES IN EQUITY

thousand €	Invested equity attributable to tk Group	Remeasurements of pensions and similar obligationsn	Foreign currency translation adjustment	Cash flow hedges	Total equity attributable to tk Group	Equity attributable to Non-controlling interests	Total equity
Balance as of Oct. 1, 2023	**2,131,700**	**(49,613)**	**10,050**	**(30,459)**	**2,061,677**	**9,833**	**2,071,510**
Net income/(loss)	82,946			-	82,946	4,653	87,599
Other comprehensive income	-	(18,077)	(8,851)	10,582	(16,347)	(1,462)	(17,809)
Total comprehensive income	**82,946**	**(18,077)**	**(8,851)**	**10,582**	**66,599**	**3,191**	**69,790**
Basis adjustment				(3,130)	(3,130)		(3,130)
Dividends & profit and loss transfers with TKMS Business's equity holders	147,458			-	147,458		147,458
Transactions with tk Group	(685,785)			-	(685,785)	(1,826)	(687,611)
Balance as of Sept. 30, 2024	**1,676,319**	**(67,690)**	**1,198**	**(23,007)**	**1,586,819**	**11,198**	**1,598,017**
Net income/(loss)	105,015				105,014	**3,031**	108,045
Other comprehensive income	-	**10,389**	**(9,546)**	(2,648)	(1,805)	(320)	(2,124)
Total comprehensive income	**105,013**	**10,389**	**(9,546)**	**(2,648)**	**103,209**	**2,711**	**105,921**
Basis adjustment				(3,317)	(3,317)		(3,317)
Dividends & profit and loss transfers with TKMS Business's equity holders	98,563			-	98,563		98,563
Transactions with tk Group	(713,591)			-	(713,591)	(76)	(713,666)
Balance as of Sept. 30, 2025	**1,166,304**	**(57,301)**	**(8,348)**	**(28,972)**	**1,071,682**	**13,834**	**1,085,516**

See accompanying notes to combined financial statements

COMBINED STATEMENT OF CASH FLOWS

thousand €	Note	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Net income/(loss)		**87,599**	**108,045**
Adjustments to reconcile net income/(loss) to operating cash flows:			
Deferred income taxes, net	28	69,379	32,725
Depreciation, amortization and impairment of non-current assets	4, 5	72,426	76,582
Reversals of impairment losses of non-current assets	4	(165)	48
Income (loss) from companies accounted for using the equity-method	18	(2,343)	(1,306)
(Gain)/loss on disposal of non-current assets		155	123
Changes in assets and liabilities, net of non-cash effects:			
• Inventories	6	(35,349)	(78,871)
• Trade accounts receivable	7	(74,092)	(6,368)
• Contract assets	8	49,299	96,771
• Provisions for pension and similar obligations	12	(4,479)	(4,103)
• Other provisions	13	28,721	(20,128)
• Trade accounts payable	14	47,353	16,570
• Contract liabilities	8	334,457	813,269
• Other assets/liabilities not related to investing or financing activities	10, 16	(115,447)	(85,275)
Operating cash flows		**457,514**	**948,082**
Purchase of investments accounted for using the equity method and non-current financial assets		(15)	-
Capital expenditures regarding property, plant and equipment (inclusive of advance payments)		(83,673)	(121,015)
Capital expenditures regarding intangible assets (inclusive of advance payments)		(20,024)	(43,921)
Proceeds from disposals of property, plant and equipment, intangible assets, investments accounted for using the equity method and other non-current assets		1,461	1,046
Cash pool withdrawals (deposits)	21	272,490	1,106,587
Cash flows from investing activities	**31**	**170,239**	**942,697**
Proceeds from / repayments of liabilities to financial institutions	31	192	14,491
Cash flows from redemption of lease liabilities		(9,999)	(7,042)
Profit loss transfers received (paid)	31	51,733	147,240
Transactions with tk Group	31	(683,097)	(440,550)
Cash flows from financing activities		**(641,171)**	**(285,861)**
Net increase/(decrease) in cash and cash equivalents		**(13,418)**	**1,604,918**
Effect of exchange rate changes on cash and cash equivalents		(15,459)	(5,101)
Cash and cash equivalents at beginning of year	31	150,914	122,037
Cash and cash equivalents at end of year	31	122,037	1,721,854
Additional information regarding interest and income tax amounts included in operating cash flows:			
Income tax paid	28	(24,994)	(822)
Interest received		66,867	60,704
Interest paid		(4,743)	(6,198)

Cf. Note 31

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1 General information

1.1 PURPOSE AND CONTENT OF THE COMBINED FINANCIAL STATEMENTS

thyssenkrupp is an international industrial and technology group (hereafter referred to as "thyssenkrupp Group" or "tk Group"). thyssenkrupp AG is tk Group's ultimate parent company with its registered office located at thyssenkrupp Allee 1, 45143 Essen, Germany (hereafter "tk AG"). tk AG is a stock corporation organized under the laws of the Federal Republic of Germany and is registered with the commercial register of the District Court of Essen under No. HRB 15364 and Duisburg No. HRB 9092.

The Executive Board of tk AG completed preparations to spin-off a minority stake of its Marine Systems Segment (hereinafter referred to as "TKMS Business", "Marine Systems," "MS," or "Marine Systems Business") for a separate stock-exchange listing of the future TKMS AG & Co. KGaA Group (hereafter referred to as the "TKMS Group" or "the Group") with TKMS AG & Co. KGaA as the listed holding company (hereafter referred to as the "TKMS Holding" or "the Company"). TKMS Holding with registered office located at thyssenkrupp Allee 1, 45143 Essen is registered with the commercial register of the District Court of Essen under No. HRB 37039 and did not have any operating business in the past and the historical periods presented.

After the approval of an extraordinary shareholders' meeting of tk AG which was held on August 8, 2025 for a listing at the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse or the "stock exchange"), Germany, the spin-off and subsequent listing of the future TKMS AG & Co. KGaA Group was completed on October 17, 2025 (cf. Note 33). tk Group retained a majority 51% interest in TKMS AG & Co. KGaA after the spin-off.

The TKMS Business has historically been conducted by legally separated companies solely dedicated to the TKMS Business as described in more detail in section 1.2 "Description of the TKMS Business" (the "Dedicated Entities"). In particular, it was conducted in (i) several dedicated domestic and foreign companies representing the historical core business activities of the Marine Systems Business (hereafter the "Legacy TKMS Business") and (ii) thyssenkrupp transrapid GmbH (hereafter "transrapid" or TechCenter Control Technology, also referred to as "TCCT") representing a key element of the Group's technology strategy with an increasing focus on artificial intelligence (AI) capabilities in response to the increasing relevance of electronics and autonomous solutions in future naval battlefield ("the New TKMS Business") (cf. Note 3 including a comprehensive list of the Dedicated Entities). The majority or all of shares in the aforementioned companies were held directly by thyssenkrupp Technologies Beteiligungen GmbH (hereafter "tk TB"), a wholly owned subsidiary of tk AG, and/or held directly or indirectly by tk AG.

The execution of the spin-off required the implementation of a spin-off structure which was achieved through a legal re-organization implemented in a sequence of legal steps.

Effective September 30, 2024, companies representing the Legacy TKMS Business had been legally reorganized and bundled under TKMS GmbH (hereafter "TKMS GmbH"), a limited liability company under German law. In connection with this legal reorganization majority interests in Marine Systems companies historically held by tk TB or tk AG were sold and assigned to TKMS GmbH on the basis of share purchase and transfer agreements for a purchase price equal to either the book value or fair market value of the shareholding transferred.

The finalization of the spin-off structure was subsequently achieved in a sequence of the following legal reorganization steps:

(1) Effective May 21, 2025 the Company’ general partner TKMS Management AG, which was previously organized as a limited liability company (Gesellschaft mit beschränkter Haftung – GmbH) and operated under the company name “thyssenkrupp Projekt 10 GmbH”, was formed by way of a change of legal form after all interest in thyssenkrupp Projekt 10 GmbH were sold and transferred from tk AG to tk TB.

(2) Effective June 23, 2025 the Company changed its legal form limited liability company (Gesellschaft mit beschränkter Haftung – GmbH) to a partnership limited by shares with a stock corporation (TKMS Management AG) as general partner (Kommanditgesellschaft auf Aktien & Co. AG). In connection with this change, the shareholders also approved a cash capital increase in the amount of € 32,372 thousand. In June 2025 thyssenkrupp AG approved a cash contribution into TKMS Beteiligungsgesellschaft mbH in the amount of € 31,105 thousand.

(3) On July 1, 2025, tk TB sold and transferred its entire 89.9% shareholding in TKMS GmbH to the Company and TKMS Beteiligungsgesellschaft mbH, i.e. 51.0% to the Company and 49.0% to TKMS Beteiligungsgesellschaft mbH of these 89.9%.

(4) On July 1, 2025, tk TB sold and transferred its entire shareholding in transrapid to the Company and TKMS Beteiligungsgesellschaft mbH, i.e. 51.0% to the Company and 49.0% to TKMS Beteiligungsgesellschaft mbH.

(5) On July 1, 2025, tk TB sold and transferred its 14.9% shareholding in TKMS ATLAS ELEKTRONIK GmbH to TKMS GmbH with effect from July 1, 2025.

(6) Share purchase and transfer agreements were signed on July 1, 2025, for the minority shareholdings of tk AG in TKMS GmbH and TKMS ATLAS ELEKTRONIK GmbH as well as thyssenkrupp Holding Germany GmbH in TKMS Wismar GmbH, each amounting to 10.1%. The relevant share purchase and transfer agreements stipulate that the legal effectiveness of the agreements for the transfer of the aforementioned minority shareholdings is in each case subject to the condition precedent that the spin-off takes effect.

(7) Effective October 17, 2025 spin-off of 100% of the interest in TKMS Beteiligungsgesellschaft mbH, holding 49% interest in TKMS GmbH by tk AG (transferring entity) to TKMS Holding (acquiring entity) (Abspaltung zur Aufnahme).

This set of Combined Financial Statements of the TKMS Business reflects the undertakings of TKMS AG & Co. KGaA after the implementation of the spin-off target legal structure and were prepared to transparently inform shareholders of TKMS AG & Co. KGaA about the financial situation of the TKMS Business. For further details on the legal reorganization subsequent to September 30, 2025, please also refer to Note 33.

Given that the TKMS Business was not a group in accordance with IFRS 10 prior to the completion of the legal reorganization TKMS Holding, the management board of TKMS AG & Co. KGaA, (hereafter referred to as the “Managing Board of TKMS”, “TKMS Management” or “TKMS Management Board”) has prepared Combined Financial Statements which reflect the TKMS business which consist of Combined Statements of Financial Position as of September 30, 2025, respectively, as well as Combined Statements of Income, Combined Statements of Comprehensive Income, Combined Statements of Changes in Equity and Combined Statements of Cash Flows for the fiscal years ended September 30, 2025, respectively (collectively referred to hereafter as “Combined Financial Statements”).

The Combined Financial Statements are presented in Euros. Amounts are stated in thousands of Euros, except where otherwise indicated. Rounding differences may arise when individual amounts or percentages are added together.

This set of Combined Financial Statements of TKMS Business was authorized for issue on December 8, 2025 by the management board of TKMS AG & Co. KGaA and the management board of TKMS GmbH.

1.2 DESCRIPTION OF THE TKMS BUSINESS

The TKMS Business is a system provider in submarine and surface vessel construction, in the field of maritime electronics and security technology and in solutions in the non-military sector. The TKMS Business reflected in the Combined Financial Statements comprises the Legacy TKMS Business and the New TKMS Business.

The Legacy TKMS Business represents an operating segment of tk Group and has historically been reported as a reportable segment in the Consolidated Financial Statements of tk Group prepared in accordance with IFRS (hereinafter referred to as the "IFRS Consolidated Financial Statements of tk Group") and is clustered into the following operating units ("OU"):

OU Submarines (also referred to as "SUB" or "Submarines") covers the construction (including engineering, procurement and construction) of submarines for coastal and blue water deployment. The related projects are customer-specific and long-term, with a typical average term ranging from 8 to 14 years. A comprehensive portfolio of aftermarket services for its technologies in support of its goal of entering into long-term partnerships with its customers is also offered to its customers.

OU Surface Vessels (also referred to as "SVE" or "Surface Vessels") covers the construction (including engineering, procurement and construction) of frigates, corvettes and light frigates. The related projects are customer-specific and long-term, with an average term of 3 to 6 years. Surface Vessels offers full array of service for the entire life cycle with tailor-made solutions.

OU Atlas Electronics (also referred to "Atlas Electronics") covers the area of sonars and sensors, command and control systems for submarines and surface vessels, naval weapons, mine countermeasure systems, unmanned underwater vehicles and radio and communication systems.

OU NextGen (also referred to as "NXTGEN" or "NextGen") covers innovative and sustainable solutions in the civil market. NXTGEN develops solutions for uncrewed watercraft and innovations for protecting critical infrastructure, detecting and disposing of contaminated sites, and marine surveying.

The New TKMS Business represents the business activities of TCCT which is being integrated into the TKMS Business in connection with the establishment of TKMS Group. This integration aligns with the future TKMS Group's technology strategy, emphasizing enhanced AI capabilities to address the growing importance of electronics and autonomous solutions in future naval warfare. TCCT has been identified as the most suitable tk Group-internal solution to build up capabilities required to maintain TKMS Group's technological advantage in a fragmented market. TCCT is regarded a core pillar of the TKMS Group's technology strategy focused on autonomy and AI development for all other businesses. Originating from thyssenkrupp Transrapid GmbH—its official company name to this day—TCCT comprises a team with diverse professional capabilities. TCCT is proficient in handling complex projects and offers specialized engineering services in areas such as mechatronic systems, data analytics and AI, as well as simulation and modelling.

The operating units and TCCT also correspond to the TKMS Business's operating segments, which are disclosed separately for Submarines, Surface Vessels, and Atlas Electronics. Starting from the fiscal year 2025/26, TCCT will be shown within the Atlas Electronics segment. Meanwhile, NXTGEN remains to be combined and presented in All Other Segments (see Note 22 – Segments).

1.3 BASIS OF PREPARATION

General preparation principles of Combined Financial Statements
The scope of combination for the Combined Financial Statements of the TKMS Business for the fiscal years ended September 30, 2025, was determined on the principles of the legal reorganization approach, i.e., the Combined Financial Statements reflect the undertakings of the future TKMS Group determined by the legal structure, which binds together the relevant economic activities within the reorganization process happening simultaneously with the spin-off.

During the reporting periods of the Combined Financial Statements, the assets and liabilities forming the combination scope were under common control of tk AG. The scope of combination includes companies and businesses that will be directly or indirectly and fully or partially owned by TKMS Group. This includes entities that were controlled by tk AG or its subsidiaries during the reporting periods of the Combined Financial Statements and for which a legal transfer to TKMS Group was executed.

Generally, the Combined Financial Statements of the TKMS Business reflect the activities of the TKMS Business as historically reported under IFRS in the IFRS Consolidated Financial Statements of tk Group.

Dedicated Entities have been reflected in the Combined Financial Statements in their entirety.

For a list of legal entities reflected in the Combined Financial Statements based on the legal reorganization concept, please refer to Note 3.

Compliance with IFRS
During the reporting periods presented, TKMS Business has not been a group of entities under the control of a parent company as defined by IFRS 10 Consolidated Financial Statements and has historically not prepared Consolidated Financial Statements for internal or external reporting purposes. Management has prepared these Combined Financial Statements for a voluntary disclosure to the capital market in order to avoid information gaps and to provide the capital market with transparent financial information about the TKMS Business. The Combined Financial Statements have been prepared in accordance with International Financial Reporting Standards and the interpretations of the IFRS Interpretations Committee as adopted by the European Union (“IFRS”).

Since IFRS do not provide specific guidance for the preparation of Combined Financial Statements, in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors" management uses judgement in developing and applying an accounting policy, which produces information that is relevant to users, reliable and free from bias, and complete in all material respects. In doing so, IAS 8.12 requires consideration of recent pronouncements by other standard-setting bodies, other accounting pronouncements and accepted industry practices.

For the preparation of these Combined Financial Statements the predecessor accounting approach has been applied, i.e. the Combined Financial Statements are considered to be an extract from the Consolidated Financial Statements of the former parent company tk AG (referred to as “Extraction Method”) and reflect the activities attributable to the TKMS Business as they have been historically included in the IFRS Consolidated Financial Statements of tk Group. Hence, the TKMS Business is presented using the carrying amounts and historical costs that are also included in the IFRS Consolidated Financial Statements of tk Group. In general, the same accounting policies are applied by the entities in the scope of combination as they were used for the preparation of the IFRS Consolidated Financial Statements of tk Group. However, adjustments were made to the extent necessary to present the TKMS Business as a separate, stand-alone reporting entity, particularly with no intercompany elimination made between TKMS Business and the remaining tk Group.

By applying this approach, the carrying amounts are extracted from the IFRS Consolidated Financial Statements of tk Group for the preparation of the Combined Financial Statements and therefore include historical amounts for acquired intangible assets, step ups from purchase price allocation and goodwill, that are attributable to the TKMS Business.

Transactions between the TKMS Business and the remaining tk Group are accounted for and classified as related party transactions in accordance with IFRS as further descripted in Note 21. Based on their character related party receivables and payables are included as a component in the respective line item in the Combined Statement of Financial Position. All intercompany balances, income and expenses, and unrealized gains and losses resulting from transactions within TKMS Business are generally eliminated, except for gains or losses from foreign exchange translation.

The periods for recognizing adjusting events in the Combined Financial Statements are identical to the respective periods of the IFRS Consolidated Financial Statements of tk Group.

1.4 SPECIFIC CONSIDERATIONS REFLECTED IN COMBINED FINANCIAL STATEMENTS PRESENTATION OF EQUITY

The Combined Statement of Changes in Equity (refer to Note 11) presents the changes in equity attributable to tk Group and attributable to non-controlling interests with respect to the TKMS Business. In the periods under consideration, TKMS Business did not constitute a group with a parent company in accordance with IFRS 10 Consolidated Financial Statements. Therefore, “Invested equity attributable to tk Group” is shown in lieu of share capital, reserves and retained earnings. Actuarial gains and losses from remeasurement of postemployment benefits, exchange differences on currency translation of foreign operations and other comprehensive income/loss from equity instruments, cashflow hedge accounting for derivative financial instruments under IFRS 9, net of tax, are reported separately under “Cumulative other comprehensive income”. Equity attributable to non-controlling interests is shown in “Equity attributable to Non-controlling Interests”.

The effects of the profit or loss transfer agreements with tk AG (see further below) as well as any historical dividend distributions to the remaining tk Group are included in the line item “Dividends & profit and loss transfer with TKMS Business’s equity holders” in the Combined Statement of Changes in Equity. The changes in “Invested equity attributable to tk Group” that result from other transactions deemed to be immediately settled through equity and as such treated as contribution or withdrawal by shareholders are included in the line item “Transactions with tk Group”, net of tax. Transactions with tk Group relate to carve-out specific considerations, such as the allocation of corporate costs and tax expenses calculated on separate tax return basis and, in fiscal year 2023/24 and fiscal year 2024/25, payments made in connection with the legal reorganization of majority interests in Marine Systems companies on the basis of share purchase and transfer agreements (see Note 1.1 and 31).

Profit or loss transfer agreements
For the periods under consideration of the Combined Financial Statements liabilities and receivables to tk Group in connection with profit or loss transfer agreements (“Ergebnisabführungsvertrag”) are presented as other financial assets and other financial liabilities, respectively, in the Combined Statement of Financial Position. The corresponding impact of the profit transfer or loss absorption is directly recognized in equity and is reflected as a withdrawal or contribution in the line item “Dividends & profit and loss transfer with TKMS Business’s equity holders” respectively, in the Combined Statement of Changes in Equity. The subsequent settlement of such receivables and liabilities is presented in the financing activities in the line item “Profit loss transfers received (paid)” of the Combined Statement of Cash Flows. Each period under consideration of the Combined Financial Statement reflects the recognition of only the current period's portion of the profit or loss transfer agreements, rather than the anticipated profit or loss transfer over the full remaining term of the contract.

Corporate Costs
tk AG as well as other tk Group companies, such as tk Services GmbH and tk Information Management GmbH, provided various central services such as but not limited to accounting, human resources, information technology, legal, tax, risk management and treasury services to TKMS Business which will either be transferred to TKMS Group as part of the legal reorganization or will be provided as a service under transitional service agreements subsequent to the legal reorganization. Costs historically recharged to TKMS Business are based on historical service agreements and reflected in profit or loss with their historical amounts. Incremental cost attributable to the TKMS Business and that historically have not been recharged to TKMS Business have been attributed to the TKMS Business based on cost recognized and TKMS Business specific cost centers. The incremental attribution is based on historical costs incurred and attributed amounts are deemed to be settled immediately by the parent and as such accounted for as a contribution in the Combined Financial Statements. Accordingly, the impact of the expense attributed through profit or loss, net of tax, is reflected directly in equity as "Transactions with tk Group". Management considers the total of recharged and attributed cost to be a reasonable reflection of the utilization of services provided, but not necessarily indicative of future costs for such services.

In conjunction with the separation and the spin-off, scope and terms of the general service agreement and supplemental service level agreements between tk Group and the TKMS Business were determined to address the need for general and administration services of TKMS Group after listing and spin-off. As such, costs historically charged to the TKMS Business differ from the costs which will be charged to the TKMS Group in the future based on the newly determined terms. Therefore, the cost structure as reflected in these Combined Financial Statements may not be representative for the future in this regard. Further information on related party transactions is provided in Note 21. In addition, the Group is also establishing new functions in conjunction with the separation and the spin-off which will further increase the cost base.

TKMS/thyssenkrupp brand
The legal rights to the "thyssenkrupp" brand are held by tk AG. Distinctive elements of the brand include the use of lowercase lettering, a specific logo, font, and color scheme. Historically, tk AG entered into licensing agreements with its subsidiaries, granting them non-exclusive rights to use the "thyssenkrupp" brand (referred to as the "Historical Brand Invoicing Model"). Responsibility for brand maintenance, licensing, and related activities rested solely with tk AG. Under this model, subsidiaries paid an annual corporate mark fee, calculated as a percentage of their sales revenues. These fees are reflected in the Combined Financial Statements for the Dedicated Entities included in the scope of the combination.

Prior to the spin-off, tk AG, as licensor, and TKMS GmbH, as licensee, effective March 31, 2025 entered into a new license agreement ("New License Agreement") to ensure TKMS Holding retains the right to use the recently launched new "TKMS" brand following the completion of the spin-off. Under this agreement, TKMS GmbH received an indefinite right to use the "TKMS" brand name and logos in exchange for a one-time payment in the amount of €26,600 thousand reflecting the fair value of the usage rights. The corresponding intangible asset, which was recognized effective from June 4, 2025, at acquisition cost in the Combined Financial Statements is subject to annual impairment testing. The New License Agreement superseded the Historical Brand Invoicing Model.

Contract Fulfilment Guarantees
tk Group issued so called parent company guarantees (hereafter "PCG") to the TKMS Business' customers in connection with the TKMS Business' projects, with the corresponding PCG fees calculated at a fixed fee (i.e. regardless of the guaranteed amount) by PCG that are charged to TKMS Business. The fees charged for the guarantees have been included in profit or loss with their historical amounts which were based on the directly attributable cost of €85 thousand per PCG incurred at tk Group. In connection with the contemplated spin-off the terms and conditions of the PCG have been re-negotiated effective fiscal year 2025/26. Under the re-negotiated terms tk Group continues to charge a fixed fee by PCG in an amount which increases year-over year. While existing PCG will remain in place after the spin-off, it is not intended to make use of new PCG with respect to new contracts entered into by TKMS

Group after the spin-off. With respect to new projects concluded after the spin-off it is expected that TKMS Business and its customer will find individual guarantee solutions that will meet the contractual requirements, such as bank guarantees. Guarantee costs therefore are expected to increase in subsequent periods after the spin-off. Therefore, the amounts included in the Combined Financial Statements are not indicative of future performance of the TKMS Group and do not necessarily reflect what its net assets, financial position, results of operations, capital structure and cash flows would have been, had the TKMS Business operated as an independent stand-alone group during the periods presented.

Goodwill
The goodwill included in the Combined Financial Statements corresponds with the goodwill historically allocated to the Marine Systems business in the IFRS Consolidated Financial Statements of tk Group. During the periods presented, goodwill was tested for impairment based on the cash-generating unit structure used at that time by tk AG to monitor goodwill, which coincides with the operating segment represented by the TKMS Business. No impairment was recognized from the goodwill impairment tests performed at the TKMS Business level in the reporting periods presented in the Combined Financial Statements. Following the legal reorganization and the establishment of the TKMS Group under TKMS Holding as the parent company, goodwill will be allocated to the TKMS Group's operating segments using the relative fair value approach. Consequently, future goodwill impairment testing will be performed at the level of the TKMS Group's operating segments for reporting periods ending after the legal reorganization and the spin-off.

Cash pool Arrangements
Marine Systems was integrated into the tk Group's financing structure until shortly before the spin-off took effect. In addition to participating in tk Group's cash pooling, this included cash investments. Overall, the intercompany financing resulted in a positive net balance for all periods under review (cf. Note 9 and 21). In 2024, the gradual separation of Marine Systems from the financial structures of the tk Group began, which was completed on September 25, 2025. As of September 25, 2025, the existing system of intercompany clearing accounts and cash management, including cash pooling, between the TKMS Group and the tk Group was officially terminated. Consequently, TKMS GmbH and the other entities within the TKMS Group no longer participate in the tk Group's cash pooling system. Following this termination, the liquidity needs of the TKMS Group entities is managed through the TKMS Group's own liquidity management system. A separate cash pooling system was established within the TKMS Group, which commenced immediately after leaving the tk Group's cash pooling system, with TKMS GmbH serving as the cash pool leader in the new structure.

Income taxes
Current and deferred income taxes are recognized in accordance with IAS 12, Income Taxes. For the purposes of the Combined Financial Statements, income taxes were determined using the separate taxpayer approach based on the assumption that the companies of the TKMS Business constitute separate taxable entities. This assumption implies that current and deferred taxes for all companies and tax groups within the TKMS Business are calculated separately and that the recoverability of deferred tax assets is assessed on this basis.

Deferred tax assets resulting from tax loss carryforwards were recognized in the Combined Financial Statements if it is probable that they can be offset against positive results from the respective TKMS Business companies and respective tax groups in the future.

Current tax receivables and current tax liabilities of companies of the TKMS Business that did not constitute separate income taxpayers in the reporting period are reversed against equity because any tax asset or liability is deemed to be settled immediately and, as such, is accounted for as a contribution or withdrawal and presented on a gross basis in the cash flow statement.

In the Combined Statement of Cash Flows, the taxes actually paid by the TKMS Business were included as inflows/outflows from operating activities.

Effects of uncertain tax positions on earnings are reflected in the Combined Financial Statements where relevant to TKMS Business.

The management of TKMS Business deems the approach adopted as appropriate but not necessarily indicative of the tax expense or income that would result in TKMS Business as a separate group.

Segments
In accordance with the management approach prescribed by IFRS 8 "Operating Segments", the segment reporting reflects the internal organizational and reporting structure of the TKMS Business in place as of September 30, 2025. For more details on segments please refer to Note 22.

2 Summary of significant accounting policies and critical accounting estimates

Combined Statement of Income
The Combined Statement of Income is prepared based on the cost-of-sales method by classifying expenses according to their function.

Cost of sales includes the engineering and purchase costs incurred to generate the sales. In addition to direct material costs, procurement and construction services, non-staff overheads and personnel costs, which represent the majority of cost of sales, cost of sales also includes project and non-project-related indirect costs, including depreciation and amortization and warranty costs.

Research and development cost includes expenses in connection with research and development activities not eligible for capitalization and other costs related to the functional area of research and development.

Selling expenses includes personnel, service and material costs related to the business development and sales process, particularly for the tendering of mainly submarine projects and fluctuate with the tender in the respective years and the complexity of the tenders, including marketing and other costs related to the functional area of sales as well as changes of the valuation allowance amounts according to the expected loss model.

General and administrative expenses include costs incurred in operating and administering the business and consist primarily of expenses for salaries of non-project-related personnel and headquarters expenses and other costs related to the functional area of general administration.

Combined Statement of Cash Flows
The Group uses the indirect method to prepare its Combined Statement of Cash Flows. Net income or loss is adjusted for the effects of transactions of a noncash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

The Group presents cash pooling activities with tk Group within cash flow from investing activities for the current fiscal year and the comparable periods. The Group continuously has had net receivable that corresponds with the character of an investment. In the context of the capital markets transaction and the associated anticipated replacement of the cash pool agreement, the presentation within cash flow from investing activities is intended to ensure more meaningful information and better comparability in the light of the investment strategy selected for excess cash in the future.

Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. Assets and liabilities are classified by maturity. An asset is current when it is (i) expected to be realised or intended to be sold or consumed in the normal operating cycle, (ii) held primarily for the purpose of trading, (iii) expected to be realised within twelve months after the reporting period or (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when (i) it is expected to be settled in the normal operating cycle, (ii) it is held primarily for the purpose of trading, (iii) it is due to be settled within twelve months after the reporting period or (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Foreign currency translation
TKMS Business's Combined Financial Statements is presented in Euro (€), which is the Group's reporting currency. For each entity, the Group determines the functional currency and items included in the Financial Statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

On consolidation, the assets and liabilities of foreign operations are translated into Euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates of the respective reporting period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income (OCI).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

The exchange rates of those currencies significant to the Group have developed as follows:

	Exchange rate as of (Basis €1)		Annual average exchange rate for the fiscal year ended (Basis €1)	
	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025
US Dollar	1.12	1.17	1.08	1.11
Great Britain Pound	0.84	0.87	0.86	0.85
Brazilian Real	6.05	6.24	5.60	6.30
Singapore Dollar	1.43	1.51	1.45	1.45
Australian Dollar	1.62	1.78	1.64	1.72
Danish Krone	7.46	7.46	7.46	7.46
South Korean Won	1,469.11	1,648.05	1,457.63	1,556.06
Canadian Dollar	1.51	1.63	1.47	1.55
Indian Rupee	93.81	104.25	90.39	95.05
Norwegian Crowns	11.76	11.73	11.60	11.72

Intangible assets including goodwill
Intangible assets with finite useful lives are capitalized at cost and amortized on a straight-line basis depending on their estimated useful lives. Useful lives are examined on an annual basis and adjusted when applicable on a prospective basis. The amortization expense of intangible assets is primarily included in cost of sales in the Combined Statement of Income.

	Useful lives
Franchises, trademarks and similar rights and values as well as licenses thereto	3 to 40 years
Self-created intangible assets, internally developed software and website	3 to 10 years

Goodwill and acquired trademarks with indefinite useful live are stated at cost and tested for impairment annually or on such other occasions that events or changes in circumstances indicate that it might be impaired. Goodwill impairment losses are included in other expenses, if any.

Property, plant and equipment
Fixtures and equipment are stated at cost less accumulated depreciation and impairment losses. Capitalized production costs for self-constructed assets include costs of material, direct labour, allocable material and manufacturing overhead. Administrative costs are capitalized only if such costs are directly related to production. Maintenance and repair costs (day-to-day servicing) are expensed as incurred. Borrowing costs are expensed in the period in which they occur.

Fixtures and equipment are depreciated over the customary useful life using the straight-line method. The following useful lives are used as a basis for calculating depreciation:

Fixtures and equipment	Useful lives
Buildings	10 to 50 years
Buildings and land improvements	15 to 25 years
Technical machinery and equipment	8 to 25 years
Factory and office equipment	3 to 10 years

Impairment of non-financial assets
At each balance sheet date, the Group reviews the carrying amounts of its intangible assets, property, plant and equipment to determine whether there are any indicators of a necessary impairment. If such indicator does exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the Cash Generating Unit to which the asset belongs.

The goodwill included in the Combined Financial Statements corresponds with the goodwill historically allocated to the Marine Systems business segment in the IFRS Consolidated Financial Statements of tk Group. During the periods presented, goodwill was tested for impairment based on the cash-generating unit structure used at that time by tk AG to monitor goodwill, which coincides with the operating segment represented by the Marine Systems Business. No impairment was recognized from the goodwill impairment tests performed at the Marine Systems Business level in the reporting periods presented in the Combined Financial Statements.

Following the legal reorganization and the establishment of the future TKMS Group under TKMS Holding as the parent company, goodwill will be allocated to the TKMS Group's operating segments using the relative fair value approach as at TKMS Group the Cash Generating Units are represented by the operating segments, i.e., the OUs, which are OU Submarines, OU Surface Vessels, OU Atlas Electronics. The various OUs operate with high autonomy and generate cash inflows that are largely independent of other operating segments of the TKMS Group.

Consequently, future goodwill impairment testing will be performed at the level of the TKMS Group's operating segments for reporting periods ending after the legal reorganization. Those Cash Generating Units represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The recoverable amount of the Cash Generating Unit that carries a goodwill is tested in the future for impairment annually as of September 30, or on such other occasions that events or changes in circumstances indicate that it might be impaired. For more details refer to Note 4.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, in case of an asset impairment in functional cost and in case of goodwill impairment in other expense.

In case of impairment losses related to Cash Generating Units that contain goodwill the carrying amount of any goodwill allocated to the Cash Generating Unit is reduced first. If the amount of impairment losses exceeds the carrying amount of goodwill, the difference is generally allocated proportionally to the remaining non-current assets of the Cash Generating Unit to reduce their carrying amounts accordingly. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the Cash Generating Unit.

When an impairment loss subsequently reverses, the carrying amount of the asset (Cash Generating Unit) is increased to the revised estimate of its recoverable amount. The revised amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (Cash Generating Unit) in prior years. A reversal of an impairment loss is recognized as income immediately. However, impairment losses of goodwill may not be reversed.

LEASES

Group as a lessee
A contract constitutes a lease if the contract conveys the lessee the right to control the use of an identified asset (the leased asset) for a specific period in exchange for a consideration.

The Group as a lessee recognizes in general for all leases within the statement of financial position an asset for the right of use of the leased assets and a liability for the lease payment commitments at present value. These are primarily rentals of property and buildings, transport vehicles, technical equipment and machinery, other plants and operating and office equipment. The right of use assets reported under property, plant and equipment are recognized at cost less accumulated depreciation and impairment losses. Payments for non-lease components are not included in the determination of the lease liability. The lease liabilities reported under financial liabilities reflect the present value of the outstanding lease payments at the time the asset is made available for use. Lease payments are discounted at the interest rate implicit in the lease if it can be readily determined, otherwise, they are discounted at the lessee's incremental borrowing rate. The determination of the interest rate is based on the assumption that an adequate amount of funds will be raised over an adequate period of time, taking into account the respective currency area.

The lease liabilities include the following lease payments:
- fixed payments, less lease incentives to be paid by the lessor,
- variable lease payments that are based on an index or an interest rate,
- expected amounts to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option, if the exercise is reasonably certain and
- payment of penalties for the termination of the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Right-of-use assets are measured at cost, which are comprised as follows:
- lease liability,
- lease payments made at or before the commencement date less any lease incentives received,
- initial direct costs and
- dismantling obligations.

Subsequent measurement is performed at amortized cost. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If the lease agreement contains reasonably certain purchase options, the right of use is depreciated over the useful life of the underlying asset. The following useful lives are used as a basis for calculating depreciation:

Right-of-use assets	**Useful lives**
Land and Buildings	5 to 43 years
Technical machinery, equipment	1 to 25 years
Other equipment, factory and office equipment	1 to 15 years

In subsequent measurement, the lease liability is compounded, and the corresponding interest expense is recognized in the financial result. The lease payments made reduce the carrying amount of the lease liability.

In accordance with the recognition exemptions, low-value leases and short-term leases (less than twelve months) are recognized in the statement of income. The Group has identified certain asset classes (e.g., PCs, telephones, printers, copiers) which regularly contain leased assets of low value. Outside these asset classes, only leased assets with a value of up to €5 thousand are classified as low-value leased assets. In general, IFRS 16 regulations are not applied to leases of intangible assets. For contracts including a non-lease component as well as a lease component, each lease component must be accounted for separately from non-lease component as a lease. The lessee must allocate the contractually agreed-upon payment to the separate lease components based on the relative standalone selling price of the lease component and the aggregated standalone selling price of the non-lease components.

The term of the lease is determined based on the non-cancellable lease term together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Especially real estate leases contain extension and termination options to offer greater operational flexibility to the Group. In determining the lease term, all facts and circumstances are considered that provide an economic incentive to exercise renewal options or not to exercise termination options.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Income from leased out properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in acquiring an operating lease are capitalized as part of the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Investments in associated companies
Investments in associated companies are valued according to the equity method.
An associated company is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the associated company, but not to control or jointly steer the decision-making processes.

Using the equity method, investments in associated companies are carried in the balance sheet at cost as adjusted for post-acquisition changes in the Company’s share of the net assets of the associated company. Goodwill connected with an associated company is included in the carrying value of the investment and not subject to scheduled amortization. The income statement includes the Company’s portion of the success of the associated company. Changes recognized directly in the equity capital of the associated company are recognized by the Company in proportion to its shareholding and – where applicable – reported in “Changes in shareholders’ equity”. Profits and losses from transactions between the Company and the associated company are eliminated in proportion to the shareholding in the associated company.

The annual financial statements of the associated company are generally prepared as to the same reporting date as those of the Group. The investment in KTA Naval Systems AS accounted for using the equity-method is primarily based on interim Financial Statements as of August 31 of the respective period.

Where necessary, adjustments are made to bring the methods in line with standard group-wide accounting and measurement methods.

After application of the equity method, the Group ascertains whether it is necessary to recognize an additional impairment loss for the Company’s investments in associated companies. If there is objective evidence that an impairment has occurred, an impairment test is carried out in the same way as for goodwill.

An impairment loss is recognized when the recoverable amount is less than the associate's total carrying amount. Impairments and reversals are presented within ‘Income (loss) from companies accounted for using the equity-method’ in the statement of profit or loss.

Joint arrangements
Joint arrangements are contractual agreements in which two or more parties carry out a business activity under joint control. These include joint operations, which comprise construction consortiums. The share of assets, liabilities, income, and expenses of joint operations allocable to the Group under the arrangement is recognized in the Combined Financial Statements.

Inventories
Inventories are stated at the lower of acquisition/manufacturing cost or net realizable value. In general, inventories are valued using the weighted average cost method. Manufacturing cost includes direct material, labour and allocable material and manufacturing overhead based on normal operating capacity. Work in progress refers to costs incurred (e.g., direct material purchased from suppliers) on unfinished products and tools which are in progress of refinement.

Contract assets and contract liabilities
Contract assets and contract liabilities are recognized especially in the context of the Group's customer specific construction contracts, and large-scale projects, for which revenue is recognized over time. If the performance obligations fulfilled by the Group exceed the payments received or due from its customers, contract assets are recognized in the statement of financial position on a net basis insofar as the right to receive payment from the customer is still conditional. Unconditional rights to receive payment are recognized under trade accounts receivable and from this point payment automatically becomes due with the passage of time. If the payments received or due from the customer exceed the performance obligations fulfilled, contract liabilities are recognized in the statement of financial position on a net basis.

As contract assets relate to construction contracts and long-term service agreements in progress, that have not yet been invoiced, they are subject to similar credit risks as trade receivables which are not yet due for the same types of contracts. Therefore, the expected loss rates of trade receivables are applied to the impairment of contract assets.

Financial instruments
A financial instrument is any contract that at the same time gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized as soon as the Group becomes a contracting party to the financial instrument. In cases where trade date and settlement date do not coincide, for non-derivative financial instruments the settlement date is used for initial recognition or derecognition, while for derivatives the trade date is used. Financial instruments stated as financial assets or financial liabilities are generally not offset; they are only offset when a legal right to set off exists at that time and settlement on a net basis is intended.

Financial assets
In particular, financial assets include trade accounts receivable, cash, cash equivalents and time deposits, derivative financial assets, as well as debt instruments. Trade accounts receivable are initially measured at the transaction price. Other financial assets are initially recognized at fair value. This includes any transaction costs directly attributable to the acquisition of financial assets, which are not carried at fair value through profit or loss in future periods. The fair values recognized on the balance sheet usually reflect the market prices of the financial assets.

The classification and measurement of financial assets is based on the financial asset's cash flow characteristics and on the Group's business model for managing the financial assets. If a debt instrument is held with the objective of collecting contractual cash flows and if the cash flows are solely payments of principal and interest, the instrument is recognized at amortized cost. At the Group this mainly concerns trade accounts receivable, and cash, cash equivalents and time deposits.

Derivatives that do not qualify for hedge accounting are recognized at fair value in profit or loss.

Debt instruments and trade accounts receivable recognized at amortized cost are measured according to the expected loss model. The expected credit loss is generally calculated by multiplying the three parameters carrying value of the financial asset, probability of default, and loss given default using forward-looking information. The Group applies the simplified impairment model under IFRS 9, and reports lifetime expected losses for all trade accounts receivable and contract assets.

The Group has established a model to determine the expected credit loss, in particular to determine the expected default rates for trade accounts receivable. The expected default rates are determined mainly on the basis of external credit information and ratings for each counterparty. If no rating information is available at counterparty level, an assessment is made based on the average probability of default for the Group plus an appropriate risk premium. Consideration is also given to the respective business model, customer groups, and economic environment of the region.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group considers a financial asset in default when contractual payments are 90 days past due. Financial assets are fully or partially written-off if it is reasonable to assume that they can no longer be fully realized, e.g., because the due date has long passed, or owing to insolvency or similar proceedings. Further information is provided in Note 20.

Cash, cash equivalents and time deposits include cash on hand and demand deposits as well as financial assets that are readily convertible to cash and which are only subject to an insignificant risk of change in value. Cash, cash equivalents and time deposits are measured at amortized cost.

Financial liabilities
Financial liabilities are liabilities that must be settled in cash or other financial assets. Financial liabilities are initially carried at fair value. This includes any transaction costs directly attributable to the acquisition of financial liabilities, which are not carried at fair value through profit or loss in future periods.

Trade accounts payable and other non-derivative financial liabilities are in general measured at amortized cost using the effective interest method. Finance charges, including premiums payable on redemption or settlement, are periodically accrued using the effective interest method and increase the liabilities' carrying amounts.

Derivative financial instruments
Derivative financial instruments, solely foreign currency forward contracts, are used generally to reduce the currency risk. Such derivatives must be accounted for separately, are measured initially and subsequently at fair value. If the fair value is positive, they are recognized as financial assets. If the fair value is negative, they are recognized as financial liabilities. If they do not qualify for hedge accounting, they are recognized at fair value in profit or loss, and gains or losses due to fluctuations in fair value are recognized immediately in profit or loss.

Hedging relationships are solely used to hedge foreign currency risks of firm commitments, future receivables and liabilities denominated in foreign currency. In the case of cash flow hedges, the fluctuations in fair value are divided into an effective and an ineffective portion. The effective portion of fluctuations in fair value as well as hedging costs (forward element and currency basis spread) in connection with designated foreign currency derivatives is recognized in other comprehensive income. Reclassification to profit or loss takes place when the hedged item affects profit or loss.

The presentation of changes in the fair value of derivative financial instruments that qualify for hedge accounting in the statement of income follows the presentation of the hedged items. For foreign currency contracts used to hedge sales risks, they are presented under net sales. For hedging instruments used to hedge procurement risks, they are presented under cost of sales, and for hedging instruments used to hedge financing risks they are presented under financial income/expense.

If a hedging relationship does not meet the requirements for hedge accounting in accordance with the conditions under IFRS 9 or hedge accounting is economically not reasonable, the derivative financial instrument is recognized as a derivative that does not qualify for hedge accounting. The resulting impact on profit and loss from derivative financial instruments that do not qualify for hedge accounting are recognized either in other income or other expenses.

Certain reclassifications have been made regarding the presentation of derivatives that do not qualify for hedge accounting. In consequence, changes in fair value are no longer presented within Sales or Cost of sales. Instead, the effect is presented either within other operating income (fiscal year 2024/25: €2,587 thousand; fiscal year 2023/24: €397 thousand) or other operating expenses (fiscal year 2024/25: €505 thousand; fiscal year 2023/24: €821 thousand).

Embedded derivatives
An embedded derivative is a component of a hybrid contract alongside a non-derivative host contract. A portion of the cash flows of the hybrid contract is therefore subject to similar variability as a separate derivative.

Non-derivative host contracts, with the exception of financial assets, are regularly inspected for embedded derivatives.

If the host contract does not fall under the scope of IFRS 9, Financial Instruments, or if the host contract is a financial liability, embedded derivatives must be separated from the host contract if the assessment finds that the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms would meet the definition of a derivative and TKMS Business does not exercise the option to measure the entire hybrid instrument at fair value through profit or loss.

If separation is appropriate, the host contract is accounted for in accordance with the relevant IFRSs. The embedded derivative is recognized at fair value through profit or loss. When embedded derivatives qualify for hedge accounting, the recognition of gains and losses depends on the type of hedge relationship: fair value hedge, cash flow hedge, or net investment hedge. TKMS Business only has embedded derivatives in terms of a cash flow hedge, described in more detail in Note 20, section Derivatives that qualify for hedge accounting - cash-flow hedges. It is accounted for as follows:

The cash flow hedge reserve, a separate equity component associated with the hedged item, is adjusted to reflect the lower of the cumulative gain or loss on the hedging instrument since its inception or the cumulative change in the present value of the hedged item's future cash flows. The portion of the gain or loss on the hedging instrument deemed effective - that is, offset by changes in the cash flow hedge reserve - is recognized in Other Comprehensive Income (OCI). Any remaining gain or loss, which balances the changes in the cash flow hedge reserve, is considered hedge ineffectiveness and is recorded in profit or loss.

Income taxes
Income taxes comprise all current and deferred taxes based on taxable profit. They are calculated by taking into account the statutory provisions applying in the countries in which the Group operates. Interest and other surcharges in connection with income taxes are not recognized in income tax expense.

In this connection management judgments are required which may differ from the interpretations of local tax authorities. If this results in changes to income taxes from the past, these are reported in the period in which sufficient information is available for an adjustment. Generally, income taxes are calculated on the basis of the taxable profits, temporary difference reported for the fiscal year and the tax losses carried forward. Current income taxes are recognized in the amount in which it is assumed they will be paid to the tax authorities in the future. Current income taxes relating to items recognised directly in equity is recognised in equity.

Deferred taxes are accounted for based on temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax basis. Additionally, deferred tax assets are derived from unused tax losses carried forward and credits. Where deferred tax assets occur, they are measured and adjusted according to an assessment of their future recoverability using forecast calculations and realizable tax strategies. Deferred taxes are calculated at the enacted or substantially enacted tax rates that are expected to apply when the asset or liability is settled.

Deferred tax assets and liabilities related to Pillar 2 income taxes are not recognized.

Deferred taxes relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities raised by the same taxation authority on the same taxable entity by reference to their maturity.

Cumulative other comprehensive income
The equity line item "Cumulative other comprehensive income" presents changes in the equity of the Group that were not recognized in the Combined Statement of Income of the period and that are not resulting from capital transactions with the owners. Cumulative other comprehensive income includes foreign currency translation adjustments, unrealized gains and losses on derivative financial instruments in cash flow hedging, hedging costs in connection with designated foreign currency derivatives. Remeasurements of pensions and similar obligations are reported in cumulative other comprehensive income in the period that they are recognized as other comprehensive income, which is included in the "Equity attributable to tk Group".

Provisions for pension and similar obligations
The Group's net obligation for defined benefit and other postretirement benefit plans have been calculated for each plan using the projected unit credit method as of the balance sheet date.

As far as the fair value of plan assets related to pensions or similar obligations exceeds the corresponding obligation, the recognition of an asset in respect to such surplus is limited. As far as in connection with plan assets minimum funding requirements related to past service exist, an additional liability may need to be recognized in case the economic benefit of a surplus – already taking into account the contributions to be made in respect of the minimum funding requirements – is limited. The limit is determined by the present value of any future refunds from the plan or reductions in future contributions to the plan asset (asset ceiling).

With the exception of net interest, all income and expenses related to defined benefit plans are recognized in income/(loss) from operations. Net interest included in net periodic pension cost is recognized in net financial income/(expense) in the Group's statement of income.

The Group's obligations for contributions to defined contribution plans are recognized as expense in income/(loss) from operations as incurred.

The effects of remeasurements of pensions and similar obligations are recognized in other comprehensive income and reported in cumulative other comprehensive income. They consist of actuarial gains and losses, the return on plan assets and changes in the effects of asset ceiling excluding amounts already included in net interest. Deferred taxes relating to remeasurements are also recognized in other comprehensive income.

In Germany, the companies of the Group offered pension benefits via a pension fund promise ("Pensionskasse"). This multi-employer plan is defined benefit by nature but due to insufficient information regarding the attributable asset portion the plan was accounted as a defined contribution plan. However, the legally required pension indexation is not expected to be covered by the pension fund but needs to be paid by the company directly. Accordingly, the proportioned pension indexation share is accounted as defined benefit plan.

Long-term incentive programs
Senior executives of the Group receive remuneration in the form of share-based payments, whereby employees are granted share appreciation rights, which are settled in cash (cash-settled transactions).

A liability is recognized for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognized in employee benefits expense (see Note 29). The fair value is recognized as an expense over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial model, further details including the approach used to account for vesting conditions are provided in Note 29.

Other provisions
Provisions are recognized when the Group has a present obligation as a result of a past event which will result in a probable outflow of economic benefits that can be reasonably estimated. The amount recognized represents best estimate of the settlement amount of the present obligation as of the balance sheet date. Expected reimbursements of third parties are not offset but recorded as a separate asset if it is virtually certain that the reimbursements will be received. Where the effect of the time value of money is material, provisions are discounted using a market rate.

A provision for warranties is recognized rateably over the term of the contract until the underlying products or services are sold. The provision is being measured individually, and the amounts are based on a determined percentage of the particular customer contract volume. In assessing the incidence rate and costs of warranty claims the Group observes historical data and applies calculated ratios on an individual basis. Expenses related to the fulfilment of warranties qualify as subsequent contract costs and are therefore recognized in cost of sales. The reversal of such provisions is vice versa recognized in cost of sales.

A provision for onerous contracts is recognised for certain loss-making contracts with customers. Loss-making contracts are determined by monitoring the progress of projects and updating estimates of contract costs or contract income, which also requires judgment in relation to reaching certain performance stages and estimates.

Restructuring provisions are recognised when the Group has a constructive obligation. The obligation is only provided in case there is a detailed and approved formal plan that identifies the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline. Secondly, employees affected by the restructuring plan must have been notified of the plan's main features.

Revenue recognition
Revenue from contracts with customers is recognized when the included distinct performance obligations, i.e., the distinct goods or services promised in the contract, are transferred to the customer. Transfer takes place when the customer obtains control of the promised goods or services. This is generally the case when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from the transferred goods or services. Revenue from contracts with customers corresponds to the transaction price. The transaction price may include a variable consideration only to the extent it is highly probable that actual occurrence of the variable consideration will not result in a significant revenue reversal. Variable consideration can include price escalations, delay penalties, early completion incentives or penalties regarding failure to achieve critical performance indicators. The transaction price is not adjusted for a financing component, mainly because the period between the transfer of goods and services and the date of payment by the customer is generally less than twelve months. Incremental costs of obtaining a contract with a customer, which mainly relate to campaign and project execution costs and are determined by legal and economic considerations of the commercial representation, are recognized as an asset if the Group expects to recover those costs directly or indirectly within the scope of the contract and are amortized on a straight-line basis over the expected term of the underlying customer contract to which the asset relates. Payment terms vary in accordance with the customary conditions in the respective countries and are generally between 30 and 60 days.

Depending on the nature of the transfer of the underlying good or service, the following revenue recognition methods are applied:

Recognition of revenue at a point in time
Recognition of revenue at a point in time is mainly applied with respect to the delivery of less complex products, such as standard spare parts and tools (finished goods and merchandise), and is recognized at the point in time at which control is transferred to the customer. The time of transfer of control is determined partly on the basis of the delivery clauses (incoterms) agreed with the respective customer.

Recognition of revenue over time
Revenue is recognized over time for the majority of TKMS Business' contracts, which are typically customer-specific across all segments. This includes both new-build contracts and specific service contracts, such as those related to repair and overhaul, modernization, upgrades, and other customer-specific solutions.

The Group applies the series guidance under IFRS 15, i.e., as the contract includes a promise to transfer a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer, the Group identifies a single performance obligation and allocates the transaction price to the performance obligation. The Group then recognises revenue by applying a single measure of progress to that performance obligation. Revenue is recognized over time, whereas the progress of satisfying the performance obligations of construction and service contracts is measured by using the input method based on contract costs. The progress is determined by the ratio of contract costs incurred up to the reporting date to the total estimated contract costs as of the reporting date.

To demonstrate that the transfer of goods is progressive, the following required cumulative criteria must be fulfilled to recognize revenue over time:
- The goods sold have no alternative use, and
- enforceable right to payment (corresponding to costs incurred, plus a reasonable profit margin) for the work performed to date exists, in the event of early termination for convenience by the customer.

In case of onerous contracts, the total anticipated losses, i.e., the amount of unavoidable costs exceeding the transaction price, is recognized within current other provisions.
A provision for warranties is recognized rateably over the term of the contract until the underlying products or services are sold. The provision is being measured individually, and the amounts are based on a determined percentage of the particular customer contract volume (cf. section Other provisions in Note 2).

Research and development costs
Research costs are expensed as incurred. Results from research activities are used to initiate, plan and execute development projects.

Development costs are capitalized if the product or process is technically and commercially feasible, it is intended to complete the intangible asset, the intangible asset will generate probable future economic benefits, the attributable expenditure can be measured reliably, and the Group has sufficient resources to complete development. Other development costs are expensed as incurred. Capitalized development costs of completed projects are stated at cost less accumulated amortization and impairment losses.

Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The Group spends significant amounts on research activities and receives grants for such activities from the government. Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all the attached conditions.

Financial statement classification
Certain line items on the Combined Statement of Financial Position and in the Combined Statement of Income have been combined. These items are disclosed separately in the Notes to the Combined Financial Statements.

In general, the Group classifies assets and liabilities as current when they are expected to be realized or settled within twelve months after the balance sheet date or held primarily for the purpose of trading. Group companies that have operating cycles longer than twelve months classify assets and liabilities as current if they are expected to be realized within the Company's normal operating cycle.

Estimates and judgments
The preparation of the Combined Financial Statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. All estimates and assumptions are made to the best of management's knowledge and belief in order to fairly present the Group's Combined Statement of Financial Position and Combined statement of Income; they are reviewed on an ongoing basis. Actual results may differ from these estimates.

Accounting estimates and judgments made by management in the application of IFRS that could lead to a significant risk of a substantial adjustment of the carrying amounts within the next 12 months in the Combined Financial Statements are relevant for the following issues:

Revenue recognition from contracts with customers
TKMS Business operates in the maritime defense sector and in many cases enters into customer-specific, long-term and large-scale contracts that are notably complex. New-build submarine and surface vessel contracts, specific service contracts – such as those related to repairs, major overhauls, modernization, or upgrades of submarines or surface vessels – along with other customer-specific agreements, are accounted for as construction contracts. Revenue from these construction contracts is recognized over time using the input method, based on contract costs incurred. Revenue and gross margin recognised are a function of both, (i) the progress of the respective performance obligations and (ii) the margins that are expected to be recognised for the contract over time until its final completion.

The recognition of revenue, margin, and the related contract assets and liabilities for these projects depends heavily on various estimates and assumptions, particularly regarding total contract costs and the measurement of progress at a given reporting date. These estimates involve significant judgement and are influenced by factors such as the technical complexity of the contracted work, the ability to meet specific customer requirements, changes in scope or specifications, and the occurrence of unforeseen technical or operational issues.

Due to the extended duration of many of these contracts - often spanning several years – the initial assessment of profitability at contract inception or in the early stages of performance may change materially over time. Unforeseen developments, including, but not limited to, technical challenges, design changes, evolving customer requirements, may negatively impact estimated total contract costs and margins. As a result, contracts that initially appear profitable may become less favorable or even loss-making in later stages of execution. Material effects from changes in estimates with respect to large-scale construction contracts are discussed in Note 8.

TKMS Business has implemented comprehensive project controlling structures and procedures governed by contract and risk management policies in place to manage the project and identify, monitor, quantify and manage the risks associated with such contracts. In conducting estimates, all relevant aspects and circumstances are considered, including the contract's specific terms, industry commercial and negotiation practices, and other supporting evidence such as technical and legal assessments.

Employee benefits
The Group accounts for pension and other postretirement benefits in accordance with actuarial valuations. These valuations rely on statistical analyses and other factors in order to anticipate future events. These factors include key actuarial assumptions including the discount rate, expected salary increases, mortality rates and health care cost trend rates. These actuarial assumptions may differ materially from actual developments due to changing market and economic conditions and therefore result in a significant change in postretirement employee benefit obligations, of equity and the related future expense (cf. Note 12 for further information).

Furthermore, accounting estimates and judgments made by management in the application of IFRS that could generally lead to an adjustment of the carrying amounts in the Combined Financial Statements are relevant for the following issues:

Recoverability of goodwill
The Group performs goodwill impairment testing at least annually and whenever any impairment indicators are present. If there is an indication, the recoverable amount of the cash-generating unit has to be estimated as the greater of the fair value less costs of disposal and the value in use. The determination of the value in use involves estimates related to the projection and discounting of future cash flows (cf. Note 4). Although management believes the assumptions used to calculate recoverable amounts are appropriate, any unforeseen changes in these assumptions could result in impairment charges to goodwill which could adversely affect the future financial position and operating results.

Other provisions
The recognition and measurement of other provisions are based on the estimation of the probability of a future outflow of resources as well as empirical values and the circumstances known at the reporting date. This means that the actual later outflow of resources may differ from the other provisions, cf. also the remarks under Note 13.

Legal contingencies
The Group companies are parties to litigations related to a number of legal matters as further described in Note 19. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management, with the support of both in-house legal counsel as well as external legal counsel, regularly analyses current information about these matters and provides provisions for probable contingent losses, including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group companies or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Uncertainties from geopolitical developments
The development of the global economy also in parts depends on the further course of Russia’s invasion of Ukraine as well as numerous other geopolitical and trade conflicts and their knock-on effects. The high gas prices due to Europe's shift away from Russian energy and the Middle East conflict decreased significantly again. The reduction in energy prices therefore continued to have a downward effect on the sharply increased inflation rate. However, the further course of events depends crucially on geopolitical circumstances, which can change at any time and therefore have a significant impact on the economic development of the German economy.

The Group currently has no contracts with customers in Russia and only minor contracts with a customer in Ukraine. Consequently, the Group’s operational business is not directly affected by the imposed sanctions on Russia. There are no material financial risks from such contracts as of the date of the Combined Financial Statements and therefore there is no significant direct impact of the recent developments on the Group.

At the present time, the specific extent of the indirect consequences of the war in Ukraine on the business development of the Group – such as uncertainty in supply chain including increased prices of raw materials and their processing costs as well as energy prices – remains associated with high uncertainties. Even though the Group has implemented ongoing risk mitigation actions – such as inventory build-up for selected materials, intense vendor management and refined price escalation clauses for future projects – it cannot be ruled out that the economic implications of this crisis will have an impact on the Group’s business, results of operations, cash flow or financial condition. The continuing high level of inflation and the risk of changes in interest rates are continuously monitored by the Group regarding its potential impact on significant estimates.

The valuation of the Group's goodwill (cf. Note 4), deferred tax assets (cf. Note 28), trade accounts receivable and contract assets (cf. Note 7 and 8) is particularly sensitive with respect to the assumptions regarding the macroeconomic effects of geopolitical developments and the respective impact on the Group's business.

Effect of the introduction of global minimum taxation
In December 2021, the OECD published guidelines for a new global minimum tax framework. In December 2022, the EU member states agreed on an EU directive to implement these guidelines. The regulations on global minimum taxation came into force in Germany with effect from December 28, 2023 through the Minimum Tax Act. According to this law, the future TKMS Group will be subject to the German regulations on global minimum taxation from fiscal year 2024/25 onwards. Based on the impact analysis carried out for tk Group for fiscal year 2023/24, which also included the TKMS Business, this will not have any material impact on the TKMS Group's income tax expense.

Recently adopted accounting standards
In fiscal year 2024/25 the Group adopted the following standards and amendments to already existing standards that did not have a material impact on the group financial statements:
- Amendments to IFRS 16 "Leases: Lease Liability in a Sale and Leaseback", issued on 22 September 2022, initial application in fiscal year 2024/25
- Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current", issued in January 2020 and October 2022, respectively, initial application in fiscal year 2024/25
- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures: Supplier Finance Arrangements", issued on 25 May 2023, initial application in fiscal year 2024/25

Issued financial reporting standards that have not been adopted in fiscal year 2024/25
The IASB has issued the following interpretations and amendments to standards whose application is not mandatory and which in part require EU endorsement before they can be applied. The Group currently assumes that the application of these standards, interpretations and amendments will predominantly not have a material impact on the presentation of the Combined Financial Statements:
- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability", issued on 15 August 2023, initial application expected in fiscal year 2025/26
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments", issued in May 2024, initial application expected in fiscal year 2026/27
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity", issued in December 2024, initial application expected in fiscal year 2026/27
- IFRS 18 "Presentation and Disclosure in Financial Statements", issued in April 2024, not yet endorsed, expected initial application in fiscal year 2027/28
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures", issued in May 2024, not yet endorsed, expected initial application in fiscal year 2027/28
- Amendments to IFRS 19 "Subsidiaries without Public Accountability: Disclosures", issued in August 2025, not yet endorsed, expected initial application in fiscal year 2027/28

3 Scope of Combination

The Combined Financial Statements of the Group include the following legal entities:

	Country of incorporation	% equity interest[1] as of Sept. 30, 2024	Sept. 30, 2025
TKMS AG & Co. KGaA (formerly thyssenkrupp Projekt 2 GmbH)	Germany	100	100
TKMS Beteiligungsgesellschaft mbH (formerly thyssenkrupp Projekt 9 GmbH)	Germany	100	100
TKMS GmbH (formerly thyssenkrupp Marine Systems GmbH)	Germany	100	100
Blohm + Voss Shipyards & Services GmbH	Germany	100	100
thyssenkrupp Marine Systems Services GmbH	Germany	100	100
A 400 Frigate Company GmbH (formerly German Marine Systems GmbH)	Germany	100	66.7
SVG Steinwerder Verwaltungsgesellschaft mbH	Germany	100	100
Howaldtswerke-Deutsche Werft Beteiligungs-GmbH	Germany	100	100
TKMS Business Partnership, GbR	Germany	100	100
IKL Ingenieurkontor Lübeck GmbH	Germany	100	-
TKMS ATLAS ELEKTRONIK GmbH (formerly ATLAS ELEKTRONIK GmbH)	Germany	100	100
TKMS Hagenuk Marinekommunikation GmbH (formerly Hagenuk Marinekommunikation GmbH)	Germany	100	100
ALSE Deutschland GmbH (formerly ATLAS HYDROGRAPHIC GmbH[2])	Germany	100	100
TKMS Wismar GmbH (formerly thyssenkrupp Marine Systems Wismar GmbH)	Germany	100	100
thyssenkrupp Transrapid GmbH	Germany	100	100
ATLAS Maridan ApS	Denmark	100	100
ATLAS ELEKTRONIK Finland OY	Finland	100	100
TKMS Greek Naval Shipyards Holding Single-Member S.A. (formerly Greek Naval Shipyards Holding S.A.)	Greece	100	100
Advanced Lithium Systems Europe S.A.	Greece	100	100
thyssenkrupp Marine Systems LLP	United Kingdom	100	100
TKMS ATLAS UK (Holding) Ltd. (formerly ATLAS ELEKTRONIK UK (Holdings) Limited)	United Kingdom	100	100
TKMS ATLAS UK Ltd. (formerly ATLAS ELEKTRONIK UK Limited)	United Kingdom	100	100
thyssenKrupp Marine Systems Gemi Sanayi ve Ticaret A.S.	Turkey	100	100
thyssenkrupp Marine System-Egypt SAE	Egypt	100	100
Blohm+Voss El Djazair S.a.r.l.	Algeria	100	100
ATLAS ELEKTRONIK L.L.C. O.P.C[3]	United Arab Emirates	100	100
thyssenkrupp Marine Systems (India) Private Limited	India	100	100

[1] Equity interest represents the equity interest of tk AG which is also representative of the equity interest reflected in the Combined Financial Statements of the TKMS Business assuming the legal reorganization had been implemented as of the respective balance sheet dates outlined in the table below.
[2] ATLAS HYDROGRAPHIC GmbH was renamed to ALSE Deutschland GmbH after the merger.
[3] Included in consolidation due to majority of voting rights.

TKMS do Brasil Indústria e Comércio Ltda. (formerly thyssenkrupp Marine Systems do Brasil Indústria e Comércio Ltda.)	Brazil	100	100
Águas Azuis Construcao Naval SPE Ltda.	Brazil	75	75
TKMS Estaleiro Brasil Sul Ltda. (formerly thyssenkrupp Estaleiro Brasil Sul Ltda.)	Brazil	100	100
TKMS Dock Servicos Navais Ltda. (formerly thyssenkrupp Dock Servicos Navais Ltda.)	Brazil	100	100
TKMS Sonartech ATLAS PTY Ltd. (formerly Sonartech ATLAS PTY Ltd.)	Australia	100	100
TKMS Singapore Pte. Ltd. (formerly thyssenkrupp Marine Systems (Singapore) Pte. Ltd.)	Singapore	100	100
Atlas Naval Support Centre (Thailand) Limited i. L.	Thailand	100	100
ATLAS Naval Engineering Company Ltd.	South Korea	100	100
TKMS ATLAS North America, LLC (formerly Atlas North America, LLC)	U.S.A.	100	100
TKMS Canada, Ltd. (formerly thyssenkrupp Marine Systems Canada, Ltd.)	Canada	100	100

In addition to the legal entities presented in the table above, selected, immaterial activities of the Marine Systems Business historically included in other legal entities of tk Group and legally transferred to TKMS Group after September 30, 2024, in preparation for the spin-off, are reflected in the fiscal years presented in the Combined Financial Statements.

Joint Operations

		% of voting rights	
	Country of incorporation	**Sept. 30, 2024**	**Sept. 30, 2025**
ARGE F125 GbR	Germany	50	50
Fertigungs-ARGE F125 GbR	Germany	50	50
Konsortium Joint – ES-Team F125	Germany	50	50
Fertigungs-ARGE A200-EN GbR	Germany	50	50
ARGE K130 (2. Los) GbR	Germany	50	50
IDAS Consortium GbR	Germany	50	50
Konsortium FüWES K130 GbR	Germany	50	50

The carrying amounts of participating interests and TKMS Business' interests in the equity of its subsidiaries were eliminated in preparing the Combined Financial Statements.

The Combined Financial Statements also include the joint venture KTA Naval Systems AS which is accounted for using the equity method (cf. Note 18).

Intercompany balances and transactions within the TKMS Business along with all gains and losses from transactions within the Group were eliminated for purposes of the Combined Financial Statements.

4 Intangible assets, including goodwill

Changes in intangible assets

Changes in the Group's intangible assets were as follows:

thousand €	Franchises, trademarks and similar rights and values as well as licenses thereto	Development costs, internally developed software	Goodwill	Total
Gross amounts				
Balance as of Oct. 1, 2023	**546,260**	**23,784**	**1,043,385**	**1,613,428**
Currency differences	511	(307)		204
Additions	12,046	1,664	584	14,294
Transfers	3,057	(11,533)	-	(8,476)
Disposals	(2,408)	-	-	(2,408)
Balance as of Sept. 30, 2024	**559,466**	**13,608**	**1,043,969**	**1,617,042**
Currency differences	(1,547)	(142)		(1,689)
Additions	34,188	(1)	-	34,187
Transfers	1,138	-	-	1,138
Disposals	(10,091)	-	-	(10,091)
Balance as of Sept. 30, 2025	**583,154**	**13,465**	**1,043,969**	**1,640,587**
Accumulated amortization				
Balance as of Oct. 1, 2023	**278,554**	**4,626**	**293**	**283,473**
Currency differences	362	49	-	411
Amortization expense	19,128	1,910	-	21,038
Transfers	-	-	-	-
Disposals	(2,336)	-	-	(2,336)
Balance as of Oct. 1, 2024	**295,708**	**6,585**	**293**	**302,586**
Currency differences	(1,075)	(86)	-	(1,161)
Amortization expense	19,909	1,325	-	21,234
Transfers	-	-	-	-
Disposals	(10,035)	-	-	(10,035)
Balance as of Sept. 30, 2025	**304,507**	**7,823**	**293**	**312,623**
Net amounts:				
Balance as of Sept. 30, 2024	**263,758**	**7,023**	**1,043,676**	**1,314,456**
Balance as of Sept. 30, 2025	**278,647**	**5,642**	**1,043,676**	**1,327,964**

Trademarks with an indefinite life pertain to trademarks ATLAS (for all periods under consideration: €73,900 thousand) and Hagenuk (for all periods under consideration: €7,700 thousand) and remain unchanged as no impairment occurred during the periods under consideration (cf. Note 4 below). Both trademarks used for identification and differentiation are well established. An analysis of product life cycle studies and market and competitive trends indicates that the products will generate net cash inflows for the Group for an indefinite period of time. Therefore, the trademarks are recognized at cost without amortization but are tested for impairment (see below).

Effective March 31, 2025, TKMS GmbH entered into a new licensing agreement with tk AG, resulting in the termination of the historical brand invoicing model. The new licensing agreement grants TKMS Business the indefinite right to use licensed trademarks "TKMS", which was allocated to the Cash Generating Units Submarines, Surface Vessels and Atlas Electronics. Following the new licensing agreement, TKMS Business recognized an intangible asset in accordance with IAS 38, effective from June 4, 2025. This intangible asset in the amount of €26,600 thousand was recognized at acquisition cost in the Combined Financial Statements and is tested for impairment annually.

As of September 30, 2025, an individual material intangible asset pertains to technology in the amount of €114,004 thousand (September 30, 2024: €119,932 thousand) in connection with the purchase price allocation of TKMS GmbH (previously Howaldtswerke-Deutsche Werft GmbH) with remaining amortization period of 19 years (September 30, 2024: 20 years). Amortization expense is included in cost of sales, research and development cost, selling expenses and general and administrative expenses.

Self-created intangible assets largely relate to the Group's torpedo technology and sonar systems.

As of September 30, 2025, the Group did not enter into purchase commitments for intangible assets. There are no intangible assets whose title are restricted and whose carrying amounts are pledged as security for liabilities.

Impairment of goodwill and intangible assets with an indefinite life

The goodwill included in the Combined Financial Statements corresponds with the goodwill historically allocated to the Marine Systems business segment in the IFRS Consolidated Financial Statements of tk Group. During the periods presented, goodwill was tested for impairment based on the cash-generating unit structure used at that time by tk AG to monitor goodwill, which coincides with the operating segment represented by the TKMS Business.

Under IFRS, the recoverable amount of a cash-generating unit (CGU) is the higher of its value in use and fair value less costs of disposal.

For year-end reporting, the recoverable amount for the Marine Systems Business was determined by calculating the value in use with the help of the discounted cash flow method using after-tax cash flow projections from financial budgets prepared by the Marine Systems business segment and resolved by tk AG management for the following three fiscal years. In this context, the Supervisory Board approves the budget for the following fiscal year. The basic planning assumption is a moderate, regionally varying growth in the global economy in 2025. This basic planning assumption also applies to the years 2026 and 2027. For the cash flows beyond the budget period, the third budget year is projected over two further years using business-specific assumptions, and in general this is then used to calculate the perpetuity based on a sustained growth rate of a maximum of 1.5% as of September 30, 2025 (September 30, 2024: 1.6%). The weighted average cost of capital discount rate is based on a risk-free interest rate of 3.25% as of September 30, 2025 (September 30, 2024: 2.5%) and a market risk premium of 5.75% as of September 30, 2025 (September 30, 2024: 6.75%). Moreover, for each CGU the beta, the cost of debt and the capital structure is derived individually from the relevant peer group. In addition, CGU specific tax rates and country risk premiums are used. To discount cash flows after-tax discount rates are applied.

Goodwill of the TKMS Business:

Year	Carrying amount of goodwill €	Pre-tax discount rate in %	After-tax discount rate in %	Growth rate in %	Description of key assumptions of goodwill testing
Sept. 30, 2025	1,043,676	10.5	7.7	1.5	• Scheduled completion of the existing order portfolio and completion of various large-scale projects during the planning period will lead to an overall increase in order margins • The realization of the planned order intake will result in significant growth and also an improvement in the average profitability of the future order portfolio of the entire Marine Systems Group (underwater, surface, and marine electronics) • During the planning period, assumptions regarding the development of the order backlog and the realization of planned order intake are expected to result in steadily rising EBIT-adj. margins • The derivation of cash flow and operating income margin in the perpetual annuity of 8.0% (previous year: 7.4%) is based on assumptions regarding the planned future-oriented order portfolio in the last planning year (5th planning year)
Sept. 30, 2024	1,043,676	10.5	7.8	1.6	• Scheduled processing of the order backlog portfolio and completion of various major projects in the planning period led to overall increasing order margins • The realization of planned order intake, particularly in the submarine and marine electronics areas, results in significant growth and also an improvement in the average profitability of the future order portfolio • Steadily increasing EBIT adj. margins expected in the planning period due to assumptions on the development of the order backlog and realization of the planned order intake • Calculation of cash flow and operating income margin of 7.4% (prior year: 6.8%) for the perpetual annuity is based on assumptions about the planned future order portfolio in the last planning year (5th planning year)

The recoverable amount for trademark TKMS was determined by calculating the value in use with the help of the discounted cash flow method using after-tax cash flow projections from financial budgets prepared by the TKMS Management for TKMS Group. The pre-tax discount rate applied to the cash flow projections is 10.5% (September 30, 2024: not applicable). The after-tax discount rate is 7.7% (September 30, 2024: not applicable). The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 1.5% (September 30, 2024: not applicable) for the perpetual annuity is based on assumptions about the planned future order portfolio in the last planning year. The calculation is based on cash flow and operating income margin of 8.0% (September 30, 2024: not applicable). As such, the key assumptions underlying the after-tax cash flow projections align with those used in the goodwill impairment test, as outlined in the table above.

Trademarks with an indefinite life further pertain to trademarks ATLAS (for all periods under consideration: €73,900 thousand) and Hagenuk (for all periods under consideration: €7,700 thousand) and remain unchanged as no impairment occurred during the periods under consideration. Trademarks ATLAS and Hagenuk have historically been allocated to the Atlas Electronics segment, which also represents a CGU, and tested for impairment. The recoverable amount for Atlas Electronics was determined by calculating the value in use with the help of the discounted cash flow method using after-tax cash flow projections from financial budgets prepared by the TKMS Management for Atlas Electronics. The pre-tax discount rate applied to the cash flow projections is 9.0% (September 30, 2024: 9.0%). The after-tax discount rate is 7.7% (September 30, 2024: 7.8%). The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 1.5% (September 30, 2024: 1.6%) for the perpetual annuity is based on assumptions about the planned future order portfolio in the last planning year. The calculation is based on cash flow and operating income margin of 10.8% (September 30, 2024: 10.6%). The financial budgets for Atlas Electronics are incorporated into the business plan for the Marine Systems Business. As such, the key assumptions underlying the after-tax cash flow projections align with those used in the goodwill impairment test, as outlined in the table above.

The recoverable amount pertaining to Atlas Electronics segment exceeds the carrying amount by approximately €335 million as of September 30, 2025 (September 30, 2024: €303 million). The recoverable amount pertaining to trademark TKMS exceeds the carrying amount by approximately €751 million as of September 30, 2025 (September 30, 2024: not applicable).

5 Property, plant and equipment

Changes in the Group's property, plant and equipment were as follows:

thousand €	Land, buildings including buildings on third-party land	Technical machinery, factory and office equipment	Right-of-use assets	Construction in progress	Total
Gross amounts					
Balance as of Oct. 1, 2023	**183,179**	**379,521**	**58,414**	**72,370**	**693,484**
Currency differences	(3,947)	(2,609)	(272)	(211)	(7,039)
Additions	9,199	45,499	19,097	6,524	80,319
Transfers	89,794	38,171	(11,406)	(47,732)	68,827
Disposals	(101)	(29,070)	(2,157)	(982)	(32,310)
Balance as of Sept. 30, 2024	**278,124**	**431,512**	**63,676**	**29,969**	**803,281**
Currency differences	(2,629)	(1,717)	(749)	(109)	(5,204)
Additions	2,100	55,184	8,910	30,847	97,041
Transfers	2,272	17,836	(447)	(12,352)	7,309
Disposals	(702)	(44,691)	(1,664)	(152)	(47,209)
Balance as of Sept. 30, 2025	**279,165**	**458,124**	**69,726**	**48,203**	**855,218**
Accumulated depreciation and impairment losses:					
Balance as of Oct. 1, 2023	**(51,121)**	**(217,069)**	**(27,957)**	**(977)**	**(297,124)**
Currency differences	101	538	142	-	781
Depreciation expense	(7,821)	(35,593)	(7,840)	-	(51,254)
Impairment losses	-	(39)	-	(95)	(134)
Reversal of impairment losses		99			99
Transfers	3	(3)	529	-	529
Disposals	87	28,787	1,917	977	31,768
Balance as of Sept. 30, 2024	**(58,751)**	**(223,280)**	**(33,209)**	**(95)**	**(315,335)**
Currency differences	368	721	471	-	1,560
Depreciation expense	(8,211)	(39,379)	(7,759)	-	(55,349)
Impairment losses	-	-	-	-	-
Reversal of impairment losses		-			-
Transfers	-	-	369	-	369
Disposals	683	44,432	328	-	45,443
Balance as of Sept. 30, 2025	**(65,911)**	**(217,506)**	**(39,800)**	**(95)**	**(323,312)**
Net amounts:					
Balance as of Sept. 30, 2024	**219,373**	**208,232**	**30,467**	**29,874**	**487,946**
Balance as of Sept. 30, 2025	**213,254**	**240,618**	**29,926**	**48,108**	**531,906**

Property, plant and equipment also include right-of-use assets that are presented in Note 17.

There were no property, plant and equipment assets pledged as collateral for financial debt as of any of reporting dates. As of September 30, 2025, cumulative impairments amount to €0 thousand (September 30, 2024: €134 thousand) regarding technical machinery, factory and office equipment and construction in progress which was recognized in the Combined Statement of Income as cost of sales.

As of September 30, 2025, the Group entered into purchase commitments for property, plant and equipment of €71,043 thousand (September 30, 2024: €35,764 thousand).

As of September 30, 2025, the constructions in progress primarily include expenditure for the renovation and reconstructions of buildings in Wismar. Furthermore, construction in progress includes as of September 30, 2025, an amount of €504 thousand (September 30, 2024: €598 thousand) relating to expenditure for plants and technical machinery in the course of construction.

6 Inventories

thousand €	**Sept. 30, 2024**	**Sept. 30, 2025**
Raw materials	24,582	46,088
Supplies	96,145	111,325
Work in progress	122,233	161,599
Finished products and Merchandise	1,669	3,638
Total	**244,629**	**322,650**

In the reporting period ended September 30, 2025, €5,688 thousand (September 30, 2024: €7,245 thousand) of inventory write-downs have been recognized as an expense in cost of sales. In the reporting period ended September 30, 2025, €1,494 thousand (September 30, 2024: €1,740 thousand) have been recognized as a price-related reversal of previous write-downs.

During the fiscal year ended September 30, 2025, inventories of €803,886 thousand (September 30, 2024: €803,519 thousand) are recognized as cost of sales.

As of September 30, 2025, there were inventories of €76,058 thousand (September 30, 2024: €17,169 thousand) with remaining terms of more than one year.

7 Trade accounts receivable

Trade accounts receivables are driven by the Group's project business. The volatility over time is mainly caused by the nature and status of various projects.

As of September 30, 2025, there were trade accounts receivables of €64,442 thousand (September 30, 2024: €29,007 thousand) with remaining terms of more than one year.

The cumulative impairment losses of €13,258 thousand as of September 30, 2025 (September 30, 2024: €27,680 thousand) are recognized for doubtful accounts. For more details, refer to the disclosures in Note 20.

8 Assets and liabilities from contracts with customers

Contract assets and contract liabilities
Contract assets and contract liabilities are reported within the Combined Balance Sheets at the end of each reporting period as follows:

thousand €	Sept. 30, 2024	Sept. 30, 2025
Contract assets	402,693	302,261
Allowance for expected credit losses	(1,344)	(1,864)
Contract assets (net)	**401,349**	**300,397**
Contract liability	**(1,543,282)**	**(2,349,243)**

The level of contract assets and contract liabilities is driven by the Group's project business. The significant volatility over time is mainly caused by the nature and status of various projects. The Group typically obtains significant prepayments prior to the satisfaction of the performance obligation based on the achievement of milestones in connection with large-scale construction projects having an average term of 3 to 14 years at inception of each project.

Contract assets decreased by €100,432 thousand in the fiscal year 2024/25 (fiscal year 2023/24: decrease of €58,070 thousand) primarily due to an increase (fiscal year 2023/24: increase) in advance payments by customers related to large-scale construction projects.

Contract liabilities increased by €805,961 thousand in the fiscal year 2024/25 (increased €312,622 thousand in the fiscal year 2023/24) primarily due to an increase (fiscal year 2023/24: increase) of advance payments by costumers related to new major projects, in excess of revenue recognized from partially satisfied performance obligations for contracts that were in a contract liability position. As of June 30, 2025, potential offsetting existed in the amount of €113,648 thousand which would have resulted in lower contract assets and contract liabilities.

In the fiscal year 2024/25, sales in the amount of €1,129,819 thousand (fiscal year 2023/24: €1,283,496 thousand) reflected in the contract liability balance at the beginning of the fiscal year were recognized.

The recognition of revenue, gross margin, and the related contract assets and liabilities for TKMS Business's large-scale projects depends heavily on various estimates and assumptions, particularly regarding total contract costs and the measurement of progress at a given reporting date. In connection with the high contract values contract assets and liabilities recognized are sensitive with respect to changes in estimates of total contract cost, in particular when these have an impact on the projected contract margin. Changes of total contract costs resulting in material changes of estimated project profitability had a negative impact on sales recognized in fiscal year 2024/25 amounting to €57 million (fiscal year 2023/24: €93 million).

Remaining performance obligations
Amounts of a customer contract's transaction price that are allocated to the remaining performance obligations represent contracted revenue that has not yet been recognized (also referred to as "order backlog") and amounted to €18,232 million as of September 30, 2025 (September 30, 2024: €11,800 million). This amount largely comprises of remaining obligations under construction contracts, as the respective contracts typically have durations of multiple years. The constraint guidance has been complied with, indicating that future revenue will likely exceed the recognized remaining performance obligations.

The majority of the order backlog is expected to be recognized as revenue over the next 1 to 14 years following the respective balance sheet date. As of September 30, 2025, an amount of €8,229 million (September 30, 2024: €7,138 million) of the order backlog is expected to be satisfied within the next 5 years after the respective balance sheet date while the remaining balance is expected to be satisfied in subsequent years, i.e. after more than 5 years after the respective balance sheet date.

This estimate is based on our best judgment, on the basis of facts and circumstances available to TKMS Business as of the respective reporting period date.

9 Other financial assets

thousand €	Sept. 30, 2024		Sept. 30, 2025	
	current	non-current	current	non-current
Receivables from cash pooling arrangements with tk Group (cf. Note 21)	1,165,590	-	-	-
Other receivables from affiliated companies/investments	159,690	-	137,998	-
Miscellaneous other financial assets	19,063	14,298	8,008	9,141
Derivatives not qualifying for hedge accounting	1,852	-	5,058	-
Derivatives qualifying for hedge accounting	7	-	-	-
Other Investments	**-**	**143**	**-**	**1,143**
Total	**1,346,202**	**14,441**	**151,064**	**10,284**

The receivables from cash pooling arrangements with tk Group relate to excess liquidity transferred into tk Group's cash pooling and cash management system, cf. Note 21.

Other receivables from affiliated companies/investments relate to supply and delivery agreements between the Group and tk Group, cf. Note 21.

Amongst other, miscellaneous other financial assets relate to other items that are mostly project related cash deposits.

As of September 30, 2025, cumulative impairments amount to €1,333 thousand (September 30, 2024: €1,025 thousand) regarding current other financial assets.

10 Other non-financial assets

thousand €	Sept. 30, 2024		Sept. 30, 2025	
	current	non-current	current	non-current
Advance payments on intangible assets	-	34,269	-	42,286
Advance payments property, plant, equipment	-	14,388	-	38,529
Advance payments right of use assets	-	-	-	-
Advance payments to suppliers	541,651	-	534,011	-
Costs to obtain a contract	-	36,399	-	29,813
Other prepayments	11,207	-	11,714	-
Tax refunds	16,365		24,674	
Miscellaneous	25,776	8,709	30,278	8,589
Total	**594,999**	**93,765**	**600,677**	**119,217**

As of September 30, 2025 and 2024, miscellaneous other current non-financial assets primarily include prepaid expenses, short-term insurance payments as well as an arbitration claim.

Advance payments to suppliers comprise of advance payments to suppliers on products delivered and services rendered.

Costs to obtain a contract mainly relate to campaign and project execution costs and are amortized in selling expenses. As of September 30, 2025, amortisation recognised as selling expenses amount to €3,953 thousand (September 30, 2024: €4,763 thousand). No impairment losses were recognized.

Miscellaneous other non-current non-financial assets primarily include offset credits of the Group.

Impairments regarding other non-financial assets in the amount of €2.241 thousand were accrued during the reporting period ending September 30, 2025 (September 30, 2024: €0 thousand).

11 Total equity

Equity attributable to tk Group
As stated in Note 1, TKMS Business was not a legal group for Consolidated Financial Statements reporting purposes in accordance with IFRS 10, Consolidated Financial Statements, in the periods presented. The equity was presented on the basis of the aggregation of the net assets of the TKMS Business under the control of tk AG and centrally managed by the Management Board of Marine Systems.

Capital Management
Capital Management for the TKMS Business was performed by tk Group during the periods under consideration. The key financial goals of TKMS Business include the sustainable increase of company value and ensuring liquidity at all times. For the purpose of the Group's capital management, the Group was integrated into the cash pooling and cash management systems of tk Group (cf. Note 21). No financial covenants are required to be monitored since no such existed during the period under consideration due to financing primarily via cash pooling. In addition, in connection with the Group's construction projects tk Group issues guarantees to the Group's customers (cf. Note 21). In connection with the spin-off the terms and conditions of the PCG have been re-negotiated effective fiscal year 2025/26. Under the

re-negotiated terms tk Group continues to charge a fixed fee by PCG in an amount which increases year-over year. In addition, in preparation for the spin-off, the existing system of intercompany clearing accounts and cash management, including cash pooling, between the Group and thyssenkrupp was terminated as of September 25, 2025. Subsequently, TKMS GmbH became the cash pool leader and is now integrated into the intercompany clearing accounts system and cash management of the Group.

Cumulative Other Comprehensive Income

Cumulative other comprehensive income includes the cumulative amount of gains or losses recognized outside the Combined Statement of Income in equity.

Non-controlling interests

Changes in non-controlling interests in the fiscal years September 30, 2024 and September 30, 2025, are shown in the following tables:

ATLAS ELEKTRONIK L.L.C.

thousand €	Sept. 30, 2024	Sept. 30, 2025
Non-current assets	-	-
Current assets	-	-
Total assets	-	-
Non-current liabilities	-	-
Current liabilities	-	-
Total liabilities	-	-
Net assets	-	-
Net assets attributable to non-controlling interests	-	-
Sales/(negative sales)	-	-
Net income/(loss)	-	-
Other comprehensive income/(loss)	-	-
Comprehensive income/(loss)	-	-
Net income/(loss) attributable to non-controlling interests	799	-
Other comprehensive income/(loss) attributable to non-controlling interests	(106)	-
Cash flow arising from operating activities	10,313	-
Cash flow arising from investing activities	(9,842)	-
Cash flow arising from financing activities	(339)	-
Change in cash and cash equivalents	132	-

Águas Azuis Construcao Naval Ltda.

thousand €	Sept. 30, 2024	Sept. 30, 2025
Non-current assets	10,651	11,692
Current assets	593,819	661,799
Total assets	604,470	673,491
Non-current liabilities	-	-
Current liabilities	559,678	617,960
Total liabilities	559,678	617,960
Net assets	44,792	55,531
Net assets attributable to non-controlling interests	11,198	13,883
Sales/(negative sales)	269,067	228,658
Net income/(loss)	15,416	12,018
Other comprehensive income/(loss)	(3,946)	(5,226)
Comprehensive income/(loss)	11,470	6,792
Net income/(loss) attributable to non-controlling interests	3,854	3,005
Other comprehensive income/(loss) attributable to non-controlling interests	(1,356)	(320)
Cash flow arising from operating activities	(19,466)	60,446
Cash flow arising from investing activities	(138)	(374)
Cash flow arising from financing activities	-	-
Change in cash and cash equivalents	(19,604)	60,072

A 400 Frigate Company GmbH

thousand €	Sept. 30, 2024	Sept. 30, 2025
Non-current assets	-	86
Current assets	-	9,161
Total assets	-	9,247
Non-current liabilities	-	84
Current liabilities	-	9,308
Total liabilities	-	9,392
Net assets	-	(146)
Net assets attributable to non-controlling interests	-	(49)
Sales/(negative sales)	-	209
Net income/(loss)	-	79
Other comprehensive income/(loss)	-	0
Comprehensive income/(loss)	-	79
Net income/(loss) attributable to non-controlling interests	-	27
Other comprehensive income/(loss) attributable to non-controlling interests	-	0
Cash flow arising from operating activities	-	4,252
Cash flow arising from investing activities	-	(10)
Cash flow arising from financing activities	-	9
Change in cash and cash equivalents	-	4,252

Earnings per share
For the purpose of the Combined Financial Statements, TKMS Business has determined the number of ordinary shares (in total: 63,523,647 shares) as the basis for the calculation of earnings per share ("EPS") according to IAS 33 Earnings Per Share for the periods presented. The spot number of ordinary shares has been used as a basis for calculation of EPS retrospectively for the periods presented, since the equity instruments of TKMS AG & Co. KGaA were issued after the balance sheet date of these financial statements.

Basic EPS is calculated by dividing the profit for the period attributable to TKMS Business as presented in the Combined Statements of Income by the number of ordinary shares of TKMS AG & Co. KGaA. Diluted EPS is calculated by dividing the profit for the period attributable to TKMS Business as presented in the Consolidated Statements of Income by the current number of ordinary shares of TKMS AG & Co. KGaA adjusted for the weighted average number of ordinary shares, which would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Currently, there are no instruments outstanding with a potential dilutive effect on the earnings per share. As the result, for the periods presented, the basic EPS corresponds to the diluted EPS.

12 Provisions for pension and similar obligations

thousand €	Sept. 30, 2024	Sept. 30, 2025
Accrued pension liability	349,835	329,246
Partial retirement	14,583	11,587
Other accrued pension-related obligations	2,084	2,771
Total	**366,502**	**343,604**

Accrued pension liability
The accrued pension liability relates to voluntary Group's pensions through defined benefit (DB) plans existing in Germany.

The benefits under these plans are funded either by pension assets held separately from the employer ("plan assets") or through pension provisions, with the amount of the provision stated on the balance sheet reflecting the value of the pension obligations already reduced by the respective plan assets. Reimbursement rights, which do not qualify as plan assets and are therefore presented as a separate asset, rather than as a deduction from the accrued pension liability, additionally exist in Germany.

In Germany, the Company offers retirement benefits via a multi-employer defined benefit plan operated by "Babcock Pensionskasse". The plan is co-financed by employer and employee contributions and provides benefits in case of retirement, disability or death. All contributions paid to Babcock Pensionskasse are converted into an annuity payment. As the funding assets of Babcock Pensionskasse cannot individually be attributed to the different sponsors, the plan is accounted for as a defined contribution plan due to insufficient information. However, the legally required pension indexation is not expected to be covered by the pension fund but needs to be paid by the companies directly. Accordingly, the proportioned pension indexation share is accounted as defined benefit plans. The last pension fund promise was closed for new entries by the end of 2016 and replaced by a contribution-based pension plan with risk-optimized payout forms (lump sum, instalments, or life-long pension). Particularly for newly recruited professionals and managers, the "flex plan" was introduced on January 1, 2017. The "flex plan" is a share-based pension plan with a 1% minimum interest per annum guaranteed by the employer.

Material risks associated with the different types of pension plans include all financial risks as well as risks in the areas of inflation and biometrics.

As the plans are based on salary with annual pension modules directly linked to current salaries (e.g., contribution-oriented plans), inflation risks which could lead to an increase in benefit obligations of DB plans exist. Therefore, an increase in salaries above the trend assumptions used in the valuation of the obligation would also require a direct increase in future service cost.

The pension plans in Germany paid as an annuity are required by law to provide a cost-of-living adjustment and may also be required under collective bargaining agreements or on a voluntary/discretionary basis. As such, further charges could result from a cost-of-living adjustment in excess of current pension trend assumptions during the pension payment phase, which would lead to an immediate increase in the provisions.

Biometric risks can result either from early benefit claims (risk of sudden changes to the balance sheet after death or invalidity) or from underestimated life expectancies (longevity risk) and could likewise result in costs to the TKMS Business due to unexpected increases in provisions and early cash outflows.

Risks from changes to the discount rate are balance sheet-related and the provisions are adjusted directly against equity without affecting income or cash outflows.

Under the pension plans in Germany, individual beneficiaries are considered more than once in the employee count due to entitlements under different components of the pension systems. The breakdown of employees by total of pension plans is as follows:

	Sept. 30, 2024	**Sept. 30, 2025**
Active employees	9,958	10,465
Terminated employees with vested benefits	2,068	2,082
Pensioners	7,380	7,150
Total	**19,406**	**19,697**

Changes in defined benefit obligations, plan assets, reimbursement rights and ceiled reimbursement rights

The reconciliation of the changes in the defined benefit obligations and the fair value of plan assets are as follows:

thousand €	Sept. 30, 2024	Sept. 30, 2025
Change in defined benefit obligations (DBO):		
DBO at the beginning of fiscal year	**336,127**	**364,650**
Service cost	8,277	9,829
Interest expense	13,574	11,922
Remeasurement: Actuarial (gains)/losses from experience adjustments	(62)	(1,045)
Remeasurement: Actuarial (gains)/losses from changes in demographic assumptions	0	0
Remeasurement: Actuarial (gains)/losses from changes in financial assumptions	27,263	(17,132)
Currency differences	0	0
Participant contributions	0	0
Benefit payments	(20,765)	(21,279)
Net transfers	236	197
Others	0	0
DBO at the end of fiscal year	**364,650**	**347,142**
Change in plan assets:		**0**
Fair value of plan assets at the beginning of fiscal year	**11,713**	**14,816**
Interest income	494	501
Remeasurement: Actuarial gains/(losses) on plan assets, excluding amounts included in interest income	805	619
Currency differences	0	0
Employer contributions	1,914	2,034
Participant contributions	0	0
Benefit payments	(180)	(175)
Net transfers	70	101
Administration cost	0	0
Others	0	0
Fair value of plan assets at the end of fiscal year	**14,816**	**17,896**
Change in reimbursement rights:		**0**
Fair value of reimbursement rights at the beginning of fiscal year	**0**	**0**
Interest income	0	0
Remeasurement: Actuarial gains/(losses) on reimbursement rights, excluding amounts included in interest income	0	0
Employer contributions	0	0
Fair value of reimbursement rights at the end of fiscal year	**0**	**0**
Change in ceiled reimbursement rights:		**0**
Fair value of ceiling of reimbursement rights at the beginning of fiscal year	**8,352**	**0**
Reduction of Interest income because of reimbursement right ceiling	351	0
Remeasurement: Actuarial gains/(losses) on ceiled reimbursement rights, excluding amounts included in reduction of interest income	(8,703)	0
Fair value of ceiled reimbursement rights at the end of fiscal year	**0**	**0**
Net amounts:	**0**	**0**
Reimbursement right after ceiling at the end of fiscal year	**0**	**0**

As of September 30, 2025, defined benefit obligations of €347,142 thousand (September 30, 2024 €364,650 thousand) related to plans that are wholly unfunded, in the amount of €267,998 thousand (September 30, 2024: €289,689 thousand), to plans that are wholly or partly funded in the amount of €79,143 thousand (September 30, 2024: €74,961 thousand).

Changes of net defined asset and liability
The net assets/liabilities of defined benefit plans changed as follows:

thousand €	Sept. 30, 2024	Sept. 30, 2025
Net defined benefit liability at the beginning of fiscal year	324,422	349,834
Service cost plus net interest (income)/expense	21,357	21,249
Remeasurements	26,387	(18,797)
Currency differences	0	**0**
Employer contributions	(1,914)	**(2,034)**
Participant contributions	2	**0**
Benefit payments	(20,585)	**(21,103)**
Net transfers	167	**96**
Administration cost	0	**0**
Other	0	**0**
Net defined benefit liability at end of fiscal year	349,836	**329,245**
thereof: accrued pension liability	364,650	**347,142**
thereof: other non-financial assets	14,816	**17,896**

Net periodic pension costs
The net periodic pension costs for defined benefit plans were as follows:

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Service cost	8,277	9,829
Net interest cost	14,068	12,423
Administration cost	0	0
Net periodic pension cost	22,345	**22,251**

Sensitivity analysis and underlying assumptions
The Group applied the following weighted-average assumptions to determine benefit obligation:

in %	Sept. 30, 2024	Sept. 30, 2025
Discount rate	3.40	3.80
Rate of compensation increase	3.00	2.50
Rate of pension progression	2.10	2.00

The assumptions for discount rates, rates of compensation increase, and the rate of pension progression on which the calculation of the obligations is based were derived in accordance with standard principles and established based on their respective economic conditions. Discount rates are generally determined based on market yields of AA-rated corporate bonds of appropriate term and currency.

The decrease in rate of pension progression in Germany is due to the decreased inflation expectations for Germany.

Accrued pension obligations in Germany are recognized on the basis of the "2018 G tables" of Prof. Dr. Klaus Heubeck, adapted to group-specific circumstances.

Alternative assumptions would result in the following changes in the defined benefit obligation and the corresponding reverse changes in equity.

The table shows the effects of the change in one assumption with all other assumptions remaining unchanged for plans in Germany:

		Increase/(decrease) in defined benefit obligation for plans in Germany	
thousand €		**Sept. 30, 2024**	**Sept. 30, 2025**
Discount rate	Increase by 0.5 percentage points	(20,509)	(18,462)
	Decrease by 0.5 percentage points	20,509	18,462
Rate of compensation increase	Increase by 0.5 percentage points	431	342
	Decrease by 0.5 percentage points	(431)	(342)
Rate of pension progression increase	Increase by 0.25 percentage points	5,233	4,539
	Decrease by 0.25 percentage points	(5,233)	(4,539)
Mortality probability	Decrease by 10.0 percentage points	10,624	9,532

To test the sensitivity of the defined benefit obligation due to a change in the mortality and life expectancy assumptions, an alternative analysis was carried out using of 10% lower mortality probabilities from retirement age. For beneficiaries currently aged 63 to 65, this roughly corresponds to a one-year increase in life expectancy on entering retirement.

Plan assets

The Group invests in diversified portfolios consisting of an array of asset classes that attempt to maximize returns while minimizing volatility. The Group's reported plan assets associated with the funded pension plans are located in Germany. The asset classes mainly include investments in insurance contracts and pension trust fund. Plan assets do not include any direct investments in Group's debt securities, treasury shares or real estate used on its own. The Group uses professional investment managers to invest plan assets based on specific investment guidelines. The Investment Committees of the respective plan consist of senior financial management especially from treasury and other appropriate executives. The Investment Committees meet regularly to review the risks and performance of the major assets and approve the selection and retention of external managers.

For the Group's main pension assets, asset liability studies are also regularly carried out, as part of which actuaries conduct a detailed analysis of the structure of the pension obligations (specifically focusing on age structure, duration, possible interest rate/inflation risks etc.). The investment strategy and target portfolio of the pension assets are then defined and updated as a result of these studies. For risk management purposes, liability-driven investment strategies may be used through which assets are geared towards the pension liabilities.

The processes established for managing and monitoring the plan assets as described above are used to counteract the common risks associated with capital market investment - counterparty, liquidity/market and other risks.

As of the balance sheet dates, the portfolio of these major plan assets comprises the following asset categories:

As of Sept. 30, 2024	**Fair value (thousand €)**			
Asset categories	Total	Quoted market price in an active market	No quoted market price in an active market	Portion of major plan assets (in %)
Equity securities	7,952	7,952		54%
Bonds	5,356	3,481	1,875	36%
Others	1,509		1,509	10%
Total	**14,817**	**11,433**	**3,384**	**100%**

As of Sept. 30, 2025	**Fair value (thousand €)**			
Asset categories	Total	Quoted market price in an active market	No quoted market price in an active market	Portion of major plan assets (in %)
Equity securities	9,719	9,719		54%
Bonds	6,728	4,373	2,355	38%
Others	1,449		1,449	8%
Total	**17,896**	**14,092**	**3,804**	**100%**

The asset category “Others” relates to investments in insurance contracts and pension trust funds in Germany.

In general, the Group’s funding policy is to contribute amounts to the plans sufficient to meet the minimum statutory funding requirements relevant in the country in which the plan is located. The Group may from time to time make additional contributions at its own discretion. The Group’s expected contribution in fiscal year 2025/26 is €2,020 thousand (fiscal year 2024/25: €1,921 thousand) related to its plan assets.

Pension benefit payments

In fiscal year 2024/25, pension benefit payments for plans in Germany comprised €21,454 thousand (fiscal year 2023/24: €20,945 thousand) and were made mainly from provisions in an amount of €21,279 thousand (fiscal year 2023/24: €20,765 thousand). In fiscal year 2024/25, pension benefits payments of €175 thousand (fiscal year 2023/24: €180 thousand,) were made mainly from plan assets.

The estimated future pension benefits to be paid by the Group’s defined benefit pension plans are as follows:

For fiscal year	thousand €
2025/26	25,982
2026/27	25,329
2027/28	24,270
2028/29	23,199
2029/30	23,386
2030/31 – 2033/34	108,341
Total	**230,507**

As of September 2025, the duration of defined benefit plans amounts to 10.6 years for Germany (September 2024: 11.2 years).

Defined contribution plans
The Group maintains defined contribution plan in Germany, South Korea and the United Kingdom. In fiscal year 2024/25, €4,607 thousand (fiscal year 2023/24: €7,507 thousand) were charged to the Combined Statement of Income as contributions to defined contribution plans.

The Group's contribution to the multi-employer defined benefit pension plans in Germany ("Pensionskassen"), which are accounted as defined contribution plans, amounted to €474 thousand in 2024/25 (2023/24: €477 thousand) and are expected to be at €466 thousand for 2025/26. The total amount of contributions received by "Pensionskassen" from all sponsoring employers was €3,300 thousand in calendar year 2025 and €3,300 thousand in calendar year 2024. Correspondingly, the Group's contributions reflect a proportioned share of the overall pension fund contributions of approximately 14%. Potential costs associated with the termination of the plans implemented through the "Pensionskassen" would not be material to the Group.

Defined contribution plans are regularly funded through mandatory or voluntary contributions (statutory/contractual) by the employer and/or employee. The contributions are transferred to an entity which is legally separate from the employer. Under this form of plan, the employer has no risks beyond the payment of contributions. The contributions are reported under personnel expenses.

Partial retirement
In fiscal years 2023/24 and 2024/25, the TKMS Business accrued obligations resulting from partial retirement agreements. Under these agreements, employees work additional time prior to retirement, which is subsequently paid for in instalments after retirement. In addition, employees receive a supplement on top of their pay. For these obligations, accruals were recognized in accordance with IAS 19 "Employee Benefits".

Other accrued pension-related obligations
Other accrued pension-related obligations mainly include provision for TKMS Business's pension adjustment ("Betriebsrentenanpassung") in Germany (September 30, 2025: €2,419 thousand, September 30, 2024: €1,739 thousand) and provisions for early retirement payment for employees in Germany (September 30, 2025: €11,587 thousand, September 30, 2024: €14,583 thousand).

13 Provisions for employee benefits and other provisions

thousand €	Employee benefits	Product warranties and subsequent project related costs and risks	Onerous contracts provisions	Litigation	Restructuring	Others	Total
Balance as of Oct. 1, 2023	**41,814**	**217,123**	**91,790**	**2,076**	**2,687**	**37,983**	**393,473**
Thereof: non-current	11,872	-	-	-	-	5,685	17,557
Currency differences	(192)	101	20	(7)	-	(115)	(193)
Additions	37,266	36,384	85,800	3,140	115	5,894	168,599
Utilization	(29,293)	(5,162)	(59,923)	(2,648)	(495)	(3,026)	(100,547)
Reversal	(1,190)	(12,004)	(27,825)	(302)	-	(1,172)	(42,493)
Transfers	-	-	-	-	-	2,740	2,740
Accretion	435	-	-	-	-	17	452
Others	-	(13,500)	-	-	-	-	(13,500)
Balance as of Sept. 30, 2024	**48,840**	**222,941**	**89,861**	**2,260**	**2,307**	**42,322**	**408,531**
Thereof: non-current	12,182	-	-	-	-	5,609	17,791
Currency differences	(68)	(328)	(13)	(3)	-	(291)	(703)
Additions	43,883	12,540	136,953	3,727	-	21,911	219,014
Utilization	(36,829)	(9,592)	(89,798)	(3,345)	(549)	(16,256)	(156,369)
Reversal	(1,332)	(28,516)	(48,714)	(351)	-	(9,267)	(88,180)
Transfers	-	8,141	(276)	-	-	(2,916)	4,949
Accretion	372	45	-	-	-	40	457
Others	-	-	-	-	-	-	-
Balance as of Sept. 30, 2025	**54,867**	**205,232**	**88,013**	**2,287**	**1,758**	**35,543**	**387,701**
Thereof: non-current	15,317	-	-	-	-	305	15,622

As of 30 September 2025, €372,079 thousand (30 September 2024: €390,740 thousand) of the total of provisions for employee benefits and other provisions are current, while €15,622 thousand (30 September 2024: €17,791 thousand) are non-current. Provisions for employee benefits and other provisions amounting to €182,465 thousand (30 September 2024: €329,634 thousand) have a remaining term of more than one year.

The current provisions of €11,474 thousand (September 30, 2024: €11,269 thousand) are expected to be settled in more than one year.

EMPLOYEE BENEFITS

Management Incentive Plans
Provisions relating to management incentive plans reflected in provisions for employee benefits amount to €4,751 thousand as of September 30, 2025 (September 30, 2024: €1,052 thousand). For details regarding management incentive plans reference is made to Note 29.

Other employee benefits
The remaining balance included in provisions for employee compensation and benefit costs primarily represent employment anniversary bonuses. Pension related obligations for partial retirement agreements and early retirement programs are part of the provision for pensions and similar obligations (cf. Note 12).

Onerous contracts provisions
Provisions for onerous contracts represent pending losses from uncompleted customer contracts. These provisions are planned to unwind after the planned delivery of the projects.

Product warranties and subsequent project related costs and risks
The product warranties provisions reflect the Group's responsibility for the proper functioning of the goods sold (product warranty) as well as obligations that arise from the use of the products sold (product defect) and provisions for risks from operations, such as those in connection with compensation from customer claims that are not warranties (cf. Note 19). The amount of the provisions is established on a case-by-case basis. In the context of the measurement of warranty provisions, the Group takes into account experience related to actual warranty claims as well as technical information concerning product deficiencies discovered. The Group expects to settle the majority of the product warranties provision over the guaranteed terms. Product warranties and subsequent project related costs and risks contain an estimate of subsequent, uncertain construction costs in the amount of €126,420 thousand as of September 30, 2025 (September 30, 2024: €115,240 thousand).

Litigation
The risks arising from cost for litigation cases is estimated to be €2,287 thousand on September 30, 2025 (September 30, 2024: €2,260 thousand) in parts connected to certain contingencies (cf. Note 19). The outcome as well as the timing of any outflow of litigation cases is by nature uncertain and therefore represents a risk. There is a reasonable probability that individual cases can last longer than expected or could be decided against the Group. Identifiable risks have been adequately covered by recognizing appropriate provisions.

Restructuring provisions
Restructuring costs consist of employee termination benefits and exit costs in connection with activities which do not generate any future economic benefits for the Group. Restructurings are being carried out mainly due to the transformation of the operations area.

14 Trade accounts payable

Trade accounts payable are driven by the Group's project business. The volatility over time is mainly caused by the nature and status of various projects.

As of September 30, 2025, trade accounts payable in the amount of €6,495 thousand (September 30, 2024: €5,072 thousand) have a remaining term of more than one year.

15 Other financial liabilities

In the following the other financial liabilities are presented:

thousand €	Sept. 30, 2024	Sept. 30, 2025
Payables to tk Group	78,513	280,708
Embedded derivatives (cf. Note 20)	32,588	34,569
Payables from purchase of property, plant, equipment	3,741	3,500
Derivatives not qualifying for hedge accounting	2,211	2,417
Derivatives qualifying for hedge accounting	712	6,488
Miscellaneous other financial liabilities	19,620	28,350
Total	**137,385**	**356,032**

For more details on payables to tk Group refer to Note 21.

Miscellaneous other financial liabilities are mainly linked to payments related to costs to obtain a contract.

There were financial liabilities with a remaining term of more than one year as of September 30, 2025 in the amount of €47,466 thousand (September 30, 2024: €14,556 thousand).

16 Other non-financial liabilities

thousand €	Sept. 30, 2024	Sept. 30, 2025
Accruals relating to subsequent production costs of orders	83,718	49,804
Liabilities to employees	64,034	69,862
Tax liabilities (without income taxes)	36,917	36,516
Miscellaneous other non-financial liabilities	31,492	11,342
Total	**216,161**	**167,524**

Accruals relating to subsequent production costs comprise obligations for goods or services received from suppliers that had not yet been invoiced, or for which invoices remained outstanding, as of the reporting date.

Liabilities to employees relate to wage, salary and remuneration. Miscellaneous other non-financial liabilities contain other deferred income, liabilities from wage taxes and further other liabilities. Pension obligations are also partially included in other non-financial liabilities, as some employees' pensions earned were transferred to a prior owner of a group company, but the pension payments will be reimbursed by the Group.

17 Leases

Group as a lessee
The Group is primarily a lessee of buildings as well as other equipment, factory and office equipment.

The following right-of-use assets are recognized under property, plant and equipment:

thousand €	Land and buildings	Technical machinery, equipment	Other equipment, factory and office equipment	Investment properties	Total
Gross amounts					
Balance as of Oct. 1, 2023	**51,086**	**1,736**	**5,531**	**62**	**58,414**
Currency differences	(191)	-		1	(272)
Additions	6,107	11,260	1,563	167	19,097
Transfers	(120)	(11,114)	(5)	(167)	(11,406)
Disposals	(1,146)	(449)	(562)	-	(2,157)
Mergers	-	-	-	-	-
Balance as of Sept. 30, 2024	**55,735**	**1,433**	**6,444**	**64**	**63,676**
Currency differences	(577)	(2)	(166)	(4)	(749)
Additions	6,757	124	2,031	-	8,912
Transfers	(448)	-	58	(59)	(449)
Disposals	(1,311)	-	(353)	-	(1,664)
Mergers	-	-	-	-	-
Balance as of Sept. 30, 2025	**60,156**	**1,555**	**8,015**	**0**	**69,726**
Accumulated depreciation and impairment losses					
Balance as of Oct. 1, 2023	**23,290**	**1,025**	**3,638**	**4**	**27,957**
Currency differences	(102)	(2)	(38)	-	(142)
Depreciation expense	6,098	460	1,262	20	7,840
Impairment losses	-	-	-	-	-
Reversals of impairment losses	-	-	-	-	-
Transfers	(246)	(282)	(1)	-	(529)
Disposals	(1,097)	(449)	(371)	-	(1,917)
Mergers	-	-	-	-	-
Balance as of Sept. 30, 2024	**27,943**	**752**	**4,490**	**24**	**33,209**
Currency differences	(359)	(1)	(109)	(1)	(470)
Depreciation expense	5,889	173	1,696	-	7,758
Impairment losses	-	-	-	-	-
Reversals of impairment losses	-	-	-	-	-
Transfers	(369)	-	22	(22)	(369)
Disposals	-	-	(328)	-	(328)
Mergers	-	-	-	-	-
Balance as of Sept. 30, 2025	**33,104**	**924**	**5,771**	**0**	**39,800**
Net amounts					
Balance as of Sept. 30, 2024	**27,792**	**681**	**1,954**	**40**	**30,467**
Balance as of Sept. 30, 2025	**27,052**	**631**	**2,244**	**-**	**29,926**

The resulting lease liabilities are reported in the Combined Statement of Financial Position of the Group.

Further details of lease liabilities are given in Note 20.

The following table presents income and expenses resulting from leases:

thousand €	Sept. 30, 2024	Sept. 30, 2025
Expense from short-term leases	323	226
Expense from leases for low-value assets	234	263
Depreciation and amortization expense	7,840	7,758
Interest expense from lease liabilities	1,421	**1,347**
Expenses from off-balance variable lease payments	128	142
Total amount recognized in profit & loss	**9,946**	**9,736**

No income was recognized from sublease contracts or the gain or loss from sale and lease back transactions as such contracts do not exist at TKMS Business.

The Group prolonged existing lease contracts and signed new lease contracts during the fiscal year 2024/25 whereof not all yet commenced as of the balance sheet date September 30, 2025. These new lease contracts, which not yet commenced, will result in a future cash outflow of €30 thousand within the next two years after commencement date.

Group as a lessor

The following table illustrates the operating leases for the Group's shipyard facilities in Wismar, detailing the asset values for land, factory, technical equipment, and office equipment. These leases have no remaining term. Additionally, the table includes recognized rental income from leasing office facilities.

thousand €	Sept. 30, 2024	Sept. 30, 2025
Land	20,633	20,633
Factory	5,556	5,077
Technical equipment	9,390	8,198
Office equipment	2,250	3,142
Total operating lease assets	**37,829**	**37,046**
Office facilities rental income	11,490	11,884

Future minimum rental payments under operating leases as of September 30, are as follows:

thousand €	Sept. 30, 2024	Sept. 30, 2025
Within one year	6,527	-
Between 1 and 2 years	-	-
Between 2 and 3 years	-	-
Between 3 and 4 years	-	**-**
Between 4 and 5 years	-	-
More than 5 years	-	-

18 Investments accounted for using the equity-method

Investments accounted for using the equity-method comprise of joint ventures and investments in associated companies.

Joint Ventures

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
As of Oct. 1	**2,206**	**4,168**
Additions	-	-
Impairment	-	-
Disposals	-	-
Dividends paid	-	-
Share of income	1,962	1,195
As of Sept. 30	**4,168**	**5,364**

A significant joint venture of TKMS Business is KTA Naval Systems AS, Kongsberg, Norway. The company is jointly controlled by Kongsberg Defense & Aerospace, Kongsberg, Norway, and TKMS GmbH, Kiel, Germany, which holds 16,67% of the voting rights and TKMS ATLAS ELEKTRONIK GmbH, Bremen, Germany, which holds 33,33% of the voting rights. The key business purpose of the company is to develop, produce and maintain as an exclusive supplier combat systems for submarines for TKMS Business.

KTA Naval Systems AS is a private entity that is not listed on any public exchange. The Group's interest in KTA Naval Systems AS is accounted for using the equity method in the Combined Financial Statements.

Financial information on the main investments accounted for using the equity-method:

	KTA Naval Systems AS	
thousand €	**Year ended Sept. 30, 2024[1)]**	**Year ended Sept. 30, 2025[2)]**
Total non-current assets	2,203	654
Total current assets	69,489	127,826
thereof: cash and cash equivalents	21,623	78,158
Total non-current liabilities	279	295
thereof: non-current financial liabilities (excluding trade and other payables and provisions)	-	-
Total current liabilities	63,245	117,630
thereof: current financial liabilities (excluding trade and other payables and provisions)	62,201	114,656
Net assets	8,168	10,554
Sales	82,010	99,359
Depreciation and amortization	18	14
Interest income	126	2,095
Interest expense	4	3
Income tax (expense) or income	455	1,535
Income/(loss) from continuing operations (net of tax)	4,003	2,388
Income/(loss) from discontinued operations (net of tax)	-	-
Net income/(loss)	4,003	2,388
Other comprehensive income	-	-
Total comprehensive income	4,003	2,388
Dividends received by the Group	-	-

1) Amounts primarily based on interim Financial Statements as of August 31, 2024, as a financial reporting as of a later date would incur disproportionately high costs.
2) Amounts primarily based on interim Financial Statements as of August 31, 2025, as a financial reporting as of a later date would incur disproportionately high costs.

The following table shows the reconciliation to book value included in the balance sheet of the Group:

thousand €	**Year ended Sept. 30, 2024[1)]**	**Year ended Sept. 30, 2025[2)]**
Net assets as of Oct. 1	**4,166**	**8,168**
Net income/(loss)	4,003	2,388
Capital Increase	-	-
Net assets as of Sept. 30	**8,168**	**10,554**
Proportion of net assets as of Sept. 30 attributable to TKMS Business	4,084	5,277
Carrying amount as of Sept. 30	**4,084**	**5,277**

1) Amounts primarily based on interim Financial Statements as of August 31, 2024, as a financial reporting as of a later date would incur disproportionately high costs.
2) Amounts primarily based on interim Financial Statements as of August 31, 2025, as a financial reporting as of a later date would incur disproportionately high costs.

The joint venture had no contingent liabilities or commitments as of September 30, 2025 and September 30, 2024.

Associated Companies
Summarized financial information of the immaterial investments in associated companies accounted for using the equity method at the respective balance sheet date is presented in the table below. The information given represents the Group's interest.

SUMMARIZED FINANCIAL INFORMATION OF IMMATERIAL INVESTMENTS IN ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Carrying amount as of Oct. 1	**2,824**	**2,081**
Share of		
Income/(loss) from continuing operations (net of tax)	381	110
Other comprehensive income	-	-
Dividends	(1,124)	-
Other changes	-	-
Carrying amount as of Sept. 30	**2,081**	**2,191**

19 Contingencies and commitments

Bank guarantees issued to the Group's customers on behalf of TKMS Business to guarantee fulfilment of its obligations from specific projects amount to €1,217,071 thousand as of September 30, 2025 (September 30, 2024: €1,220,878 thousand).

The Group has contingencies for the following material legal disputes:

The Republic of Korea is claiming damages in the amount of €201 million from TKMS GmbH in arbitration proceedings before the ICC for delayed delivery of submarines built by Korean shipyards using material packages from TKMS Business and supplied to the Republic of Korea. As the material packages were delivered to the shipyards on time, TKMS Business believes responsibility lies with the Korean shipyards, which were under a construction and delivery obligation to the Republic of Korea under their own bilateral contracts. In September 2024, the arbitration tribunal confirmed TKMS Business's legal opinion on the interpretation of the contract for the entire contractual relationship in a partial award and rejected all liquidated damages claims by the Republic of Korea for the boat 427 in dispute. The proceedings regarding the other four boats are still pending. The Republic of Korea is asserting claims against the shipyards in separate proceedings.

In connection with the above matter, the company has recognized provisions to cover the associated risks, measured in accordance with management's best estimate of the expenditure required to settle the potential claims.

In connection with the majority interest previously held by thyssenkrupp Industrial Solutions AG in the Greek shipyard Hellenic Shipyards and the construction of submarines for the Greek Navy, the Greek government has filed legal and arbitration actions to claim compensation of €2.2 billion from thyssenkrupp Industrial Solutions AG and TKMS GmbH as well as from Hellenic Shipyards and the current majority shareholder of Hellenic Shipyards. The ICC Arbitration Court assigned to the case rejected all claims against the above companies, which together with tk AG and its consolidated subsidiaries constitute the thyssenkrupp group by partial award in September 2023 and the final award has been received in August 2025.

In relation to arbitration proceedings concerning claims raised by Hyundai Heavy Industries Co. Ltd. (HHI) against TKMS GmbH regarding a submarine motor, the TKMS Business obtained a ruling from the International Chamber of Commerce (ICC) in favour of HHI in July 2025. The ruling stipulates that TKMS GmbH is required to make payments to HHI, covering both damages and accrued interest, amounting to €9 million. This ruling has had a corresponding impact on the profit and loss statement for fiscal year ended September 30, 2025.
In January 2025, NVL B.V. & Co. KG ("NVL") filed a request for arbitration against TKMS GmbH in connection with the K 130 corvette program. NVL is hereby asserting claims for alleged delays to the project. In addition to a pecuniary claim of around €5.2 million, these claims mainly relate to declaratory judgments regarding compensation amounting to €84 million. The total claims may increase as the proceedings progress. TKMS GmbH believes these claims not to be substantiated and has filed a respective statement of defense in this regard. In addition, TKMS GmbH filed a counterclaim which consists of claims for payment and declaratory relief expected to be in the mid double-digit millions.

Predicting the progress and results of lawsuits involves considerable difficulties and uncertainties. This means that lawsuits, official investigations and proceedings as well as claims not disclosed separately could also individually or together with other legal disputes, official investigations and proceedings as well as claims have a negative and also potentially major future impact on the Group's net assets, financial position and results of operations.

The Group did not have any other commitments and contingencies as of September 30, 2025 and 2024.

20 Financial instruments

Financial instruments by category
The following table shows the carrying amounts, measurement categories under IFRS 9 and fair values of financial assets and liabilities by classes. Lease liabilities, contract assets and derivatives that qualify for hedge accounting are also included although they are not considered a IFRS 9 measurement category.

	Measurement category in accordance with IFRS 9			Measurement in accordance with IFRS 16/IFRS 15	
	Carried at amortized cost	Carried at fair value			
thousand €	**Carrying amount**	**Fair value recognized in profit or loss**	**Hedge Accounting: Fair value in OCI (with recycling)**	**Carrying amount**	**Carrying amount in the statement of financial position as of Sept. 30, 2024**
Trade accounts receivable	281,019				281,019
Contract assets				401,349	401,349
Other financial assets	1,358,785	1,851	7	-	1,360,643
Receivables from cash pooling arrangements with tk Group (cf. Note 21)	1,165,590				1,165,590
Miscellaneous other financial assets	193,195				193,195
Embedded derivatives		834			834
Derivatives not qualifying for hedge accounting		1,017			1,017
Derivatives qualifying for hedge accounting			7		7
Cash and cash equivalents	122,037				122,037
Total of financial assets	**1,761,841**	**1,851**	**7**	**401,349**	**2,165,048**
Lease liabilities				32,740	32,740
Trade accounts payable	411,395				411,395
Other financial liabilities	101,874	34,799	712	-	137,385
Miscellaneous other financial liabilities	101,874				101,874
Embedded derivatives		32,588			32,588
Derivatives not qualifying for hedge accounting		2,211			2,211
Derivatives qualifying for hedge accounting			712		712
Total of financial liabilities	**513,269**	**34,799**	**712**	**32,740**	**581,520**

	Measurement category in accordance with IFRS 9			Measurement in accordance with IFRS 16/IFRS 15	
	Carried at amortized cost	Carried at fair value			
thousand €	Carrying amount	Fair value recognized in profit or loss	Hedge Accounting: Fair value in OCI (with recycling)	Carrying amount	Carrying amount in the statement of financial position as of Sept. 30, 2025
Trade accounts receivable	284,935				284,935
Contract assets				300,396	300,396
Other financial assets	156,291	5,057	-	-	161,348
Receivables from cash pooling arrangements with tk Group (cf. Note 21)	222				222
Miscellaneous other financial assets	156,069				156,069
Embedded derivatives		1,213			1,213
Derivatives not qualifying for hedge accounting		3,844			3,844
Derivatives qualifying for hedge accounting			-		-
Cash and cash equivalents	1,721,853				1,721,853
Total of financial assets	**2,163,079**	**5,057**	**-**	**300,396**	**2,468,532**
Lease liabilities				32,698	32,698
Trade accounts payable	423,171				423,171
Other financial liabilities	320,033	2,417	41,057	-	363,507
Miscellaneous other financial liabilities	320,033				320,033
Embedded derivatives			34,569		34,569
Derivatives not qualifying for hedge accounting		2,417			2,417
Derivatives qualifying for hedge accounting			6,488		6,488
Total of financial liabilities	**743,204**	**2,417**	**41,057**	**32,698**	**819,376**

The carrying amounts of trade accounts receivable measured at amortized cost, other current and non-current receivables as well as cash, cash equivalents equal their fair values due to the short remaining terms.

The fair value of foreign currency forward transactions, including the embedded derivatives, is determined on the basis of the middle spot exchange rate applicable as of the balance sheet date, adjusted for any forward premiums or discounts arising for the remaining contract term compared to the contracted forward exchange rate.

The carrying amounts of trade accounts payable and other current and non-current liabilities are equal to their fair values as they are considered short-term in nature.

Financial assets and liabilities measured at fair value can be categorized in the following three-level fair value hierarchy:

FAIR VALUE HIERARCHY AS OF SEPT. 30, 2024

thousand €	Sept. 30, 2024	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	1,017		1,017	
Fair value recognized in OCI				
Derivatives qualifying for hedge accounting	7		7	
Embedded derivatives	834		834	
Total	**1,858**	**-**	**1,858**	**-**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	2,211		2,211	
Fair value recognized in OCI				
Derivatives qualifying for hedge accounting	712		712	
Embedded derivatives	32,588		32,588	
Total	**35,511**	**-**	**35,511**	**-**

FAIR VALUE HIERARCHY AS OF SEPT. 30, 2025

thousand €	Sept. 30, 2025	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	3,844		3,844	
Fair value recognized in OCI				
Derivatives qualifying for hedge accounting	-		-	
Embedded derivatives	1,213		1,213	
Total	**5,057**	**-**	**5,057**	**-**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	2,417		2,417	
Fair value recognized in OCI				
Derivatives qualifying for hedge accounting	6,488		6,488	
Embedded derivatives	34,569		34,569	
Total	**43,474**	**-**	**43,474**	**-**

The fair value hierarchy reflects the significance of the inputs used to determine fair values. Financial instruments with a fair value measurement based on quoted prices in active markets are disclosed in level 1. In level 2, determination of fair values is based on observable inputs, e.g., foreign exchange rates. Level 3 is comprised of financial instruments for which a fair value measurement is based on unobservable inputs using recognized valuation models.

In the reporting year there were no reclassifications between level 1 and level 2.

Netting of financial assets and financial liabilities

A financial asset and a financial liability can be offset and presented as a net amount in the statement of financial position only if the entity has a legally enforceable right to offset the recognized amounts and intends to either settle them on a net basis or realize the asset and settle the liability at the same time.

In general, master netting arrangements exist only for foreign-currency derivative financial instruments that however totally or partially do not meet the offsetting criteria under IAS 32.

In these cases, a right of offsetting is enforceable only on termination of the contract on the grounds of a major breach of contract or insolvency of one of the contractual parties. As of September 30, 2025, potential offsetting exists in the amount of €2,417 thousand (September 30, 2024: €1,025 thousand) based on the gross amounts of the financial assets as of September 30, 2025 €3,844 thousand (September 30, 2024: €1,025 thousand) and financial liabilities as of September 30, 2025 €2,417 thousand (September 30, 2024: €2,211 thousand).

Net result from financial instruments

The following tables show net result from financial instruments by measurement categories under IFRS 9:

NET RESULT FROM FINANCIAL INSTRUMENTS

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Financial (assets) at amortized cost	(68,770)	**(74,311)**
Financial (assets) / liabilities at fair value recognized in equity (with recycling)	-	(66)
Financial (assets) / liabilities at fair value recognized in profit or loss	1,218	(4,366)
Financial liabilities at amortized cost	6,053	**16,354**

Net losses under “Financial assets at amortized cost” mainly comprise interest income on financial receivables, allowances for trade accounts receivable as well as gains and losses on foreign currency receivables.

The category “Financial assets/liabilities at fair value recognized in equity (with recycling)” includes impairment losses on trade accounts receivable as well as results from the sale of receivables.

Gains and losses arising from changes in fair value of foreign currency and derivatives that do not comply with the hedge accounting requirements under IFRS 9 are included in the category “Financial assets/liabilities at fair value through profit and loss.”

The category “Financial liabilities at amortized cost” mainly comprises interest expenses on financial liabilities as well as gains and losses on foreign currency liabilities.

As of September 30, 2025, the net result includes exchange differences of €4,451 thousand (September 30, 2024: €1,462 thousand).

Impairment of financial assets

For financial assets measured at amortized cost, an impairment loss is recognized for expected losses included in selling expenses.

The impairment losses on trade accounts receivable recognized at amortized cost and contract assets are as follows:

IMPAIRMENT OF TRADE ACCOUNTS RECEIVABLE RECOGNIZED AT AMORTIZED COST AS WELL AS CONTRACT ASSETS

thousand €	Expected credit loss	Expected credit loss (individual identification)	Total of impairments
Balance as of Oct. 1, 2023	**9,155**	**18,518**	**27,673**
Currency differences	(5)	5	-
Additions	945	1,738	2,683
Amounts utilized	(374)	**(282)**	**(656)**
Reversals	-	**(675)**	**(675)**
Balance as of Sept. 30, 2024	**9,721**	**19,304**	**29,025**
Currency differences	(41)	(6)	(47)
Additions	1,140	(149)	991
Amounts utilized	(2,279)	25	(2,254)
Reversals	-	(12,592)	(12,592)
Balance as of Sept. 30, 2025	**8,541**	**6,582**	**15,123**

In the Group's valuation model, the expected default rates are mainly derived from external credit information and ratings for each counterparty, which allows more accurate calculation of the probability of default compared with the formation of rating classes. The customer risk numbers assigned by trade credit insurers and the creditworthiness information provided by credit agencies are translated into an individual probability of default per customer using a central allocation system. This individual probability of default per customer is used uniformly throughout the TKMS Business. As public customers regularly are not part of the information provided by credit agencies, country risk rates are used for public customers. The information is updated quarterly. If no rating information is available at counterparty level, an assessment is made based on the average probability of default plus an appropriate risk premium. For the Combined Financial Statements as of September 30, 2025 the latest external credit information and ratings were used, which already take into account current expectations of the possible effects of the war in the Ukraine. In addition, the model takes forward-looking information derived from current macroeconomic conditions into account (e.g., increase in material and personnel costs in the short-term; a degressive increase in material and personnel costs in the mid-term). According to this valuation model, no additional adjustment of impairment is necessary. Overall, this model shows a moderate but not significant increase in the valuation of individual customers.

The column expected credit loss (individual identification) refer in particular to individual bad debt provisions and insolvency cases. On the other financial assets measured at amortized cost there were no significant changes in impairment losses in the fiscal years 2023/24 and 2024/25 respectively.

The default risk is derived from the risk profile of the Group's customers. To minimize default risk for trade accounts receivable and contract assets the Group concludes transactions only with counterparties who have a good credit rating or are members of a deposit protection fund. For long-term contracts, additional security is provided in the form of advance payments received. The creditworthiness of the business partners with which projects are made is continuously monitored by tracking their credit ratings (cf. Credit Risk section). The Group therefore considers the default risk to be low.

Derivative financial instruments

The Group uses foreign currency forward contracts. Derivative financial instruments are generally used to hedge existing or anticipated underlying transactions to reduce foreign currency risks. In rare cases, the derivatives are designated as hedging instruments for hedge accounting purposes to hedge future cash flows against foreign currency risks arising from future sales and purchase transactions.

The following table shows the notional amounts and fair values of derivatives used within the Group:

DERIVATIVE FINANCIAL INSTRUMENTS (Hedging of foreign currency risk)

thousand €	Notional amount as of Sept. 30, 2024	Carrying amount as of Sept. 30, 2024	Notional amount as of Sept. 30, 2025	Carrying amount as of Sept. 30, 2025
Assets				
Foreign currency derivatives that do not qualify for hedge accounting				
Foreign currency contracts US Dollar	8,104	269	5,753	147
Foreign currency contracts GBP	11,181	198	38,646	357
Foreign currency contracts SGD	2,431	40	95	1
Foreign currency contracts Other	28,681	510	90,766	3,470
Foreign currency derivatives qualifying as cash flow hedges				
Foreign currency contracts US Dollar	2,479	1	-	-
Foreign currency contracts Other	844	6	9,426	1,082
Total	**53,720**	**1,025**	**144,687**	**5,058**
Liabilities				
Foreign currency derivatives that do not qualify for hedge accounting				
Foreign currency contracts US Dollar	17,515	445	9,335	300
Foreign currency contracts GBP	12,108	188	33,917	791
Foreign currency contracts SGD	128	1	4,114	54
Foreign currency contracts Other	77,308	1,577	32,368	1,272
Foreign currency derivatives qualifying as cash flow hedges				
Foreign currency contracts US Dollar	697	13	0	0
Foreign currency contracts NOK	276,466	33,307	283,008	40,701
Foreign currency contracts Other	9,547	699	4,094	356
Total	**393,769**	**36,229**	**366,836**	**43,473**

Derivatives that qualify for hedge accounting - cash-flow hedges

In rare cases cash flow hedges are used to hedge future cash flows against foreign currency risks arising from future sales and purchase transactions. In the case of cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognized in OCI and accumulated in a separate component of equity referred to as the cash flow hedge reserve. When the hedged transaction subsequently affects profit or loss (such as when a forecast sale or purchase occurs), the amounts previously recognized in OCI are reclassified to the profit and loss statement.

In connection with one of the Group's high-volume contracts, the Group entered into an agreement involving deliveries made by a subcontractor, with payments to be made in a foreign currency. The contract price with the customer is denominated in euro. To mitigate the risk of currency fluctuations, the contract price is adjusted based on a reference exchange rate determined at the time the contract was finalized. This pricing mechanism constitutes an embedded foreign currency derivative within the contract, effectively hedging the currency fluctuations arising from purchases denominated in one foreign currency. It qualifies as a cash flow hedge during the relevant reporting periods. Additionally, the Group did not hold any significant derivatives qualifying as cash flow hedges during the reporting periods.

The Group did not enter into other hedging commitments such as interest rate or commodity risk hedges.

The following table shows hedging instruments in the context of cash flow hedges for foreign currency risks used within the Group:

INFORMATION ON HEDGING INSTRUMENTS IN THE CONTEXT OF CASH FLOW HEDGES FOR FOREIGN CURRENCY RISKS

thousand €	Sept. 30, 2024	Sept. 30, 2025
Derivate assets	**7**	**1,082**
Derivative liabilities	**33,300**	**41,056**
Designated part of hedging instruments	(33,292)	(39,974)
Fair value change of hedged item	33,292	39,974

Cash flows from future transactions are currently hedged for a maximum of 4 months.

The following tables show the development of other comprehensive income from cash flow hedges for foreign currency risks:

CHANGES IN OTHER COMPREHENSIVE INCOME RESULTING FROM CASH FLOW HEDGES FOR FOREIGN CURRENCY RISKS

thousand €	Year ended Sept, 30, 2024	Year ended Sept, 30, 2025
Balance as of Oct. 1	**(30,161)**	**(22,954)**
Net unrealized gains/(losses) on designated risk component	(138)	(26,835)
Net unrealized gains/(losses) on hedging costs	10,671	19,071
Net realized (gains)/losses	-	-
Tax effect	(3,325)	1,740
Balance as of Sept. 30	**(22,953)**	**(28,979)**

As of September 30, 2025, net income from the ineffective portions of derivatives classified as cash flow hedges totalled €0 thousand (September 30, 2024: €0 thousand).

In the subsequent fiscal year 2025/26 fluctuations in fair value of derivatives included in cumulative other comprehensive income as of the reporting date is expected to impact earnings by income of €2,890 thousand. During the 2026/27 fiscal year, earnings are expected to be impacted by income of €7,022 thousand, and in the following fiscal years by income of €23,575 thousand.

The hedging rates and remaining terms for foreign currency risks existing at the end of the year are shown in the following tables.

HEDGING OF FOREIGN CURRENCY RISKS BY REMAINING TERMS

thousand €	Sept. 30, 2024	Sept. 30, 2025
Remaining term up to 1 year	**137,138**	**195,225**
thereof:		
Foreign currency contracts NOK	31,015	29,050
Foreign currency contracts GBP	10,261	42,174
Foreign currency contracts USD	28,440	13,784
Foreign currency contracts other	67,422	110,218
Remaining term above 2 years	**321,775**	**316,298**
thereof:		
Foreign currency contracts NOK	269,771	271,914
Foreign currency contracts GBP	31,961	30,389
Foreign currency contracts USD	2,352	1,304
Foreign currency contracts other	17,690	12,691
Notional amount	**458,913**	**511,523**
thereof:		
Foreign currency contracts NOK	300,786	300,963
Foreign currency contracts GBP	42,222	72,563
Foreign currency contracts USD	30,793	15,088
Foreign currency contracts other	85,112	122,909
Average hedging rate		
Foreign currency contracts NOK	11.66	11.76
Foreign currency contracts GBP	4.16	6.9
Foreign currency contracts USD	1.09	1.11

Derivatives that do not qualify for hedge accounting
The Group mainly uses derivative financial instruments in order to economically hedge against exchange rate risks. If a hedging relationship does not meet the requirements for hedge accounting in accordance with the conditions under IFRS 9 or hedge accounting is economically not reasonable, the derivative financial instrument is recognized as a derivative that does not qualify for hedge accounting. The resulting impact on profit and loss from derivative financial instruments that do not qualify for hedge accounting are recognized either in other income or other expenses (cf. Note 25 and 26).

Financial risk
During the course of ordinary activities, the TKMS Business is exposed to financial risks in the form of credit risks (default risk), liquidity risks and market risks (foreign currency risks). The aim of risk management is to limit the risks arising from operating activities and associated financing requirements by applying selected derivative hedging instruments.
In this context, TKMS Business adheres to the principle of risk aversion, as outlined within its risk management framework. This principle mandates that financial and credit risks should be minimized whenever possible, either by diversifying through a risk portfolio, transferring the risks to third parties, or otherwise limiting them to the greatest extent feasible.

Credit risk
Credit risk (default risk) is the risk of the Group incurring financial losses due to the non-fulfilment or partial fulfilment of existing debt obligations. Credit risk management is governed by corporate guidelines. Group companies are required to implement credit risk management in accordance with these guidelines.

In order to minimize default risks (credit risks) from the use of financial instruments, such transactions are only concluded with counterparties that meet our internal minimum requirements. Credit risk management defines minimum requirements for the selection of counterparties so that financial instruments in the financing area are only entered into with counterparties who have a good credit rating or are members of a deposit protection fund. Creditworthiness is monitored on the basis of assessments by recognized rating agencies and also taking into account short-term early warning indicators. Continuous and standardized monitoring of ratings and early warning indicators enables us to minimize risks at an early stage. Derivative financial instruments are generally entered into on the basis of standard contracts in which it is possible to net open transactions with the respective business partners.

Default risks are generally hedged with suitable instruments. These include private and state credit insurance as well as letters of credit and guarantees from banks, insurance companies and management companies. For long-term contracts, additional security is provided in the form of advance payments received. In order to further minimize default risks from operating activities, the corporate guidelines provide for the assessment of default risk based on the risk profile of the business partner using suitable internal and, where available, external information, such as ratings and credit reports. Credit limits are set for each business partner using this credit rating. The assessment of the risk profile for each business partner is subject to appropriate, ongoing monitoring, which enables the Group to minimize risk at an early stage. Based on the individual characteristics of the customers there are processes and guidelines for determining which measures are to be taken in the event of a deterioration creditworthiness or payment default to mitigate the maximum default risk.

Transactions whose value exceeds specified materiality thresholds, especially when the business is undergoing major projects, also require prior approval at tk AG level. Additionally, the amount and hedging of default risks is assessed.

Liquidity risk and maturity analysis
Liquidity risk is the risk that the Group is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents. Liquidity risk was managed by the Group by means of integration into the cash pooling and cash management systems of tk Business. In preparation for the spin-off, the existing system of intercompany clearing accounts and cash management, including cash pooling, between the Group and the thyssenkrupp Business was terminated as of September 25, 2025. Subsequently, TKMS GmbH became the cash pool leader and is now integrated into the intercompany clearing accounts system and cash management of the Group, including cash pooling.

Due to the termination of the cash pool between tk AG and the entities within the Marine Systems segment, these entities are no longer able to access mutual cash reserves and must rely on their own financing. However, this risk is considered subordinate, given the opportunities of having independent access to their own financing sources and the benefit of no longer being obligated to provide liquidity to other entities.

The following table shows the future undiscounted cash outflows from financial liabilities based on contractual agreements:

FUTURE UNDISCOUNTED CASH OUTFLOWS AS OF SEPT. 30, 2024

thousand €	Carrying amount Sept. 30, 2024	Cash flows within 1 year	Cash flows between 2 and 5 years	Cash flows of more than 5 years
Lease liabilities	32,740	6,951	16,850	15,233
Trade accounts payable	411,395	406,323	5,072	-
Derivative financial instruments not qualifying for hedge accounting	4,062	2,094	1,968	-
Derivative financial instruments qualifying for hedge accounting	33,300	3,374	17,837	16,724
Other financial liabilities	137,385	172,745	23,019	-

FUTURE UNDISCOUNTED CASH OUTFLOWS AS OF SEPT. 30, 2025

thousand €	Carrying amount Sept. 30, 2025	Cash flows within 1 year	Cash flows between 2 and 5 years	Cash flows of more than 5 years
Lease liabilities	32,698	7,510	17,475	13,458
Trade accounts payable	423,170	416,675	6,495	-
Derivative financial instruments not qualifying for hedge accounting	6,392	4,968	1,363	62
Derivative financial instruments qualifying for hedge accounting	42,138	3,164	22,330	16,644
Other financial liabilities	312,558	305,491	7,067	-

Cash flows from derivatives are offset by cash flows from hedged underlying transactions, which have not been considered in the analysis of maturities. If cash flows from the hedged underlying transactions were considered, the cash flows shown in the table would decrease.

Sensitivity analysis
Market risk is the risk that fair values or future cash flows of non-derivative or derivative financial instruments will fluctuate due to changes in risk factors. Among market risks relevant to the Group are foreign currency, procurement (commodity price), and especially raw material price risks. Associated with these risks are fluctuations in income, equity and cash flow.

The results and figures identified through sensitivity analyses represent hypothetical, future-oriented data that can differ from actual outcomes because of unforeseeable developments in financial markets. Non-financial or non-quantifiable risks, such as business risks, are not considered.

Foreign currency risk exposure
Foreign currency hedging is used to fix prices on the basis of hedging rates as protection against any unfavourable exchange rate fluctuations in the future. Hedging periods are generally based on the maturities of underlying transactions. Foreign currency derivative contracts usually have maturities of twelve months or less but can also be up to nine years in single exceptional cases.

Our most relevant risks variable for sensitivity analyses under IFRS 7 are the US dollar, Norwegian krone and British pound as the vast majority of foreign currency cash flows occurs in these currencies. As hedging transactions are generally used to hedge underlying transactions, opposite effects in underlying and hedging transactions are almost entirely offset over the total period. Therefore, the currency risk exposure described results from hedging relationships with off-balance sheet underlying transactions, i.e., hedges of firm commitments and forecasted sales. Based on our analysis, our exposure to the US dollar, Norwegian krone and British pound as of September 30, 2025 and 2024 was as follows:

If the euro had been 10% stronger against the US dollar as of September 30, 2025, the earnings resulting from the measurement as of the balance sheet date would have been €658 thousand higher (September 30, 2024: €521 thousand lower).

If the euro had been 10% weaker against the US dollar as of September 30, 2025, the earnings resulting from the measurement as of the balance sheet date would have been €721 thousand lower (September 30, 2024: €855 thousand higher).

If the euro had been 10% stronger against the Norwegian crowns as of September 30, 2025, the earnings resulting from the measurement as of the balance sheet date would have been €8,951 thousand lower (September 30, 2024: €26,301 thousand lower).

If the euro had been 10% weaker against the Norwegian crowns as of September 30, 2025, the earnings resulting from the measurement as of the balance sheet date would have been €46,552 thousand higher (September 30, 2024: €44,636 thousand higher).

If the euro had been 10% stronger against the British pound as of September 30, 2025, the earnings resulting from the measurement as of the balance sheet date would have been €9,744 thousand higher (September 30, 2024: €19 thousand higher).

If the euro had been 10% weaker against the British pound as of September 30, 2025, the earnings resulting from the measurement as of the balance sheet date would have been €9,744 thousand lower (September 30, 2024: €19 thousand lower).

The currency risk presented in the sensitivity analysis results from the unhedged part of the receivables and liabilities in non-functional currencies, unhedged bank balances or bank liabilities in non-functional currencies or currency risks from embedded derivatives.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Previously, the Group was only exposed to a minor interest rate risk, as any excess liquidity was transferred to the tk Group's cash pooling and cash management system. However, with the termination of this cash pooling arrangement as of September 25, 2025, the Group now independently manages its interest rate risk, ensuring a more direct control over its financial risk management strategies. Reference is also made to Note 9 and Note 21.

21 Related Parties

These Combined Financial Statements include transactions between the Group and tk Group (tk AG and its direct and indirect subsidiaries, excluding the Group). tk Group is a related party, as tk AG, as the ultimate parent, controls the Group (cf. Note 1.1).

Transactions with tk Group
Service, supply and delivery agreements exist between the Group and tk Group.
The Group is supplied by the tk Group and delivers to tk Group goods and services on a case-by-case basis.

Transactions with tk Group were as follows:

Service, supply and delivery agreements

	Sales of goods and services and other income		Purchases of goods & services and other expenses	
thousand €	**Year ended Sept. 30, 2024**	**Year ended Sept. 30, 2025**	**Year ended Sept. 30, 2024**	**Year ended Sept. 30, 2025**
Other entities of tk Group	5,185	12,310	15,102	16,351
Joint Ventures of TKMS Business	213	206	-	-
Associates of TKMS Business	11	138	-	-
Total	**5,410**	**12,653**	**15,102**	**16,351**

Interest income and expense from cash pool

In preparation for the spin-off, the existing system of intercompany clearing accounts and cash management, including cash pooling, between the Group and thyssenkrupp was terminated as of September 25, 2025. Subsequently, TKMS GmbH became the cash pool leader and is now integrated into the intercompany clearing accounts system and cash management of the Group.

Until September 25, 2025, the Group was integrated into the cash pooling and cash management systems of tk Group. Cash pooling is largely centralized at tk AG and certain financing companies (i.e., cash pool leaders). Relevant cash pool leaders until the termination of the cash pooling arrangements on September 25, 2025, for TKMS Business Entities are located in Germany (EUR), UK (GBP) and Canada (CAD). The Group typically had excess liquidity which were transferred into the tk Group's cash pooling and cash management system on a regular basis; reference is also made to Note 9. Basis for the cash pooling system was the tk Group Operating Instruction Financing and the cash management agreement. The cash management agreement was concluded for an indefinite period of time. Group companies with bank accounts connected to an automatic cash pool system were required to communicate their financial requirements or surplus funds to the cash pool leader in order to ensure effective cash management. Financial receivables and liabilities from/due tk Group were presented without netting in the Combined Financial Statements. Cash pool balances were interest-bearing. Both, borrowings and deposits were subject to interest at a pre-defined base interest rate that was oriented on the money market (EURIBOR for Euro or equivalent risk-free rates for foreign currencies, floored at 0%). In case of borrowings, a refinancing cost levy was charged on top of the base interest rate. This refinancing cost levy was based on the funding costs of tk AG and was determined on a quarterly basis. Historical funding costs of TKMS Business are therefore not necessarily indicative of future costs for such services. Interest income received from cash pool receivables are provided in Note 27.

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Interest income from cash pool with tk Group	58,273	38,165
Interest expense from cash pool with tk Group	3,249	3,928

The applicable weighted average interest rates for the most significant currencies were as follows.

in %	Borrowings		Deposits	
	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025
EUR	4.6	3.5	4.5	3.4
GBP	6.1	5.5	6.0	5.4
USD	6.1	5.6	6.0	5.4
CAD	6.2	4.2	6.1	4.1

Derivative financial instruments

The Group's hedging activities are performed on an arm's length basis via tk AG. The consideration is based on the normal market rates. The related receivables and payables are disclosed in other financial assets (cf. Note 9) and other financial liabilities (cf. Note 15) in lines "Derivatives not qualifying for hedge accounting" and "Derivatives qualifying for hedge accounting".

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Net gains (losses) from hedging activities performed by tk AG for the Group	(1,207)	3,312

The following table shows the notional amounts and fair values of derivative financial instruments entered into by the Group with tk AG:

DERIVATIVE FINANZINSTRUMENTE (zur Absicherung von Fremdwährungsrisiken)

thousand €	Notional amount as of Sept. 30, 2024	Carrying amount as of Sept. 30, 2024	Notional amount as of Sept. 30, 2025	Carrying amount as of Sept. 30, 2025
Assets				
Foreign currency derivatives that do not qualify for hedge accounting				
Foreign currency contracts US Dollar	8,104	269	3,951	16
Foreign currency contracts GBP	11,181	198	38,646	357
Foreign currency contracts SGD	2,431	40	95	1
Foreign currency contracts INR	3,999	69	36,772	2,202
Foreign currency contracts KRW	5,161	66	18,332	793
Foreign currency contracts Other	19,521	376	35,662	475
Foreign currency derivatives qualifying as cash flow hedges				
Foreign currency contracts USD	2,479	1	-	-
Foreign currency contracts Other	844	6	-	-
Total	**53,720**	**1,025**	**133,459**	**3,845**
Liabilities				
Foreign currency derivatives that do not qualify for hedge accounting				
Foreign currency contracts US Dollar	17,515	445	9,335	300
Foreign currency contracts GBP	12,108	188	33,917	791
Foreign currency contracts SGD	128	1	4,114	54
Foreign currency contracts Other	77,308	1,577	32,368	1,272
Foreign currency derivatives qualifying as cash flow hedges				
Foreign currency contracts USD	697	13	-	-
Foreign currency contracts NOK	5,453	615	5,453	633
Foreign currency contracts Other	4,094	84	4,094	356
Total	**117,303**	**2,922**	**89,281**	**3,405**

The volumes of hedging transactions entered into in the respective year are as follows.

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Sell Amount	244,175	234,320
Buy Amount	267,609	225,504

License fee
Based on a licensing agreement tk Group in the past granted the Group the non-exclusive right to use the thyssenkrupp corporate brand. For this license the Group paid a license fee to tk Group on an annual basis (“tk Group trademark fee”). The basis for the fee calculation was the Group’s sales, excluding sales to tk Group. The license fee applied was variable and based on both external sales and the Group’s Adjusted EBIT margin.

The license fees recognized in the Combined Statement of Income under the historical licensing agreement are as follows:

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
tk Group trademark fee	4,325	4,127

In the context of the separation from tk Group, TKMS GmbH entered into a new licensing agreement with tk AG, resulting in the termination of the historical brand invoicing model. The new licensing agreement grants TKMS Business the indefinite right to use licensed "TKMS" trademarks (for further information cf. Note 4).

Guarantees
tk Group has issued so called parent company guarantees (hereafter "PCG") to the TKMS Business' customers in connection with the TKMS Business's projects. PCGs issued by tk Group amounted to €10,837,056 thousand as of September 30, 2025 (September 30, 2024: €10,009,287 thousand). In the periods under consideration tk Group has charged a fixed fee (i.e. regardless of the guaranteed amount) of €85 thousand per PCG to TKMS Business, largely reflecting internal administration cost of such PCG incurred by tk Group. The fixed fees charged for the PCG have been included in TKMS Business' project costs and are presented in cost of sales with their historically recharged amounts. In connection with the spin-off the terms and conditions of the PCG have been re-negotiated effective fiscal year 2025/26 (see Note 33). Under the re-negotiated terms tk Group continues to charge a fixed fee by PCG in an amount which increases year-over-year but limited to a maximum fee of €800 thousand for each PCG. While existing PCG will remain in place after the spin-off, it is not intended to make use of new PCG with respect to new contracts entered into by TKMS Group after the spin-off.

The amounts charged by tk Group do not reflect amounts which would been charged in the hypothetical case that such guarantees were issued by external banks instead of tk AG. However, the amounts covered of the PCGs can also not compared to an amount covered by a bank guarantee, as the PCG covers the full contract value, whereas a bank guarantee would only cover specific contractual elements such as down payments or product performance. Therefore, the amounts included in the Combined Financial Statements may not be indicative of future performance of the TKMS Group and do not necessarily reflect what its net assets, financial position, results of operations, capital structure and cash flows would have been had the TKMS Business operated as an independent stand-alone group during the periods presented.

In addition, tk Group has entered into bank guarantees with external banks with respect to down payment guarantees, contract fulfilment guarantees or offset obligation guarantees issued to TKMS Business' customers. The conditions for the bank guarantees are variable, derived from tk Group's creditworthiness and charged to TKMS Business at an arm's length basis.

The costs incurred for guarantees amount to €15,823 thousand on September 30, 2025 (€13,258 thousand on September 30, 2024).

Legal reorganization
In the context of the legal reorganization as of September 30, 2025, the following certain reorganization steps have been executed:

(1) Effective May 21, 2025 the Company' general partner TKMS Management AG, which was previously organized as a limited liability company (Gesellschaft mit beschränkter Haftung – GmbH) and operated under the company name "thyssenkrupp Projekt 10 GmbH", was formed by way of a change of legal form after all interest in thyssenkrupp Projekt 10 GmbH were sold and transferred from tk AG to thyssenkrupp Technologies Beteiligungen GmbH (tk TB).

(2) On July 1, 2025, tk TB sold and transferred its entire 89.9% shareholding in TKMS GmbH to the Company and TKMS Beteiligungsgesellschaft mbH, i.e. 51.0% to the Company and 49.0% to TKMS Beteiligungsgesellschaft mbH.

(3) On July 1, 2025, tk TB sold and transferred its entire shareholding in transrapid to the Company and TKMS Beteiligungsgesellschaft mbH, i.e. 51.0% to the Company and 49.0% to TKMS Beteiligungsgesellschaft mbH.

(4) On July 1, 2025, tk TB sold and transferred its 14.9% shareholding in TKMS ATLAS ELEKTRONIK GmbH to TKMS GmbH with effect from July 1, 2025.

(5) Share purchase and transfer agreements were signed on July 1, 2025, for the minority shareholdings of tk AG in TKMS GmbH and TKMS ATLAS ELEKTRONIK GmbH as well as thyssenkrupp Holding Germany GmbH in TKMS Wismar GmbH, each amounting to 10.1%. The relevant share purchase and transfer agreements stipulate that the legal effectiveness of the agreements for the transfer of the aforementioned minority shareholdings is in each case subject to the condition precedent that the spin-off takes effect.

(6) Effective July 17, 2025, the Company, which was previously organized as a limited liability company (Gesellschaft mit beschränkter Haftung – GmbH) and operated under the company name “thyssenkrupp Projekt 2 GmbH”, has been converted into a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) by way of a change of legal form after tk TB has acquired from tk AG all interest in the Company in February 2025. Hence, tk TB helds all shares of the Company until the effectiveness of the spin-Off.

(7) On August 8, 2025, tk AG's shareholders approved the spin-off of its marine business, TKMS, during an Extraordinary General Meeting with an approval rate of 99,96%.

(8) The estimated purchase prices for the share transfers executed in preparation for the spin-off were based on external valuations and amount to approximately €2,030 million in total. The purchase price for the shares in TKMS GmbH were initially determined on a preliminary basis on July 1, 2025, because any transfer of losses or profits under the profit and loss sharing agreement effective until September 30, 2025, is intended to be taken into account in the purchase price (cf. Note 33).

(9) The purchase price was partially financed through contributions of approximately €634 million from tk TB to the Company, and €609 million from tk AG to TKMS Beteiligungsgesellschaft mbH, with no shares being issued in either case. The remaining portion of the purchase price was effectively funded through TKMS Business’ positive cash pool balance and had a negative impact on TKMS Business’s invested equity.

Profit or loss transfer agreements
For the periods under consideration profit or loss transfer agreements (“Ergebnisabführungsvertrag”) were in place with tk Group. The corresponding impact of the profit transfer or loss absorption is directly recognized in equity and is reflected as a withdrawal or contribution in the line item “Dividends & profit and loss transfer with TKMS Business’s equity holders” respectively, in the Combined Statement of Changes in Equity. The subsequent settlement of such receivables and liabilities is presented in the financing activities in the line item “Profit loss transfers received (paid)” of the Combined Statement of Cash Flows. In the course of the spin-off, tk TB and TKMS GmbH as well as tk TB and thyssenkrupp Transrapid GmbH have each concluded a termination agreement to terminate the existing profit or loss transfer agreements between them with effect from September 30, 2025. Following the entry of the spin-off in the commercial register of TKMS Holding, TKMS Holding and TKMS GmbH, as well as TKMS Holding and thyssenkrupp Transrapid GmbH, have each entered into a new control and profit transfer agreement with retroactive effect from October 1, 2025.

Balances due to/from tk Group

thousand €	Assets		Liabilities	
	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025
tk Group cash pool	1,165,590	-	57,376	-
Foreign currency derivatives with tk Group	1,025	3,845	2,922	3,405
tk Group other transactions	163,126	137,998	21,137	280,708

The outstanding balances as of each reporting date are unsecured and interest free except for the interest-bearing cash pool receivable due from tk Group. Settlement of these transactions occurs in cash. Except for the guarantees issued by tk Group to the Group's customers, there were no other guarantees provided or received for any related party receivables or payables. The position tk Group other transactions comprises receivables and liabilities in connection with the profit and loss agreement between TKMS Business entities and tk Group entities and service or supply contracts as well as the purchase price in the amount of €175,871 thousand for the minority shareholdings of tk AG in TKMS GmbH amounting to 10.1%.

Lease contracts
The Group has entered into lease contracts with tk Group for cars.

thousand €	Right of use assets		Lease liabilities	
	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025
tk Group	982	1,475	1,009	1,515

Transactions with key management personnel of TKMS Business

To complete the formation of TKMS Group as a stand-alone group, independent from tk Group, tk Group underwent a legal reorganization to establish the TKMS Group for the transaction by transferring Dedicated Entities as well selected, immaterial activities of the TKMS Business historically included in other legal entities of tk Group into a group structure under the control of TKMS Holding.

The key management of Marine Systems is therefore defined as those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, in particular members of the management board and the supervisory board.

The members of the TKMS Management Board comprising of Oliver Burkhard (Chief Executive Officer), Paul Glaser (Chief Financial Officer), Angelika Kambeck (Chief Human Resources Officer; as of June 1, 2025), Dirk Steinbrink (Chief Operating Officer) and Bernd Hartmann (Chief Human Resources Officer; until May 31, 2025) represent key management personnel of the Group.

Furthermore, Marine Systems is controlled by the ultimate parent, tk AG. Therefore, tk AG's Management Board and Supervisory Board are deemed key management. Until January 31, 2025, Oliver Burkhard was also member of the Management Board of tk AG. Therefore, Oliver Burkhard was remunerated by tk AG only and received no separate compensation from TKMS Business. Furthermore, no costs were charged by tk AG to TKMS Business for Oliver Burkhard's services as Member and Chairman of the Management Board of TKMS Group.

The compensation of the management board members of Marine Systems contains several remuneration components as illustrated in the table below. The compensation presented in the table encompasses both (i) directly incurred compensation at the TKMS Business level and (ii) allocated expenses incurred at the tk AG level, insofar as these were attributed to TKMS Business amounting to €167 thousand for the fiscal year 2024/25 (fiscal year 2023/24: €500 thousand) and reflected in these Combined Financial Statements:

thousand €	Sept. 30, 2024	Sept. 30, 2025
Short-term benefits	1,863	4,498
Long-term benefits	(10)	397
Termination benefits	-	415
Post-employment benefits	123	105
Total	**1,976**	**5,414**

The long-term benefits solely comprise the share-based compensation of the management board members.

Liabilities payable to the members of the TKMS Management Board only exist with respect to their compensation and are as follows:

thousand €	Sept. 30, 2024	Sept. 30, 2025
Short-term benefits	523	1,596
Long-term benefits	89	466
Termination benefits	-	308
Post-employment benefits	1,080	1,131
Total	**1,692**	**3,501**

Short-term benefits comprise of fixed compensation, annual bonus, the short-term component of the long-term incentive program and additional fringe benefits such as the provision of company cars as well as further transitional benefits for a limited period, such as relocation costs or costs in connection with the need to maintain two households for work purposes. Furthermore, the board members received a one-time cash compensation due to the decision not to grant new value rights under the long-term incentive program for the 2024/25 fiscal year. One board member is receiving an annual allowance in cash for personal pension provision in lieu of a company pension plan, which therefore is also included in the short-term benefits.

Termination benefits comprise of severance payments and paid leave for certain periods after resignation.

Post-employment benefits comprise of pension benefits granted to the members of the TKMS Management Board, in accordance with the provisions included in the individual employment contracts. For historical reasons a wide variety of voluntary defined benefit pension plans exist in Germany based on different risk profiles. Three former board members are eligible to pension benefits in accordance with plan rules stipulated by "Essener Verband". The plans represent defined benefit plans and are either designed as career-average plan or contribution-based plan granting benefits in case of retirement, disability or death. In case of an insured event the benefits are paid as annuities. Two active board members are eligible to pension benefits in accordance with the "Flex Plan", a share-based pension-plan with a minimum of 1% interest p.a. guaranteed by the employer and optional salary conversions for which employer-funded matching contributions are offered as an incentive.

Compensation attributable to members of the Supervisory Board comprised in fiscal year 2024/25 base compensation and additional compensation for committee work and amounted to €57 thousand (fiscal year 2023/24: €50 thousand) including meeting fees.

No advances or loans have been granted to key management personnel in the reporting period nor in the previous year.

Disclosures relating to the Executive Board and Supervisory Board of tk AG
The following disclosures show the total compensation of the Executive Board and the Supervisory Board of tk AG, as included in the tk AG Group financial statements.

In fiscal year 2024/25, the members of the Executive Board of tk AG received short-term benefits (excluding share-based compensation) of €9,671 thousand (fiscal year 2023/24: €6,683 thousand). In fiscal year 2024/25, there were no post-employment benefits due to the absence of pension commitments (fiscal year 2023/24: €3 thousand). In fiscal year 2024/25, there were no termination benefits reported (fiscal year 2023/24: €315 thousand). In fiscal year 2024/25, expense related to share-based compensation amounted to €15.073 thousand (fiscal year 2023/24: €(1,581) thousand). Therefore, the total compensation and benefits of the Executive Board of tk AG amounted to €24,744 thousand in fiscal year 2024/25 (fiscal year 2023/24: €5,421 thousand). The remuneration of the members of the executive board of tk AG is reflected as an expense in these Combined Financial Statements, insofar as these were attributed to TKMS Business amounting to €167 thousand for the fiscal year 2024/25 (fiscal year 2023/24: €500 thousand), as also discussed in the section "Transactions with key management personnel of TKMS Business" above. Compensation attributable to members of the supervisory board of tk AG comprises in fiscal year 2024/25 of short-term benefits and amounted to €2,386 thousand (including of meeting attendance fees) (fiscal year 2023/24: €2,369 thousand).

22 Segments

Reportable Segments
TKMS Business' management which corresponds with the tk AG Group's Marine Systems segment management, as the chief operating decision maker, manages the TKMS Business at operating segments level. The operating segments are largely organized and managed separately, reflecting the different nature of products and services provided. The Marine Systems Business is divided into its separately reported core segments Submarines, Surface Vessels and Atlas Electronics. The other segments NXTGEN and TCCT are presented in "All Other Segments". Starting from the fiscal year 2025/26, TCCT will be shown within the Atlas Electronics segment. NXTGEN remains to be combined and presented in All Other Segments.

Corporate and Consolidation
Centrally managed corporate and holding functions are presented together with consolidation effects. Consolidation essentially contains the elimination of intercompany transactions.

Management reporting principles and key performance indicators
The internal management and reporting structure of TKMS Business is based on the accounting policies that are described in Note 1.2.

At the operating segment level, performance is primarily assessed using gross margin, which serves as the key metric for managing business operations and is regularly reported to TKMS Management.

Segment reporting follows the management approach and includes both sales and gross margin by operating segment.

Segment reporting

Segment information for the year ended Sept. 30, 2025

thousand €	Submarines	Surface Vessels	Atlas Electronics	All other Segments	Corporate and Consolidation	Group
External sales	1,123,624	503,449	534,967	11,915	(2,587)	2,171,368
Internal sales within the group	18,370	-	165,946	104	(184,421)	-
Sales	1,141,994	503,449	700,913	12,020	(187,008)	2,171,368
Gross Margin	138,938	84,292	158,573	2,984	(1,679)	383,108
Therein:						
Depreciation and amortization	44,797	3,431	23,471	432	-	72,131

Segment information for the year ended Sept. 30, 2024

thousand €	Submarines	Surface Vessels	Atlas Electronics	All other Segments	Corporate and Consolidation	Group
External sales	975,036	570,849	432,731	7,538	397	1,986,551
Internal sales within the group	615	1	157,084	-	(157,700)	-
Sales	975,651	570,850	589,815	7,538	(157,303)	1,986,551
Gross Margin	72,646	95,463	143,616	3,783	(2,448)	313,059
Therein:						
Depreciation and amortization	41,935	3,345	21,718	261	-	67,259

Additional information

thousand €	Germany	All foreign countries	Group
External sales (location of customer)			
Year ended Sept. 30, 2024	509,351	1,477,199	1,986,551
Year ended Sept. 30, 2025	586,031	1,585,337	2,171,368

The following table shows those clients, which are countries due to the business model of the TKMS Business, whose sales accounted for more than 10% of the Group's sales in each reporting period:

thousand €	Year ended Sept. 30, 2024		Year ended Sept. 30, 2025	
Germany	509,351	25.6%	586,031	27,0%
Norway	290,712	14.6%	370,583	17,1%
Brazil	360,678	18.2%	219,529	10,1%
Israel	-	-	400,799	18,5%

Whereas sales in Germany originate from all segments, sales in Norway and Israel comprise only from the Segment Submarines and sales in Brazil comprise only from the Segment Surface Vessels.

thousand €	Germany	Rest of Europe	South America	Middle East	Africa	Other countries	Group
Non-current assets (intangible assets, property, plant and equipment inclusive of investment property and other non-financial assets) (location assets)							
Sep. 30, 2024	724.598	52.254	57.005	494	45	18.096	**852.491**
Sep. 30, 2025	808.344	53.555	55.173	440	36	17.863	**935.411**

Assets and capital expenditures are presented based on the location of the assets.

Reconciliations
The reconciliation of the earnings figure Gross Margin to income/(loss) group (before tax) is presented below:

GROSS MARGIN TO INCOME/(LOSS) BEFORE TAX

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Gross Margin as presented in segment reporting	**313,059**	**383,108**
Research and development cost	(47,716)	(54,713)
Selling expenses	(71,481)	(78,623)
General and administrative expenses	(114,718)	(139,780)
Other income/(expense), net	(699)	2,489
Profit/(loss) from operations	**78,445**	**112,481**
Financial income/(expense), net	50,336	40,914
Income/(loss) group (before tax)	**128,781**	**153,396**

23 Sales

Sales from contracts with customers, are presented below:

thousand €	Timing of revenue recognition	Submarines	Surface Vessels	Atlas Electronics	All other Segments	Corporate and Consoli-dation	Group
2023/24							
Sales category							
Sales from construction contracts	Over-time	924,490	561,919	351,038	-	397	1,837,844
Sales from rendering of services	Over-time / point in time	50,546	8,930	8,944	7,538	-	75,958
Sales of finished goods and merchandise	Point in time	-	-	72,749	-	-	72,749
Total		**975,036**	**570,849**	**432,731**	**7,538**	**397**	**1,986,551**

thousand €	Timing of revenue recognition	Submarines	Surface Vessels	Atlas Electronics	All other Segments	Corporate and Consolidation	Group
2024/25							
Sales category							
Sales from construction contracts	Over-time	1,070,452	498,916	353,998	-	(2,587)	1,920,779
Sales from rendering of services	Over-time / point in time	53,172	4,532	75,546	11,915	-	145,166
Sales of finished goods and merchandise	Point in time	-	-	105,423	-	-	105,423
Total		**1,123,624**	**503,449**	**534,967**	**11,915**	**(2,587)**	**2,171,368**

In presenting information for geographical areas, the allocation of sales is based on the location of the end customer of each project.

In the fiscal year ended September 30, 2025, Sales from contracts with customers results from long-term contracts amounting to €1,962,744 thousand (fiscal year ended September 30, 2024: €1,941,819 thousand) and from short-term contracts amounting to €209,160 thousand (fiscal year ended September 30, 2024: €44,732 thousand).

24 Functional Cost

Research and development costs
The future competitiveness of the Group shall be ensured through sustained development of new products, applications, and processes. This is also reflected in the Group's research and development cost amounting to €54,713 thousand in fiscal year 2024/25 (fiscal year 2023/24: €47,716 thousand). Research and development are related to new designs for submarines and naval surface vessels, signature reduction, energy/propulsion systems, novel sensor and effector systems and use of automation and robotics as well as artificial intelligence and software solutions. Research and development cost remained largely stable as a percentage of sales for the reporting periods under consideration.

Selling expenses
Selling expenses includes personnel, service and material costs related to the business development and sales process, particularly the preparation of any plant projects or service order proposals, including marketing and other costs related to the functional area of sales. Selling expenses are also attributable to campaign costs incurred for the tendering of mainly submarine projects and fluctuate with the tender in the respective years and the complexity of the tenders, including proposal and pre-engineering costs.

The Group's selling expenses increased by €7,142 thousand, or 10.0%, from €71,481 thousand in fiscal year 2023/24 to €78,623 thousand in fiscal year 2024/25.

Selling expenses also include impairment losses and reversals regarding trade receivables and contract assets in line with Group's accounting policies. In fiscal year 2024/25 the change of the valuation allowance amounts to an income of €13,885 thousand (fiscal year 2023/24: expense of €1,351 thousand).

General and administrative expenses
The Group's general and administrative expenses increased by €25,062 thousand, or 21.8%, from €114,718 thousand in fiscal year 2023/24 to €139,780 thousand in fiscal year 2024/25.

Expenses by nature
For additional information on the nature of expenses, including employee benefits expense (cf. Note 29) and material expenses (cf. Note 6), refer to the respective reference. Depreciation and amortisation expenses of the Group are as follows:

thousand €	Sept. 30, 2024	Sept. 30, 2025
Amortization (cf. Note 4)	21,038	21,234
Depreciation (cf. Note 5)	51,254	55,349
Total	**72,292**	**76,583**

25 Other income

Other income includes all operating income which is not included in or attributable to sales and is composed of the following categories:

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Foreign exchange gains	2,703	7,019
Government Grants	9,515	12,451
Income from derivatives not qualifying for hedge accounting	-	-
Other miscellaneous	17,386	36,665
Total	**29,604**	**56,136**

Government grants relate to research & development projects. They are recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate. There are no unfulfilled conditions or other contingencies attaching to these grants. Other miscellaneous income contains other ancillary income, sales of precious metals and reimbursements of costs which are passed on to neighbouring shipyards (cf. Note 26).

26 Other expenses

Other expenses include all operating expenses which are not included in or attributable to the functional categories and is composed of the following categories:

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Foreign exchange losses	4,014	2,421
tk Group trademark fee (cf. Note 21)	4,325	4,127
Losses from disposals	-	-
Other miscellaneous expenses	21,963	47,099
Total	**30,303**	**53,647**

Other miscellaneous expenses contain expenses in connection with provisions for Litigations, derivatives which do not qualify for hedge accounting and amongst others banking fees as well as costs which are passed on to neighbouring shipyards (cf. Note 25).

27 Finance income/(expense), net

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Income (loss) from companies accounted for using the equity-method	**2,343**	**1,306**
Interest income from cash pool with tk Group (cf. Note 21)	58,273	38,165
Other finance income	12,023	31,361
Finance income	**70,296**	**69,526**
Net interest cost of pensions and similar obligations	(13,613)	(11,834)
Interest expense from leases liabilities	(1,419)	(1,347)
Other finance expenses	(7,271)	(16,737)
Finance expense	**(22,303)**	**(29,918)**
Total	**50,336**	**40,914**

Other finance income and expenses comprise profits on short-term investments, and cash deposits. To a minor extent it also includes default interest and foreign currency valuation.

28 Income taxes

Income tax expense of the Group consists of the following:

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Current income tax expense/(benefit)	(28,197)	12,627
thereof related to prior periods	(1,258)	(536)
Deferred income tax expense/(benefit)	69,379	32,725
thereof related to temporary differences	68,916	33,212
thereof related to tax loss carryforwards	463	(487)
Total	**41,182**	**45,351**

The components of income taxes recognized in total equity are as follows:

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Income tax expense/(benefit) as presented on the statement of income	41,182	45,351
Income tax effect/(benefit) on other comprehensive income	(4,937)	(6,686)
Total	**36,245**	**38,665**

The income tax effect recognized in other comprehensive income relates to provisions for pensions and similar obligations (2024: € -8,310 thousand, 2025: € -8,407 thousand), cash flow hedges (2024: €3,325 thousand, 2025: €1,739 thousand) and from fair value measurement of equity instruments (2024: €48 thousand, 2025: € -18 thousand).

Components of the deferred tax assets (DTA) and deferred tax liabilities (DTL) are as follows:

	Sept. 30, 2024		Sept. 30, 2025	
thousand €	**DTA**	**DTL**	**DTA**	**DTL**
Deferred income taxes on non-current items				
Intangible assets	228	81,170	120	67,167
Property, plant and equipment	421	22,270	243	15,767
Financial assets	4,015	-	6,715	-
Other assets	874	11,926	818	16,787
Provisions for pension and similar obligations	35,095	-	24,037	-
Other provisions	6,550	180	-	1,953
Other liabilities	12,012	1,480	11,158	3,856
Deferred income taxes on current items				
Inventories	4,669	-	57	8,208
Other assets	329,755	59,782	364,218	4,703
Other provisions	81,214	67	56,517	63
Other liabilities	75,387	558,897	96,286	666,864
Valuation allowance – temporary differences	-	-	-	-
Subtotal	**550,220**	**735,772**	**560,169**	**785,368**
Tax loss carried forward	9,416	-	10,070	-
Interest carried forward	-	-	862	-
Foreign tax credits	940	-	-	-
Valuation allowance – tax loss carried forward etc.	(9,872)	-	(9,961)	-
Subtotal	**485**	**-**	**972**	**-**
Gross amount before offsetting	**550,705**	**735,772**	**561,141**	**785,368**
Offsetting	533,060	533,060	548,334	548,334
Balance sheet amount	**17,645**	**202,712**	**12,807**	**237,034**

As of September 30, 2025 and 2024 deferred tax assets exceeding deferred tax liabilities of €1,176 thousand (September 30, 2024: €2,116 thousand) were recognized by group entities, that suffered a taxable loss in either the current or prior year. This amount mainly results from thyssenkrupp Dock Servicios Navais Ltda., ATLAS North America, LLC. and ATLAS Elektronik Finland OY. The group has concluded that the deferred tax assets will be recoverable using the estimated future profits based on the business plans of the entities.

Deferred tax assets have not been recognized with respect of tax loss carry forwards (gross amounts) as of September 30, 2025, of €40,566 thousand (September 30, 2024: €36,477 thousand). and tax credits (gross amounts) as of September 30, 2025, of €0 thousand (September 30, 2024: €940 thousand).

The German corporate income tax law applicable for fiscal year 2024/25 sets a statutory income tax rate of 31.559% (fiscal year 2023/24: 31.528%). The applicable tax rates for companies outside Germany range from 9.000% to 34.000% (fiscal year 2023/24: 9.000% to 34.000%).

In Germany, a tax law change has been enacted in 2025 to reduce the corporate income tax rate from 15% to 10% within a 5 year period starting in 2028. The corporate income tax rate will be reduced by 1 percentage point in each of the five years resulting in a corporate income tax rate of 10% applicable to periods beginning on or after January 1, 2032. The reduction of the corporate income tax rate required a remeasurement of the deferred tax positions.
The tax rate change resulted in a deferred tax benefit of € -17,746 thousand.

Taxable temporary differences associated with investments in entities, associates and joint ventures in the amount of € 3,698 thousand as of September 30, 2025 (September 30, 2024: €3,242 thousand) have not been recognized.

thousand €	Year ended Sept. 30, 2024	in %	Year ended Sept. 30, 2025	in %
Expected income tax expense	40,585	31.5%	48,409	31.6%
Tax rate differentials to the German combined income tax rate	(1,301)	(1.0%)	(1,035)	(0.7%)
Changes in tax rates or laws	(507)	(0.4%)	(17,746)	(11.6%)
Change in valuation allowance	905	0.7%	3,728	2.4%
Permanent items	(874)	(0.7%)	2,070	1.3%
Results from equity investments	(4)	0.0%	-	-
Tax expense/(benefit) related to prior periods	(6,539)	(5.1%)	7,820	5.1%
Non-creditable withholding taxes	10,380	8.1%	1,851	1.2%
Others	(1,464)	(1.1%)	254	0.2%
Income tax expense as presented on the statement of income	**41,182**	**32.0%**	**45,351**	**29.6%**

29 Management Incentive Plans

The Group currently has the following management incentive plans, comprising plans implemented at TKMS Business level.

Long-term incentive program
The long-term incentive plan (LTI) is a long-term oriented compensation component under which stock rights of the ultimate parent of the company (i.e., tk AG) are issued to eligible participants. Plan participants are TKMS Management and several other selected executive employees of the TKMS Business. As of September 30, 2025, 542,363 stock rights were issued of the LTI (September 30, 2024: 740,047 stock rights).

The LTI is granted in annual instalments. At the beginning of each instalment a certain number of stock rights is allocated, initially provisionally. For the LTI instalments issued until fiscal year 2019/20 the number of stock rights issued was adjusted at the end of a three-year performance period based on the average tk AG Value Added (tkVA) over the period compared to a tkVA target value set in advance. The amount of payment for an instalment was calculated by multiplying the adjusted number of stock rights by the average price of tk AG's stock in the first three months after the end of the tkVA performance period, with the result that the term of each instalment extended over four fiscal years in total.

For the LTI instalments issued as of fiscal year 2020/21 and until fiscal year 2022/23 the number of stock rights issued will be adjusted at the end of the respective performance period, which was extended from three to four years, based on the development of the tk AG Groups adjusted EBIT margin over the period compared to target and threshold values set in advance. The amount of payment for an instalment is calculated by multiplying the adjusted number of stock rights by the average price of tk AG's stock in the 30 exchange trading days before the end of the four-year performance period.

For the LTI instalments issued as of fiscal year 2023/24 the number of stock rights issued will be adjusted at the end of the respective four-year performance period, based on the development of the relative total shareholder return (TSR) (weighting 30%), the return on capital employed (ROCE) (weighting 40%) and sustainability targets (weighting 30%) over the period compared to target and threshold values set in advance. All beforementioned targets relate to tk AG and as the sole sustainability target for the LTI instalment issued fiscal year 2023/24 the high risk supplier reduction (HSR), showing the proportion of suppliers classified as potentially risky in the risk analysis performed in accordance with the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) relative to the total population of potentially risky suppliers, was chosen. The amount of payment for an instalment is calculated by multiplying the adjusted number of stock rights by the average price of tk AG's stock in the 30 exchange trading days before the end of the four-year performance period. The LTI is exclusively settled in cash after the end of the respective performance period. The fair value of these rights is calculated on the date of grant and on each balance sheet date and recognized as an expense on a straight-line basis over the vesting period with a corresponding increase in provisions for other non-current employee benefits. The provision is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the provision are recognized in the Combined Statement of Income.

To determine the fair value of the stock rights used to calculate the pro-rata liability as of the balance sheet date forward prices of the tk AG stock are calculated in consideration of existing caps. The forward calculation is carried out for predefined periods (averaging periods) using the tk AG stock price and the euro interest rate curve as of the balance sheet date and the dividends assumed to be paid until the stock rights reach maturity.

In fiscal year 2024/25 the Group recorded a total expense of €4,005 thousand from the LTI (fiscal year 2023/24: income of €262 thousand). The total liability included in provisions for employee benefits arising from the LTI amounts to €4,751 thousand as of September 30, 2025 (September 30, 2024: €1,052 thousand).

The LTI program for TKMS will be settled as of September 30, 2025, with payouts occurring in the beginning of fiscal year 2025/26, impacting plan participants TKMS Management and several other selected executive employees of the TKMS Business. A new LTI program is planned to be established for TKMS going forward.

Short-term incentive program (STI)
The bonus system from October 1, 2023, includes a weighting of 100% Company targets. The corporate targets are set and communicated accordingly at the beginning of a financial year. The target achievement is determined at the end of the financial year as part of a planned/actual comparison of the KPIs. The target achievement can range from 0% to 200%. The payment is always made in January of the following year.

30 Additional disclosures on the statement of income

Personnel expenses included in the statement of income are comprised of:

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Wages and salaries	615,201	661,436
Social security taxes	98,112	113,501
Net periodic pension cost – defined benefit1)	8,277	9,829
Net periodic pension costs – defined contribution	7,507	4,607
Other expenses for pensions and retirements	3,681	2,005
Related fringe benefits	1,819	872
Total	**734,597**	**792,250**

1) Excluding net interest cost that is recognized as part of financial expenses.

The annual average number of employees as of September 30, 2025, was 8,313 (September 30, 2024: 7,926).

31 Notes to the statement of cash flows

Cash and cash equivalents
The liquid funds considered in the Combined Statement of Cash Flows correspond with cash and cash equivalents as presented in the Combined Statement of Financial Position and comprises of the current cash accounts in bank and on hand. Cash and cash equivalents include restricted cash equivalents as of September 30, 2025, in the amount of €546,220 thousand (September 30, 2024: €0 thousand) which mainly result from advance payments by the customer for the addition of four submarines in an extension of the order under the ongoing German-Norwegian 212CD program. There are no cash collaterals as of September 30, 2025 and 2024.

The maximum exposure to credit risk on cash and cash equivalents is equal to the respective book value.

Non-cash investing activities
In the year ended September 30, 2025, a non-cash addition of €8,912 thousand (September 30, 2024: €19,097 thousand) results from right-of-use assets according to IFRS 16.

Financing activities
In the periods under consideration cashflows from financing activities primarily comprise of cash flows from redemption of lease liabilities, cashflows received in connection with profit or loss transfer agreements (profit loss transfers received (paid)) and transactions with tk Group.

In all periods under consideration transactions with tk Group include transactions assumed to be immediately settled through equity, in particular in connection with the separate taxpayer approach applied in these Combined Financial Statements (for details see Note 1.4 “Income taxes and deferred taxes”). In fiscal year 2024/25 transactions with tk Group further reflect payments made for transfers of shareholding in connection with the legal reorganization in a total amount of €615,000 thousand (September 30, 2024: €633,877 thousand) (cf. Note 21).

Changes of liabilities from financing activities
The following tables show the changes of liabilities from financing activities including the changes of cash flows and non-cash items:

RECONCILIATION IN ACCORDANCE WITH IAS 7

	Sept. 30, 2024	**Cash flows from financing activities**	**Operating cash flows**	**Non-cash changes**			**Sept. 30, 2025**
thousand €		Principal portion	Interest paid	Currency differences	Additions	Other changes	
Lease liabilities	32,740	(7,042)	(1,347)	(289)	8,666	(30)	32,698
Liabilities to financial institutions	417	14,491	(786)	(13)	1,835	793	16,737
Total	**33,157**	**7,449**	**(2,133)**	**(302)**	**10,501**	**763**	**49,435**

Leases in the statement of cash flows
In the statement of cash flows, the interest component of the leases carried in the balance sheet is shown under operating cash flows. The repayment component of leases is shown under cash flows from financing activities. In the year ended September 30, 2025, the total cash outflows of the Group as a lessee in the statement of cash flows amounted to €7,042 thousand (September 30, 2024: €9,999 thousand). Expenses from short-term leases and from leases for low-value assets are shown under cash flows from operating activities (cf. Note 17).

32 Adjusted Earnings before Interest and Taxes (Adjusted EBIT)

At the group level, the TKMS Business's key performance indicators (KPIs) are Sales and Adjusted EBIT (Earnings Before Interest and Taxes). These KPIs are consistent with those historically reported for the Marine Systems (MS) Business within the consolidated financial statements of the tk Group.

TKMS Management Board provides information on adjusted earnings before interest and taxes (adjusted EBIT) because it uses this performance indicator at group level for management purposes and considers it essential for understanding the earnings situation.

Adjusted EBIT is not a performance measure defined in the IFRS accounting standards. The Group's definition of adjusted EBIT may not be comparable to similarly titled performance measures and disclosures used by other companies.

Adjusted EBIT is derived from income from operations as presented in the Combined Statement of Income, with adjustments for:
(i) expenses related to the tk Group trademark fee,
(ii) income and expenses from at-equity valuations, and
(iii) special items such as restructuring expenses, impairment losses or reversals, gains or losses from disposals, income from further investments and selected transaction related costs, including but not limited to merger & acquisition-related costs and
(iv) transaction costs incurred in connection with capital market transactions

The reconciliation of income/(loss) from operations to Adjusted EBIT is presented below:

RECONCILIATION PROFIT/(LOSS) FROM OPERATIONS TO ADJUSTED EBIT

thousand €	Year ended Sept. 30, 2024	Year ended Sept. 30, 2025
Profit/(loss) from operations	**78,445**	**112,481**
tk Group trademark fee	4,325	4,127
Income / (expense) from at-equity valuation	2,343	1,306
Other special items	471	(371)
Transaction costs	-	13,298
Adjusted EBIT	**85,585**	**130,841**

The other special items primarily comprise of impairment reversals in fiscal year 2024/25 in the amount of €1,195 thousand (fiscal year 2023/24: €1,937 thousand), selected merger & acquisition-related consulting costs in fiscal year 2024/25 in the amount of €39 thousand (fiscal year 2023/24: €3,180 thousand) and restructuring expenses in fiscal year 2024/25 in the amount of €0 thousand (fiscal year 2023/24: €115 thousand).

33 Subsequent events

Legal Reorganization of TKMS Business
In relation to the establishment of the spin-off structure the following certain reorganization steps have been executed between October 1, 2025 and the date of authorization of these Combined Financial Statements:

(1) The spin-off became effective October 17, 2025 upon its final entry in the commercial registers of tk AG at the local courts in Duisburg and Essen. Before these entries were made, the spin-off was entered in the commercial register of TKMS AG & Co. KGaA at the local court in Essen. As a result of the entry of the spin-off in the commercial registers of tk AG at the local courts of Duisburg and Essen, the assets to be spun off were transferred in their entirety to the TKMS AG & Co. KGaA by way of partial universal succession in accordance with the scope provided for in the spin-off and takeover agreement.

(2) On October 20, 2025, the shares of TKMS AG & Co. KGaA were listed and are traded since on the Frankfurt Stock Exchange.

(3) Share purchase and transfer agreements were signed on July 1, 2025, for the minority shareholdings of thyssenkrupp AG in TKMS GmbH and TKMS ATLAS ELEKTRONIK GmbH as well as thyssenkrupp Holding Germany GmbH in TKMS Wismar GmbH, each amounting to 10.1%. The relevant share purchase and transfer agreements stipulated that the legal effectiveness of the agreements for the transfer of the aforementioned minority shareholdings is in each case was subject to the condition precedent that the spin-off takes effect.

(4) The estimated purchase prices for the share transfers executed in preparation for the spin-off were based on external valuations and amount to approximately €2,030 million in total. The purchase price for the shares in TKMS GmbH were initially determined on a preliminary basis on July 1, 2025, because any transfer of losses or profits under the profit and loss sharing agreement effective until September 30, 2025 is intended to be taken into account in the purchase price. The purchase price adjustment amounted to 101 million and had a negative impact on TKMS Business's invested equity.

Conclusion of new service level agreements
tk Group entities will provide various services to TKMS Group based on service level agreements (SLA). The services that tk Group will provide to TKMS Group during the term of the SLAs, beginning from October 1, 2025, relate to general and administrative services such as intellectual property, information technology, insurance covering, accounting, human resources, taxes, real estate, legal & compliance, purchasing & supply chain management, tax, M&A services or pension management. TKMS Group and tk Group have agreed that the external services agreements should be at standard market conditions and therefore comply with the arm's length principle. As such, costs historically charged to the TKMS Business may differ from the costs which will be charged to the Group in the future based on the re-negotiated terms. Therefore, the cost structure as reflected in these Combined Financial Statements may not be representative for the future in this regard. In addition, the Group is also establishing new functions in conjunction with the separation and the spin-off which will further increase the cost base.

Kiel, December 8, 2025

Management Board of TKMS AG & Co. KGaA
TKMS AG & Co. KGaA represented by the Managing Board of TKMS Management AG

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