TKMS

HALF-YEAR FINANCIAL REPORT

H1 2025/26

October 1, 2025 - March 31, 2026

Your Maritime Powerhouse

TKMS in figures

Order situation (million €)	**H1 2024/25**	**H1 2025/26**	**Change**
Order intake	5,597	3,409	(39)%

Profit and loss (million €)	**H1 2024/25**	**H1 2025/26**	**Change**
Sales	1,060	1,168	10%
Gross margin	165	208	26%
EBIT	54	52	(3)%
EBITDA	91	95	5%
Adjusted EBIT	53	60	14%
Adjusted EBIT margin (%)	5.0	5.1	0.16pp
Net income	46	27	(41)%
Earnings per share (€)[1]	0.70	0.38	-

Cash flow (million €)	**H1 2024/25**	**H1 2025/26**	**Change**
Operating cash flow	788	(21)	(103)%
Investments	(32)	(51)	59%
Thereof: CAPEX	(32)	(51)	59%
Free cash flow	756	(72)	(110)%

Order situation (million €)	**Q2 2024/25**	**Q2 2025/26**	**Change**
Order intake	157	2,505	>300%

Profit and loss (million €)	**Q2 2024/25**	**Q2 2025/26**	**Change**
Sales	510	624	22%
Gross margin	81	113	39%
EBIT	27	25	(7)%
EBITDA	46	48	6%
Adjusted EBIT	27	34	26%
Adjusted EBIT margin (%)	5.3	5.4	0.18pp
Net income	22	24	7%
Earnings per share (€)[1]	0.34	0.35	-

[1] The company listed on the stock exchange for the first time on October 20, 2025. The share-based financial ratios for the prior-year period are presented as pro forma figures because the shares had not yet been admitted to trading on a regulated market as at the reporting date for the comparative period (September 30, 2025).

Order situation	Sept. 30, 2025	Mar. 31, 2026	Change
Order backlog (million €)	18,232	20,614	13%
Sales coverage	8.4	8.8	5%

Net assets and financial position (million €)	Sept. 30, 2025	Mar. 31, 2026	Change
Total assets	5,396	5,142	(5)%
Equity ratio (%)	20.1	19.5	(0.58)pp
Net financial assets	1,313	975	(26)%
Net advance payment	1,515	1,348	(11)%
Net working capital	(1,330)	(1,296)	(3)%

Non-financial information	Sept. 30, 2025	Mar. 31, 2026	Change
Employees (FTE)	8,407	8,810	5%
Share price (€)[1]	-	78.60	-
Market capitalization (million €)[1]	-	4,993	-

[1] The company listed on the stock exchange for the first time on October 20, 2025. The share-based financial ratios for the prior-year period are presented as pro forma figures because the shares had not yet been admitted to trading on a regulated market as at the reporting date for the comparative period (September 30, 2025).

CONTENTS

Financial development

- In the first half of the 2025/26 fiscal year, TKMS recorded a high order intake of €3,409 million (H1 2024/25: €5,597 million). The previous half-year period was exceptionally high due to record orders in the segments Submarines and Surface Vessels.
- At €20.6 billion (September 30, 2025: €18.2 billion) the order backlog rose once again to a new record level. Sales coverage was thus 8.8x (September 30, 2025: 8.4x).
- Sales in the first half of the 2025/26 fiscal year increased to €1,168 million (H1 2024/25: €1,060 million). This increase was largely due to the scheduled execution of the high order backlog.
- Adjusted EBIT improved to €60 million (H1 2024/25: €53 million). The adjusted EBIT margin rose slightly to 5.1% (H1 2024/25: 5.0%). This reflects the planned ramp-up of new-build projects with higher margins, with the simultaneous delivery of two submarines from legacy projects.[1]
- At €(72) million, the free cash flow was, as expected, below the previous year's figure (H1 2024/25: €756 million). The comparative period was characterized by very high advance payments.
- The forecast for the 2025/26 fiscal year, which was raised in part in February 2026, remains confirmed. TKMS expects sales growth of 2% to 5% compared to the previous year. At the same time, a further increase in the adjusted EBIT margin to more than 6% is expected.

Significant events

- TKMS was directly admitted to the MDAX just a few weeks after its successful stock-market listing on October 20, 2025.
- The German Federal Parliament Budget Committee approved the extension of the preliminary contract for the MEKO® A-200 DEU project. This aims towards the procurement of four MEKO® A-200-class frigates.
- Two submarines from legacy[1] projects were handed over to customers in the first half of the 2025/26 fiscal year.
- TKMS celebrated the commissioning of the frigate Tamandaré in Rio de Janeiro on Friday, April 24, 2026.
- TKMS awarded significant supplier contracts in the project to build the research vessel "new Polarstern" and successfully completed ice-breaking tests.
- TKMS became the first company worldwide to achieve an Approval in Principal (AiP) for an autonomous unmanned underwater system of the "Extra-Large Unmanned Underwater Vehicles" class (XLUUV).
- TKMS signed a memorandum of understanding with the Spanish company Navantia, S.A., based in Madrid, to explore a possible collaboration.
- With a view towards the ongoing Canadian tender for up to twelve submarines, TKMS signed several cooperation agreements.
- Dr. Andreas Görgen will join the Management Board of the TKMS Group as Chief Operations Officer ("COO") as of May 15, 2026.

[1] Legacy projects are all orders received before July 2021 for which at least one delivery has been made since 2021, with more to follow.

INTERIM GROUP MANAGEMENT REPORT

Macro and sector environment

MACROECONOMIC ENVIRONMENT

In the reporting period from October 1, 2025, to March 31, 2026, the global economic environment was characterized by a variety of geopolitical and economic influences, which had a particularly negative impact on industrial companies and their supply chains and led to considerable uncertainty on the international markets.

The military conflicts between Israel, the USA and Iran and their regional allies have contributed to a significant increase in geopolitical uncertainty. This led to sharp fluctuations in commodity and energy prices, particularly for oil, and caused disruptions and delays in global trade and supply chains. The resulting risks forced many companies to review their procurement strategies and production processes to a greater extent and render them more flexible to minimize the impact of potential bottlenecks and delivery delays.

According to current forecasts by the International Monetary Fund (IMF, World Economic Outlook of April 2026), global economic growth of around 3.1% is expected for 2026 (previous year: 3.4%). The decline reflects, in particular, the ongoing trade policy uncertainties, the persistently high inflationary pressure and restrictive monetary policy conditions.

The IMF forecasts growth of around 1.8% (previous year: 1.9%) for the developed economies. While for the US, it forecasts growth of 2.3% (previous year 2.1%). At just 1.1% forecast growth (previous year: 1.4%), the eurozone continues to lose momentum. However, it is supported by high government defense spending, robust labor markets and a cautious recovery in private consumption. Germany remains below average at 0.8% growth (previous year: 0.2%) – bogged down by high energy prices, trade policy uncertainties and the structural weakness of its export-oriented industry.

The IMF forecasts growth of 4.9% (previous year: 5.5%) for Asia's developing and emerging countries. By contrast, India continues to record dynamic development with expected growth of 6.5%. The region as a whole remains characterized by the conflicts in the Middle East and the associated volatility of oil prices, while at the same time increasing investment in infrastructure and defense projects.

The IMF expects moderate growth of 2.3% (previous year: 2.4%). With expected growth of 1.9%, Brazil's development is subdued.

Overall, the economic environment is complex and highly dynamic, requiring a combination of strategic risk management, a willingness to innovate and operational flexibility to ensure sustainable growth and stability, even under difficult external conditions. The geopolitical situation and the dynamics of global trade conflicts remain key influencing factors for the economic environment of TKMS.

SECTOR ENVIRONMENT

The maritime defense and security industry comprises the development, construction and maintenance of naval vessels, submarines, unmanned underwater systems and associated electronic and sensor systems. The sector is characterized by long product life cycles of more than 30 years in some cases, high technological barriers to entry, strict export control regimes and a strong dependence on government clients. Orders usually span several years to decades. This requires long-term planning security, but also offers a high degree of resilience to short-term economic fluctuations. Key industry trends include the increasing digitalization and automation of marine systems, the growing importance of modular and interoperable platforms, the increased use of unmanned maritime systems and rising requirements for cyber security and the protection of critical maritime infrastructure.

According to the Stockholm International Peace Research Institute (SIPRI), global military spending rose to USD 2,887 billion in 2025[1] - a real increase of 2.9% compared to the previous year and the eleventh increase in a row. Global military expenditure as a percentage of GDP stood at 2.5%, the highest level since 2009. The main drivers were Europe, where spending by NATO members grew by 14% – the fastest rate since 1953 – and Asia and Oceania, which saw an 8.1% increase – the sharpest rise since 2009. US military expenditure was USD 954 billion in 2025, 7.5% lower than the previous year.[2] In view of the ongoing rearmament programs and long-term spending targets, the global growth trend is expected to continue in 2026 and beyond.[3]

Within NATO, all 32 member states reached the target of spending at least 2% of GDP on defense for the first time in 2025. At the NATO summit in The Hague in 2025, the member states also agreed on a new target of 5% of GDP for defense and security spending by 2035, with at least 3.5% being allocated to core defense.[4]

Defense spending by the 27 EU member states reached a record level of €343 billion in 2024 - an increase of 19% compared to the previous year. EU defense spending is forecast to reach €381 billion in 2025, with a GDP share of more than 2% for the first time.[5] In Germany, the Federal Armed Forces will have a total of more than €86 billion at its disposal in 2025. The agreed key figures provide for a further significant increase to up to €153 billion in 2029.[6]

In the Asia-Pacific region, defense spending is experiencing one of the most dynamic developments worldwide, driven by maritime territorial conflicts in the South and East China Seas and China's strategic rearmament. India increased its military spending by 8.9% to USD 92.1 billion; Japan (+9.7% to USD 62.2 billion) and Taiwan (+14% to USD 18.2 billion) also significantly expanded their defense budgets. In Latin America, defense spending remains moderate by global standards, although Brazil, the largest defense market in the region, is making targeted investments in the modernization of its navy. In the Middle East, military expenditure in 2025 was estimated at USD 218 billion, remaining at the previous year's level.[2,3]

The global market for maritime defense systems is characterized by a limited number of specialized providers with high technological and regulatory barriers to entry. As an independent, vertically integrated, shipbuilding Group, TKMS covers the entire value chain for submarines, surface vessels and maritime electronics.

[1] External market studies (e.g. SIPRI, IMF, NATO) are always presented in the original currency used by the source.
[2] Stockholm International Peace Research Institute (SIPRI), Trends in World Military Expenditure 2025, April 27, 2026.
[3] Jane's Defense Budgets (JDB), Defense Spending Trends Shaping 2026 / Global Defense Budgets Annual Report: First Look 2026.
[4] NATO, Defense Expenditure of NATO Countries (2014-2025); NATO Summit The Hague 2025 - 5% Defense Investment Commitment.
[5] European Defense Agency (EDA), Defense Data 2024-2025; EDA Annual Report 2025.
[6] Federal Ministry of Defense, Significant increase in the defense budget from 2025, June 24, 2025.

Business performance and results of operations in the Group

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. TKMS uses these to set its targets and measure its success. The most important financial performance indicators are sales, adjusted earnings before interest and taxes (adjusted EBIT), the adjusted EBIT margin and investments.

Please refer to the “Glossary” section in this half-year financial report for the definitions underlying the key performance indicators.

BUSINESS PERFORMANCE

In the reporting period, demand for maritime security solutions continued to rise worldwide due to the current security situation. This development is additionally supported by numerous national and European defense programs and funding initiatives and is reflected in a record order backlog of €20.6 billion as of March 31, 2026 (September 30, 2025: €18.2 billion).

The stock market listing of TKMS was successfully implemented in October 2025. The listing was a major event in the reporting period and was associated with extensive preparatory and accompanying measures within TKMS. In the first half of the 2025/26 fiscal year, the measures included the further separation from thyssenkrupp AG (hereinafter referred to as ,“tk AG” or, with its subsidiaries, the “tk Group”) and the establishment of reporting, governance and compliance structures.

In the first half of the 2025/26 fiscal year, sales increased to €1,168 million (H1 2024/25: €1,060 million). The increase was largely due to the scheduled processing of the high order backlog. The construction progress achieved in various projects in the Submarines segment in November 2025 and January 2026 made a significant contribution to this. Furthermore, two key milestones were reached in the project to build the “new Polarstern” research vessel in the first half of the 2025/26 fiscal year: major supply contracts were awarded and the ice-breaking trials were successfully completed, enabling further progress to be made on the project and, consequently, further revenue to be generated. Thanks to good progress on the project, the frigate Tamandaré was also commissioned in Rio de Janeiro.

The adjusted EBIT increased to €60 million (H1 2024/25: €53 million), while the adjusted EBIT margin increased slightly to 5.1% (H1 2024/25: 5.0%). The positive earnings trend was driven by the project’s progress in line with schedule and the associated increase in margins. By contrast, higher costs associated with the spin-off, as well as higher sales expenses related to securing announced order intake, were incurred.

As expected, free cash flow in the first half of the 2025/26 fiscal year was €(72) million (H1 2024/25: €756 million). The significant year-on-year decline is largely due to the customer prepayments in excess of €1 billion received in the previous year, which were followed, as expected, by cash outflows in the first half of the 2025/26 fiscal year in the course of successive project completion.

In addition to processing the order backlog, TKMS invested in expanding its technological expertise. In the Submarines segment, proven platforms were further developed and new projects for the modernization and expansion of surface and underwater systems were driven forward. TKMS was the first company to achieve an “Approval in Principle” (AiP) for an autonomous unmanned underwater system of the XLUUV class, marking a significant milestone in the approval process for large autonomous underwater systems.

In addition, TKMS strengthened its international market position through cooperation agreements for the Canadian submarine program, including in the areas of production, in-service support, training and simulation.

A detailed explanation of the current order backlog and its development as well as the presentation of the financial results, including key success factors, can be found in the "order situation" and "earnings position" sections.

ORDER SITUATION

The order backlog at TKMS reached a new record level of €20.6 billion as of March 31, 2026 (September 30, 2025: €18.2 billion). The increase in the order backlog was driven by continued robust demand for defense technologies. This high demand resulted in a cumulative order intake in the first half of the 2025/26 fiscal year of €3.4 billion (H1 2024/25: €5.6 billion). The order intake in the first half of the previous year was exceptionally high due to the expansion of the order for the German-Norwegian 212CD submarine program in the Submarines segment and the order for the "new Polarstern" in the Surface Vessels segment.

The high order intake in the first half of the 2025/26 fiscal year was driven, in particular, by the order from the Norwegian government for the construction of two additional 212CD class submarines, bringing the total number of boats ordered by the Royal Norwegian Navy from four to six. In addition, the framework agreement with the Federal Office of Bundeswehr (German Federal Armed Forces) Equipment, Information Technology and In-Service Support (BAAINBw) for the delivery of heavyweight torpedoes and associated equipment for the 212CD class submarines was signed in the first half of the 2025/26 fiscal year in the area of naval electronics, which similarly flowed into the order intake.

To generate further growth, TKMS has intensified its efforts in the first half of the 2025/26 fiscal year for a contract to supply up to twelve state-of-the-art 212CD class submarines to Canada. Several industrial agreements were concluded with companies based in Canada. In addition, cooperation with the Indian shipyard Mazagon Dock Shipbuilders Ltd (hereinafter referred to as "MDL") was intensified. With MDL, TKMS is currently in the final phase of the bidding process for the order of six modern AIP submarines for the Indian Navy. In this context, TKMS was commissioned in the first half of the 2025/26 fiscal year as part of an "Early Work Agreement" for initial design services (basic design).

Furthermore, TKMS signed a preliminary contract for the MEKO® A-200 DEU project in the first half of the 2025/26 fiscal year, which serves to enable the delivery of the first ship by the end of 2029 and initiate central preparatory measures. These steps reflect the company's consistent commitment to expanding its presence in the international market for maritime defense technologies in the long-term.

CONDENSED STATEMENT OF INCOME

million €	H1 2024/25	H1 2025/26	Change
Sales	1,060	1,168	10%
Cost of sales	(895)	(960)	7%
Gross margin	**165**	**208**	**26%**
Research and development cost	(22)	(27)	23%
Selling expenses	(36)	(41)	14%
General and administrative expenses	(62)	(81)	31%
Other income and expenses	3	(7)	<(300)%
Income from operations	**48**	**52**	**8%**
Financial income, net	21	14	(34)%
Income taxes	(23)	(38)	65%
Net income	**46**	**27**	**(41)%**

million €	Q2 2024/25	Q2 2025/26	Change
Sales	510	624	22%
Cost of sales	(429)	(511)	19%
Gross margin	**81**	**113**	**39%**
Research and development cost	(12)	(15)	27%
Selling expenses	(17)	(20)	13%
General and administrative expenses	(29)	(44)	54%
Other income and expenses	3	(9)	<(300)%
Income from operations	**26**	**25**	**(6)%**
Financial income, net	9	10	13%
Income taxes	(13)	(11)	(15)%
Net income	**22**	**24**	**7%**

RESULTS OF OPERATIONS

In the first half of the 2025/26 fiscal year, sales amounted to €1,168 million and were thus significantly higher than in the previous year (H1 2024/25: €1,060 million; 10%). This development reflects the scheduled progress of project activities in current orders.

In the first half of the 2025/26 fiscal year, the gross margin increased by €43 million or 26% to €208 million (H1 2024/25: €165 million). The increase resulted from a higher proportion of higher-margin projects in the Submarines segment and further growth in the Atlas Electronics segment due to the improved order situation. The gross margin percentage improved accordingly in the first half of the 2025/26 fiscal year to 18% (H1 2024/25: 16%).

In the first half of the 2025/26 fiscal year, research and development costs increased by €5 million or 23% to €(27) million (H1 2024/25: €(22) million). Expenditure focused primarily on the development of technologies such as low-noise propulsion systems, digital sensor technology and the networking of maritime systems.
In relation to sales, the R&D ratio in the first half of the 2025/26 fiscal year remained constant at 2% compared to the same period of the previous year: (H1 2024/25: 2%).

Selling expenses increased in the first half of the 2025/26 fiscal year by €5 million or 14% to €(41) million (H1 2024/25: €(36) million). The increase is largely due to intensified sales activities in the Submarines segment, particularly in connection with the potential projects in Canada and India.

General administrative expenses increased in the first half of the 2025/26 fiscal year by €19 million or 31% to €(81) million (H1 2024/25: €(62) million). At €16 million or 76%, the increase in administrative costs is attributable to the spin-off from tk AG and the associated expansion of governance, reporting and compliance structures. This also includes one-off costs, particularly for consulting services.

Income from operations increased in the first half of the 2025/26 fiscal year by €3 million or 6% to €52 million (H1 2024/25: €48 million). This positive development was primarily driven by the scheduled progress of projects in the new construction business with a corresponding increase in the proportion of higher-margin projects. Orders from the Atlas Electronics segment, in particular, continued to be a key driver. At the same time, two submarines from legacy projects were delivered to the customer. As legacy projects are completed, higher-margin projects can follow and be undertaken, which has a positive impact on EBIT.

Adjusted EBIT increased in the first half of the 2025/26 fiscal year by €7 million or 14% to €60 million (H1 2024/25: €53 million). Adjustments in the first half of the 2025/26 fiscal year relate to special items amounting to €8 million (H1 2024/25: €(1) million). Special items adjusted in the second quarter relate, in particular, to expenses from real estate transfer tax in the amount of €8 million, which were incurred in the course of the legal reorganization to implement the Group structure in preparation for the spin-off and the subsequent stock market listing of TKMS.

The financial result fell in the first half of the 2025/26 fiscal year by €7 million or -34% to €14 million (H1 2024/25: €21 million). The reduction is largely due to lower interest income. The previous year was characterized by high interest income in connection with the advance payments from the record order intake for the German-Norwegian submarine program 212CD.

Income taxes increased in the first half of the 2025/26 fiscal year by €15 million or 65% to €38 million (H1 2024/25: €23 million). The higher tax expense compared to the same period of the previous year is largely due to the payment of Brazilian withholding taxes, which are incurred as expected but irregularly in terms of the timing of payments.

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

million €	**Q2 2024/25**	**Q2 2025/26**	**H1 2024/25**	**H1 2025/26**
Income from operations	**26**	**25**	**48**	**52**
Brand license fee of the tk Group	0	-	4	0
Other financial income	1	0	1	1
Special effects	(1)	9	(1)	8
Adjusted EBIT	**27**	**34**	**53**	**60**

Net assets and financial position

ASSET AND CAPITAL STRUCTURE

million €	Sept. 30, 2025	%	Mar. 31, 2026	%
Non-current assets	2,010	37	2,062	40
Current assets	3,386	63	3,080	60
Total assets	**5,396**	**100**	**5,142**	**100**
Equity	1,086	20	1,004	20
Non-current liabilities	630	12	642	12
Current liabilities	3,681	68	3,495	68
Total equity and liabilities	**5,396**	**100**	**5,142**	**100**

The development of the balance sheet structure in the first half of the 2025/26 fiscal year is significantly influenced by the effects of finalizing the legal reorganization to implement the Group structure in preparation for the spin-off and the subsequent stock market listing of TKMS, in addition to operational changes driven by business growth.

The increase in non-current assets is largely due to advance payments for assets under construction as well as capitalized costs to fulfil a contract and costs to obtain a contract (already realized and highly probable incoming orders) as part of the growing project business.

The decrease in current assets is largely due to a change in cash and cash equivalents in conjunction with payments to the tk Group for the acquisition of company shares and the decrease in other financial assets as part of finalizing the legal reorganization. This was offset, in particular, by advance payments made to suppliers as part of the growing project business and the expected further ramp-up of individual projects in subsequent quarters.

The decrease in equity is due in particular to payments to the tk Group in conjunction with finalizing the legal reorganization, which reduced equity by €108 million. This was partially offset by the positive consolidated net income in the reporting period.

The increase in non-current liabilities is largely due to other financial liabilities in connection with the acquisition of customer contracts and deferred tax liabilities. This was offset by lower pension provisions as a result of higher discount rates as of the reporting date.

The decrease in current liabilities is primarily attributable to the repayment of a purchase price liability with an amount of €276 million for the acquisition of company shares as part of the legal reorganization in preparation for the spin-off. This was offset, in particular, by working capital debt items as part of the growing project business and the expected ramp-up of individual projects.

NET WORKING CAPITAL

million €	Sept. 30, 2025	Mar. 31, 2026
Trade accounts receivable	285	227
Trade accounts payable	(423)	(526)
Inventories	323	351
Net advance payments	(1,515)	(1,348)
Contract assets	300	241
Contract liabilities	(2,349)	(2,345)
Advance payments made to suppliers[1]	534	756
Net working capital	**(1,330)**	**(1,296)**

Net working capital is largely characterized by industry-standard customer prepayments as part of major new construction and service projects and remains negative in the first half of the 2025/26 fiscal year. The absolute amount of net working capital is nearly unchanged compared to the end of the last fiscal year. It should be noted that the level of net working capital at the end of a reporting period is heavily influenced by the timing of advance payments made and received as part of conducting major projects and may also be subject to major fluctuations depending on the reporting date.

In structural terms, the development of net working capital primarily reflects the business performance in terms of payment status (customers and suppliers) and the percentage of completion of major projects, particularly in the Submarines and Surface Vessels segments.

[1] Part of the current other non-financial assets in the balance sheet

CASH FLOW STATEMENT

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

million €	H1 2024/25	H1 2025/26
Operating cash flow	788	(21)
Cash flow from investing activities (without cash pool of the tk Group)	(32)	(51)
Free cash flow	**756**	**(72)**
Deposits to/withdrawals from tk Group's cash pool	57	0
Cash flow from financing activity	143	(302)
Net increase/(decrease) in cash and cash equivalents	**956**	**(375)**

Operating cash flow
As expected, the operating cash flow in the first half of the 2025/26 fiscal year was below the operating cash flow in the comparative period from October 1, 2024 to March 31, 2025, in which cash of over €1 billion was received in connection with the record order intake and further customer prepayments in the new construction business and Atlas Electronics.

Cash flows from investing activities
The year-on-year increase in payments for investments is related to the investment projects for capacity expansions, which continued in the current fiscal year, in particular for expanding the Wismar site.

Free cash flow
The development of free cash flow is significantly influenced by the large-scale project business and the project-specific payment flows in the project life cycle, in which cash-in phases are typically followed by cash-out phases due to customer advance payments as projects are successively completed.

Deposits to/withdrawals from the cash pool
Up until the end of the last fiscal year, TKMS was included in the tk Group's cash pool and the related cash inflows and outflows were reported in the cash flow statement under cash flow from the investing activity. With the replacement of the cash pool with the tk Group, there will be no corresponding disclosure from the first half of 2025/26.

Cash flow from financing activity
Cash flow from financing activity is negative in particular due to payments to the tk Group for the acquisition of company shares as part of finalizing the legal reorganization. In the same quarter of the previous year, cash flow from financing activity was primarily characterized by payments received to settle the tk Group's loss compensation obligations as part of the profit and loss transfer agreements in place with the tk Group until the end of the 2024/25 fiscal year.

Business performance and results of operations in the segments

Segment reporting follows the TKMS internal management system.

The management system was adjusted in the first quarter of 2025/26, resulting in the following changes in segment reporting compared to the previous year:
For an explanation of the changes, see the condensed notes to the consolidated financial statements under “6. Business segments”.

The segment information for the TKMS core segments is thus as follows:

SUBMARINES SEGMENT

million €	Q2 2024/25	Q2 2025/26	H1 2024/25	H1 2025/26
Submarines segment				
Order intake	62	2,045	4,289	2,119
Sales	308	370	622	601
Gross margin	27	56	52	80
Adjusted EBIT	3	25	2	21
Adjusted EBIT margin (%)	1.1	6.6	0.4	3.5

Order intake
The order intake in the Submarines segment in the first half of the 2025/26 fiscal year was driven by the order for two 212CD class option boats for Norway and amounted to €2,119 million. It was therefore €(2,170) million or -51% below the comparative period, in which an extraordinarily high order intake of €4,289 million was recorded. In the first quarter of the 2024/25 fiscal year the first four option boats of the 212CD class were ordered. The total number of boats intended for the Royal Norwegian Navy amounts to six.

Sales
Revenue in the Submarines segment decreased in the first half of the 2025/26 fiscal year by €(21) million or -3%, from €622 million in the previous year to €601 million in the current fiscal year, in part, due to the extensive project progress in the prior-year period and temporary adjustments of ramp-ups in the first half of the 2025/26 fiscal year.

Adjusted EBIT
Adjusted EBIT in the Submarines segment increased by €19 million, or >300%, from €2 million as of March 31, 2025 to €21 million as of March 31, 2026. The main drivers of this development were the growing ramp-ups in the new construction projects, while burdens from the legacy projects with lower margins decreased. This was offset by an increase in administrative costs. The main reasons for this development are wage increases, recruitment in the course of order execution and capacity expansions, consulting services and increased costs from service agreements between tk AG and TKMS resulting from the spin-off. Investments in research and development continued, as new research and development projects were added in the first half of the 2025/26 fiscal year and the ramp-up in costs proceeded more rapidly than in the previous year. Selling expenses also increased due to higher project costs, particularly for efforts to secure the Canadian and Indian contracts.

SURFACE VESSELS SEGMENT

million €	Q2 2024/25	Q2 2025/26	H1 2024/25	H1 2025/26
Surface Vessels segment				
Order intake	16	32	1,174	33
Sales	84	103	210	277
Gross margin	12	11	39	39
Adjusted EBIT	10	5	23	18
Adjusted EBIT margin (%)	11.8	5.0	11.1	6.3

Order intake

At €33 million, the Surface Vessels segment was characterized by a lack of major orders of note in the first half of 2025/26, and was thus €(1,141) million or -97% below the comparative period, which saw incoming orders of €1,174 million. In the same period of the previous year, the order for the "new Polarstern" was the most significant new order received.

Sales

In the first half of the 2025/26 fiscal year, the Surface Vessels segment generated sales of €277 million. Compared to the previous year's amount of €210 million, this corresponds to sales growth of €67 million or 32%. Significant sales contributions resulted from the execution of existing contracts, in particular the Tamandaré order from the Brazilian customer and the "new Polarstern" from the Alfred Wegener Institute, Helmholtz Center for Polar and Marine Research.

Adjusted EBIT

Adjusted EBIT decreased by €(5) million or -22%, from €23 million as of March 31, 2025, to €18 million as of March 31, 2026. This corresponds to a decline in the EBIT margin in the Surface Vessels segment from 11% to 6%. The main reasons for this development are the increase in administrative costs due to pay rises, staff recruitment in the course of order execution and capacity expansions, consulting services and increased costs from service agreements between tk AG and TKMS in the course of the spin-off. Furthermore, increased investments were made in sales campaigns to secure potential incoming orders from the German customer. The previous year was also characterized by a positive exchange rate effect, which now contributes to the decline in adjusted EBIT.

ATLAS ELECTRONICS SEGMENT

million €	Q2 2024/25	Q2 2025/26	H1 2024/25	H1 2025/26
Atlas Electronics segment				
Order intake	94	537	150	1,796
Sales	158	191	300	376
Gross margin	39	43	71	87
Adjusted EBIT	14	19	24	41
Adjusted EBIT margin (%)	8.6	10.0	7.9	10.9

Order intake

Atlas Electronics' order intake in the first half of the 2025/26 fiscal year was €1,796 million and was largely characterized by a framework agreement with the Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support (BAAINBw) for the delivery of heavyweight torpedoes and the associated equipment for the 212CD class submarines. No comparable incoming orders were received in the same period of the previous year (H1 2025/26: €150 million). In comparison, the order intake in the first half of the 2025/26 fiscal year were thus €1,646 million or >300% above the same period of the previous year.

Sales

In the first half of the 2025/26 fiscal year, the Atlas Electronics segment generated sales of €376 million and was thus €76 million or 25% above the sales generated in the same period of the previous year (H1 2025/26: €300 million). This increase is largely due to the improved order situation, which is reflected in sales much earlier than in the Submarines and Surface Vessels segments due to the shorter project duration.

Adjusted EBIT

Adjusted EBIT increased significantly in the first half of the 2025/26 fiscal year by €17 million or 72% to €41 million. In the same period of the previous year, the adjusted EBIT of the Atlas Electronics segment was €24 million. Highly stable growth was achieved in line with the good sales performance. This was also supported by higher income from public funding for research and development projects. By contrast, higher administrative costs were incurred due to wage increases, staff recruitment in the course of order execution and capacity expansions, consulting services and increased costs from service agreements between tk AG and TKMS resulting from the spin-off.

Forecast report

FORECAST FOR THE FISCAL YEAR 2025/26

Forecast bases and assumptions
The statements made in the following forecast report and in the opportunities and risks report are based on the corporate plan for the 2025/26 fiscal year, which was approved by the Management Board and updated to reflect the results and assumptions available as of March 31, 2026. The forecast period covers the 2025/26 fiscal year. The underlying planning assumptions and bases are explained in full below for the first time in accordance with the requirements of DRS 20 because no forecast report has been published to date. These assumptions and principles are based on expectations and estimates by TKMS and take into account consensus forecasts by renowned institutions such as economic research institutes. Actual business performance may vary either positively or negatively from the expectations described below due to unforeseeable macroeconomic, geopolitical or regulatory events.

Macroeconomic development
TKMS is primarily shaped by the defense budgets of the customer countries, but the overall economic development is nevertheless of key importance. The economic situation and the associated budgetary situation of the customer countries indirectly influence their financial scope for defense spending and thus have an impact on the order situation at TKMS.

Please see the section titled "Macroeconomic and Industry Environment" for information on the economic conditions underlying the forecast. Please see the "Opportunities and Risks Report" that follows for information on the associated opportunities and risks.

In 2026, global economic development as a whole is characterized by a fragile geopolitical situation, particularly due to the escalation of military conflicts in the Middle East and the ongoing war in Ukraine. The resulting risks lead to sharp fluctuations in commodity and energy prices - particularly for crude oil - and are a burden on industrial companies and their supply chains worldwide. Isolated bottlenecks in critical components or raw materials can potentially lead to production delays and contractual penalties. Overall, TKMS assumes that potential effects on the operating business can be limited through the consistent further development and safeguarding of supplier relationships.

Overall, TKMS anticipates a rather subdued macroeconomic development for the current fiscal year. However, the forecast is based on a robust backlog and the expectation that supply chains will remain stable despite global political tensions.

Development of defense spending among major customer countries
As described above, TKMS is dependent on the development of defense spending. The global security policy environment, which will be characterized by a far-reaching transformation of the security architecture in 2026, is crucial here. The Russian war of aggression against Ukraine and the military conflicts in the Middle East between Israel, the USA and Iran have led to a permanent increase in global defense spending.

In light of this, the maritime dimension of defense is also becoming increasingly important The geopolitical trouble spots have permanently shifted defense priorities worldwide and are leading to a significant increase in defense budgets, including within NATO member states and their partners, which TKMS expects to boost demand for the TKMS product portfolio during the rest of the year.

In this context, TKMS assumes that the majority of NATO member states will reach the required two percent target for defense spending by 2026. In addition, with the target of increasing spending up to 5% of GDP by 2035, the Alliance has embarked on a long-term path for massive investment in core defense, infrastructure and technological resilience. The additional funds are increasingly flowing into the modernization and expansion of maritime defense capabilities. National procurement programs focus, in particular, on technologically sophisticated platforms such as submarines, vessels and integrated maritime security systems as well as autonomous systems. In Germany, this was driven forward by the federal government in March 2025 with adoption of the financial package, which provides expansive impetus for construction and equipment investments and supports domestic shipbuilding in the long-term.

At the same time, the European Union is also strengthening its security and defense industrial base and plans to mobilize considerable investment funds by 2030 to promote Europe's technological independence. In light of this, TKMS expects a further increase in the prioritization of maritime defense projects within national and European security planning.

Within the Asia-Pacific region, China's geopolitical ambitions there act as a catalyst for maritime modernization programs in the entire Indo-Pacific region. India, among others, is consistently pushing ahead with its military modernization to underpin its regional ambitions and strengthen its domestic arms industry.

Despite geopolitical volatility, complex regulatory frameworks and, in part, lengthy decision-making and approval processes in customer countries, the high demand for modernization among global fleets will ensure a robust order situation in 2025/26 and beyond.

Investment activity and investment priorities
Targeted investments in production and technology structures will be made in the forecast period to secure future performance and implement the strategic direction.

Planned investments will focus on the further expansion and optimization of production capacities at the TKMS sites in Germany. The Wismar site, in particular, will be gradually adapted in line with the requirements of the existing and future product portfolio. To that end, investments in modern production lines, production halls and technical infrastructure are planned. At the same time, investment measures will continue at the Kiel site, which is in the final phase of its modernization in the forecast period. This focuses particularly on the further expansion of the shipyard and the hall infrastructure.

In addition to location-related investments, other investments in property, plant and equipment in production are a key focus of investment activity. These relate primarily to the acquisition of modern machinery and equipment that can meet the requirements for the construction of new submarine classes.

In addition to this, the Atlas Electronics segment plans to invest in projects for the technological development of the product portfolio in particular to support the division's targeted growth. Investment activities in the forecast period also include capitalized development costs, which are primarily related to the further development of the SeaSpider program.

TKMS is laying the structural foundations for the further expansion of its operating performance via planned investments in 2025/26 fiscal year at the Wismar and Kiel sites, acquisition of new machinery and equipment for production and in the Atlas Electronics segment. TKMS thus expects that investment activity in the forecast period will make a significant contribution to ensuring quality, efficiency and delivery reliability and support the company's long-term strategic development.

Forecast of the most important performance indicators
The following outlook covers a forecast horizon for the 2025/26 fiscal year and is based on the corporate structure of TKMS in this period. All information known at the time of preparing the interim Group management report that could influence the business performance of TKMS is included. The expectations presented in the forecast are based on the updated corporate plan for the 2025/26 fiscal year. TKMS's key performance indicators are sales, adjusted EBIT, adjusted EBIT margin and investments.

TKMS sees itself on track to achieve the targets last published in February 2026. Based on the first half of the 2025/26 fiscal year, TKMS continues to assume that the adjusted EBIT margin in 2025/26 fiscal year will exceed 6%, and therefore increase compared to the previous year (2024/25: 6.0%). In addition, sales are expected to grow by 2% to 5% compared to the 2024/25 fiscal year (-1% to +2% in the 2024/25 voluntary condensed annual report). TKMS expects a sharp increase in revenue in the Atlas Electronics segment and a moderate increase in sales in the Surface Vessels segment for the 2025/26 fiscal year. In the Submarines segment, sales are expected to be slightly lower, also due to typical timing effects in revenue recognition within a business model generally characterized by large-scale project business. For capital expenditures, TKMS expects an increase to approximately €200 million in the 2025/26 fiscal year compared to €164 million in 2024/25, primarily due to ramp-up costs at the Wismar site.

	Actual values fiscal year 2024/25	Forecast for fiscal year 2025/26
Sales	€2,171 million	+2% to +5% compared to previous year
Adjusted EBIT	€131 million	€100 million to €150 million
Adjusted EBIT margin	6.0%	>6.0%
Investments	€164 million	~ €200 million

In the medium-term, TKMS continues to aim for consistent sales growth with an average annual growth rate of about 10%, whereby growth momentum is expected to increase. At the same time, the adjusted EBIT margin is expected to exceed 7% in the medium-term. In addition, TKMS continues to target a cumulative free cash flow of more than €400 million over three financial years. This will be determined as from the 2025/26 fiscal year onwards and reported for the first relevant three-year period from the 2027/28 fiscal year onwards.

Overall statement on expected development
Overall, TKMS continues to expect a positive economic development for the 2025/26 fiscal year against the background of the current business development. At the same time, the company remains focused on profitable growth and believes it is well positioned to achieve its strategic goals in the medium-term.

Opportunity and risk report

OPPORTUNITIES

TKMS defines opportunities as potential positive deviations from 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. By linking it to the strategy, planning and reporting processes, it is an integral part of 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, TKMS projects, but also the cross-project service areas, are called upon to identify and record opportunities at any time.

All relevant decision-makers are involved in opportunity management – from the Management Board and the heads of the divisions to the 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 systematically exploited.

Strategic and operational opportunities are recorded regularly – monthly for the main orders – and reported 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). The regular identification and tracking of opportunities are standard tasks for project managers. Opportunities in the major projects are reported on a monthly basis.

OPPORTUNITIES FOR THE TKMS GROUP

Strategic opportunities

Significant strategic opportunities for the Group arise from the current heightened public and political awareness of security and defense policy issues, which are 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 TKMS infrastructure based on a very good and extensive backlog. The shipyard location in Wismar plays a special role here.

Opportunity management at TKMS is based on the annual operational planning process and regularly identifies potential events that could contribute to over-fulfilling the targets planned therein.

Measures to seize identified opportunities are recorded, evaluated and managed. Short-term, mid-year, management of financial opportunities is integrated into the operational controlling process and occurs monthly.

OPERATIONAL OPPORTUNITIES FOR BUSINESSES

The expansion of shipbuilding capacity at the new Wismar site is proceeding according to plan; work on orders for various submarines and the polar research vessel “new Polarstern” is expected to start on schedule. The availability of these expanded shipbuilding capacities opens up additional order opportunities for TKMS in the field of naval vessel construction.

TKMS can meet the German Navy’s wish to be offered a further, quickly available platform in addition to the long-term planned F126 and F127 frigate projects with the MEKO® A-200 product, which has already been successfully delivered to an export customer and can thus be offered with a lower risk profile – particularly in terms of delivery date security.

Discussions with friendly nations and their naval industries have opened up promising opportunities for TKMS in the execution of export projects. For example, partnerships are planned in Greece and Spain that could make a significant contribution to securing both medium-term repair and new-build projects.

The further development of the product range of autonomous underwater and surface vehicles and unmanned sensor carriers also offers TKMS additional order opportunities following increased demand for these products, which TKMS believes is linked to the observation of the successful deployment of drones by Ukraine.

The generally good order situation also offers a good opportunity to broaden the basis on the procurement side and thus reduce dependency on single source suppliers or overcome this completely for certain systems and components.

RISKS

TKMS defines risks as possible negative variations from forecasts or other targets due to future unplanned events. Possible negative effects on non-financial aspects such as environmental and climate protection, sustainability, reputation and human resources are also taken into account.

Risk management encompasses all measures for addressing risks systematically and transparently. Due to its link with the planning and reporting processes at TKMS, it is an integral part of value-oriented corporate management and effectively supports the detection system. The risk management process at TKMS thus also serves the interests of investors and other stakeholders.

OVERALL ASSESSMENT BY THE MANAGEMENT BOARD: NO RISKS THAT THREATEN TKMS'S ABILITY TO CONTINUE AS A GOING CONCERN.

With its structured processes, TKMS risk management contributes to the efficient management of identified risks in the Group. 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. A criticality analysis is used to categorize risks that pose a threat to the company's continued existence or are significant, and the financial assessment of these risks is based on whether certain thresholds are exceeded in relation to the planned result. For more information, see the “Risk assessment” section.

RISK STRATEGY AND RISK POLICY

The TKMS 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, risks that could jeopardize the company's continued existence are generally avoided.

TKMS has a Governance, Risk and Compliance Policy (GRC Policy). This policy is supplemented and substantiated by business model-specific regulations (Compliance Management System Framework Guideline, Risk Management System Framework Guideline, Internal Control System Framework Guideline and Risk Assessment Work Instruction).

The TKMS risk management system is continually being developed, with adjustments made as required. In this way, the basis for risk management is defined as an overall framework.

The objectives of risk management include increasing risk awareness in all organizational units and further develop the value-oriented risk culture. To that end, TKMS prepares risks and opportunities transparently and systematically incorporates them into business decisions.

The Management Board has defined the following binding elements of a risk culture for the TKMS Group:

- The aim of firmly anchoring risk awareness throughout the company is to create open and transparent communication about risks and opportunities, regulations to be complied with and responsibilities.
- The active involvement of all managers and employees in maintaining a risk culture defined in this way in their respective areas of responsibility is essential to protect the company against risks in the long-term and at the same time make structured use of identified opportunities.

RISK MANAGEMENT PROCESS

The TKMS risk management system is based on the internationally recognized COSO model (Committee of Sponsoring Organizations of the Treadway Commission). 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 provided for in a standardized manner with binding force in the Risk Management System Framework Directive.

TKMS has structured its 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.

Risk management requirements from sustainability reporting in accordance with the CSRD (Corporate Sustainability Reporting Directive) are taken into account by recording the relevant content of a materiality analysis relating to TKMS's business in the 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, the partial assignment of risk managers to key projects ensures 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

The main TKMS projects are required to report on the development of their risk portfolio on a monthly basis. In addition to identifying new risks, activities also focus 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, the quality of the risk management process can be monitored at all times within the responsibilities of the risk owners. Risks are recorded using standardized recording tools based on the structure of the risk database.

In the project business, risk identification begins 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 precautions 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. Risk criticalities are derived in a 4x4 matrix (see figure below) based on probabilities of occurrence and loss amounts – measured in the categories of financial loss, adherence to deadlines, technological performance, intellectual property, human resources, reputation and customer relations. 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)				
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
	low (a)	some (b)	moderate (c)	major (d)

Impact

The risks with a criticality of 1-5 (color: gray) are designated as “low” for reporting purposes, those with a criticality of 6-12 (color: light yellow) as “medium” and those above 12 (color: black) as “high.” The assessment of the “impact” evaluation category across the various categories is provided for in the TKMS Framework Policy. 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.” Risks with a criticality score greater than 12 are considered material for reporting purposes. If the probability of occurrence exceeds 75%, the identified events are treated as events to be integrated into planning; in other words, they are no longer treated as risks. In this case, the remaining probability that the risk event will not occur is recorded as an opportunity and tracked as part of opportunity management.

Potential negative effects of the company’s own actions on non-financial aspects such as environmental and climate protection are also assessed qualitatively. 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 MANAGEMENT

All companies in the TKMS Group undertake to formulate measures to manage the individual risks and then systematically track their implementation and check their effectiveness. The mitigation strategy (Avoid, Mitigate, Transfer, Accept) is defined in the risk database for each recorded risk. The fundamental aim of TKMS is to prevent the emergence of undesirable risks. Where this is not possible or not economically viable after detailed analysis, one of the other mitigation strategies is determined and pursued as part of the risk management process. TKMS’s strategy is always to “avoid” risks the occurrence of which would be associated with a violation of laws, codes of conduct and other relevant Group-wide guidelines. TKMS transfers 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 insurance cover are derived from structured risk assessments. A further reduction in risk is achieved through the continuous improvement of the internal control system. Further details can be found in the following section.

INTERNAL CONTROL SYSTEM

Risks the source of which could lie in the processes of TKMS are countered with the structured internal control system. To monitor these risks, regular tests of the controls, i.e. the risk mitigation measures recorded in the internal control system, are conducted, of which around half occur 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 continue to follow the definitions and processes of the majority shareholder, tk AG.

In addition to the roles of process owner and risk owner, the TKMS internal control system also recognizes the roles of control owner 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.

The 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 for successfully managing risks in 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, for example, various monitoring measures and controls help to ensure that the consolidated financial statements can be prepared in accordance with regulations.

A system based on standard software is used for consolidation, which ensures 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 (German Commercial Code) and other accounting-related regulations and laws, and is reliable. Processes, sub-processes and associated controls previously conducted centrally by the majority shareholder tk AG were transferred to the internal control system in the 2025/26 fiscal year where appropriate. These are the processes of consolidation, non-financial reporting, taxes and selected controls from the areas of human resources and finance.

Based on new regulatory requirements, the internal control system of TKMS will also be expanded to include the relevant aspects of the sustainability report from the 2025/26 fiscal year. For these non-financial topics, the same methodologies for documenting and testing controls are applied as for financial aspects.

IT systems are regularly backed up 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.

The requirements for the internal control system are continually developed and the controls are adapted in line with changing processes. A comprehensive risk-control matrix and a structured self-assessment process are used in this regard. For this purpose, a standardized IT application already used in previous years continues to be mandatory 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.

TKMS provides ongoing training for employees responsible for risk management and the internal control system and uses internet-based applications, inter alia, to make the appropriate information and training material available on a permanent basis. Internal Auditing examines the effectiveness of the internal control and risk management system. Internal Auditing uses the results of risk identification in projects, specialist areas or at overall company level, the 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 and provide findings that TKMS can use to further improve the handling of risks in the Group.

TKMS’s 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 the Group. Nevertheless, despite the comprehensive risk analysis, the occurrence of risks cannot be entirely ruled out.

RISK CATEGORIZATION

The material risks for TKMS are bundled in 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 resulting from expansion investments,
- Risks resulting from the supply chain,
- Risks resulting from development projects.

In the following sections, these categories are described in detail and the associated risks are explained and assessed with a view to the second half of the 2025/26 fiscal year.

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 withdrawn 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, this risk category is still rated as low to medium, despite the current developments in the Middle East.

RISKS RESULTING FROM PROJECT AND MULTI-PROJECT MANAGEMENT

Managing 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. TKMS addresses this category of risks by regularly reviewing resource allocation across projects, adjusting the make/buy ratio, adapting shift models, and, in the medium-term, expanding or reducing capacities. As part of the integrated planning of TKMS, simulation models are used to estimate the confidence levels of the planned key delivery and milestone dates. This 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 in one instance 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. TKMS addresses this category of risks by creating scenarios assuming that the risk will occur at randomly selected points in time, and for each specific case the consequences of the risk are assessed and a fallback plan developed 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. TKMS revises these scenarios regularly, usually annually. This category is assessed as low to medium, with the criticality depending on the randomly determined scenarios.

RISKS RESULTING FROM THE FAILURE OF IT RESOURCES

TKMS works closely with IT experts from comparable and affiliated companies to mitigate risks that may arise from attacks on 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. TKMS relies on redundant components to limit the potential risk consequences of unplanned IT system failures. Recognizing that users themselves are the weak point in many attacks on networks and IT systems, TKMS has 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 the Kiel site with a new shipbuilding hall or increased office space, always entail a cost and schedule risk. The planned expansion of the workforce in view of the very large backlog also poses schedule and cost risks. TKMS regularly counters this type of risk by drawing on the expertise of external planners and approval managers familiar with such projects. TKMS provides 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 RESULTING FROM THE SUPPLY CHAIN

TKMS products are generally customized prototypes or small series. At the same time, 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. TKMS addresses this category of risks by expanding its supplier base as soon as the backlog allows it 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, TKMS projects generally involve adaptation or new development components that pose both time and performance risks. TKMS addresses 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.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of income

million €	Q2 2024/25	Q2 2025/26	H1 2024/25	H1 2025/26
Sales	510	624	1,060	1,168
Cost of sales	(429)	(511)	(895)	(960)
Gross margin	**81**	**113**	**165**	**208**
Research and development costs	(12)	(15)	(22)	(27)
Selling expenses	(17)	(20)	(36)	(41)
General and administrative expenses	(29)	(44)	(62)	(81)
Other income	7	12	23	25
Other expenses	(4)	(26)	(20)	(35)
Other gains/(losses), net	-	5	-	3
Income from operations	**26**	**25**	**48**	**52**
Income (loss) from companies accounted for using the equity method	1	1	1	1
Finance income	19	15	36	25
Finance expenses	(11)	(6)	(17)	(12)
Financial income, net	**9**	**10**	**21**	**14**
Income before tax	**35**	**35**	**69**	**66**
Income taxes	(13)	(11)	(23)	(38)
Net income	**22**	**24**	**46**	**27**
Thereof:				
Share of the shareholders of TKMS AG & Co. KGaA[1]	21	22	45	24
Non-controlling interests	1	2	1	3
Earnings per share (€)				
Undiluted	0.34	0.35	0.70	0.38
Diluted	0.34	0.35	0.70	0.38

[1] Description of the line item in the prior year: “attributable to the tk Group"

Consolidated statement of comprehensive income

million €	Q2 2024/25	Q2 2025/26	H1 2024/25	H1 2025/26
Net income	**22**	**24**	**46**	**27**
Items of other comprehensive income that will not be reclassified to profit or loss in future periods				
Remeasurements of pensions and similar obligations	8	3	8	10
Items of other comprehensive income that could be reclassified to profit or loss in future periods:				
Cash flow hedges, net	14	7	5	10
Foreign currency translation adjustment	0	3	(5)	0
Other comprehensive income	**22**	**12**	**8**	**20**
Thereof: tax effect	(5)	(4)	(5)	(7)
Comprehensive income for the reporting period	**45**	**36**	**55**	**47**
Thereof:				
Share of the shareholders of TKMS AG & Co. KGaA[1]	44	34	53	44
Non-controlling interests	1	2	1	3

[1] Description of the line item in the prior year: "attributable to the tk Group"

Consolidated statement of financial position

million €	Sept. 30, 2025	Mar. 31, 2026
Goodwill	1,044	1,044
Intangible assets other than goodwill	284	275
Property, plant and equipment	532	532
Investments accounted for using the equity-method	8	8
Other financial assets	10	10
Other non-financial assets	119	174
Deferred tax assets	13	19
Total non-current assets	**2,010**	**2,062**
Inventories	323	351
Trade accounts receivable	285	227
Contract assets	300	241
Other financial assets	151	12
Other non-financial assets	601	893
Current income tax assets	5	6
Cash and cash equivalents	1,722	1,350
Total current assets	**3,386**	**3,080**
Total assets	**5,396**	**5,142**
Equity and liabilities		
Capital stock	-	64
Additional paid-in capital	-	1,246
Retained earnings	-	(227)
Invested equity attributable to tk Group	1,166	-
Cumulative other comprehensive income	(95)	(76)
Equity attributable to shareholders	**1,072**	**1,007**
Equity attributable to non-controlling interests	14	(2)
Total equity	**1,086**	**1,004**
Provisions for pension and similar obligations	344	330
Provisions for other non-current employee benefits	15	13
Other provisions	0	0
Deferred tax liabilities	237	249
Lease liabilities	26	25
Other financial liabilities	7	26
Total non-current liabilities	**630**	**642**
Provisions for current employee benefits	40	34
Other provisions	333	326
Current income tax liabilities	14	27
Lease liabilities	6	7
Trade accounts payable	423	526
Other financial liabilities	349	52
Contract liabilities	2,349	2,345
Other non-financial liabilities	168	177
Total current liabilities	**3,681**	**3,495**
Total liabilities	**4,311**	**4,137**
Total equity and liabilities	**5,396**	**5,142**

Statement of changes in equity

million €	Capital stock	Capital reserve	Retained earnings	Invested equity attributable to tk Group	Cumulative other comprehensive income: Remeasure-ments of pensions and similar obligations	Cumulative other comprehensive income: Currency translation differences	Cumulative other comprehensive income: Cash flow hedges	Equity attributable to tk Group	Equity attributable to non-controlling interests	Total equity
Balance as of Oct. 1, 2024	**-**	**-**	**-**	**1,676**	**(68)**	**1**	**(23)**	**1,587**	**11**	**1,598**
Net income/(loss)	-	-	-	45	-	-	-	45	1	46
Other comprehensive income	-	-	-	-	8	(4)	5	9	-	8
Total comprehensive income	**-**	**-**	**-**	**45**	**8**	**(4)**	**5**	**53**	**1**	**55**
Transactions with tk Group	-	-	-	4	-	-	-	4	-	4
Basis adjustment	-	-	-	-	-	-	(2)	(2)	-	(2)
Balance as of Mar. 31, 2025	**-**	**-**	**-**	**1,725**	**(59)**	**(3)**	**(20)**	**1,642**	**12**	**1,654**
Balance as of Oct. 1, 2025 (as previously reported)	**-**	**-**	**-**	**1,166**	**(57)**	**(8)**	**(29)**	**1,072**	**14**	**1,086**
Transactions with tk Group	-	-	-	(108)	-	-	-	(108)	-	(108)
Breakdown of net assets according to legal structure	64	1,246	(251)	(1,058)	-	-	-	-	-	-
Net income/(loss)	-	-	24	-	-	-	-	24	3	27
Other comprehensive income	-	-	-	-	10	1	10	20	(1)	20
Total comprehensive income	**-**	**-**	**24**	**-**	**10**	**1**	**10**	**44**	**3**	**47**
Dividend distributions	-	-	-	-	-	-	-	-	(18)	(18)
Basis adjustment	-	-	-	-	-	-	(1)	(1)	-	(1)
Balance as of Mar. 31, 2026	**64**	**1,246**	**(227)**	**-**	**(48)**	**(7)**	**(20)**	**1,007**	**(2)**	**1,004**

Consolidated statement of cash flows

million €	H1 2024/25	H1 2025/26
Net income	**46**	**27**
Adjustments to reconcile the result for the period to the operating cash flow:		
Deferred income taxes, net	18	(1)
Depreciation, amortization and impairment of non-current assets	36	43
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes		
Inventories	(53)	(28)
Trade accounts receivable	73	58
Contract assets	68	64
Provisions for pension and similar obligations	(3)	(1)
Other provisions	61	(15)
Trade accounts payable	161	96
Contract liabilities	1,134	(10)
Other assets/liabilities not related to investing or financing activities	(751)	(254)
Operating cash flows	**788**	**(21)**
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(28)	(46)
Capital expenditures regarding intangible assets (inclusive of advance payments)	(5)	(5)
Cash pool deposits/withdrawals	57	-
Cash flows from investing activities	**24**	**(51)**
Proceeds from the assumption of liabilities to financial institutions	0	-
Repayment of liabilities to financial institutions	0	(14)
Cash flows from redemption of lease liabilities	(4)	(4)
Profit loss transfers received	147	99
Transactions with tk Group	0	(384)
Cash flows from financing activities	**143**	**(302)**
Net increase/(decrease) in cash and cash equivalents	**956**	**(375)**
Effect of exchange rate changes on cash and cash equivalents	(4)	3
Cash and cash equivalents at beginning of reporting period	122	1,722
Cash and cash equivalents at the end of reporting period	1,074	1,350
Additional information regarding interest and income tax amounts included in operating cash flows		
Income tax paid	(6)	(27)
Interest received	32	18
Interest paid	(3)	(3)

Condensed notes to the consolidated financial statements

1 GENERAL INFORMATION

TKMS AG & Co. KGaA (hereinafter also referred to as the "Company") is a listed corporation, with its registered office in Essen, Germany. These condensed consolidated interim financial statements of TKMS AG & Co. KGaA and its subsidiaries (hereinafter also referred to as the "TKMS Group") for the period from October 1, 2025 to March 31, 2026 have been subject to a review and were released for publication by the Management Board on May 6, 2026.

Upon completion of the reorganization measures relating to the spin-off, a group within the meaning of IFRS 10 came into existence for the first time in the current financial year in accordance with International Financial Reporting Standard (IFRS) 10. As at September 30, 2025, voluntary combined financial statements had been prepared; in October 2025, all reorganization steps were implemented, meaning that from that date onwards, consolidation is performed in accordance with the equity interest and control criteria of IFRS 10.

The accounting and valuation methods applied in this interim report are unchanged compared to September 30, 2025. The reporting currency is the euro.

The condensed consolidated interim financial statements for the TKMS Group as of March 31, 2026 have been prepared in accordance with Section 115 of the German Securities Trading Act (WpHG) and in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and other IFRSs, as applicable to interim financial statements pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council concerning the application of international accounting standards in the European Union.

All IFRS and the related interpretations (IFRIC/SIC) of the IFRS Interpretations Committee (IFRS IC) that had become effective and were mandatorily applicable as of the reporting date were applied in the condensed consolidated interim financial statements. The accounting standards to be applied for the first time from the 2025/26 fiscal year had no impact on the presentation of the TKMS Group's net assets, financial position and results of operations.

The following new or amended IFRS have been published by the International Accounting Standards Board (IASB), but are not yet mandatory as of the reporting date:

- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments," publication May 2024, first-time application in fiscal year 2026/27
- Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 "Annual Improvements to IFRS - Volume 11," publication in July 2024, first-time application in fiscal year 2026/27
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity," publication in December 2024, first-time application in fiscal year 2026/27
- IFRS 18 "Presentation and Disclosure in Financial Statements," publication in April 2024, adoption into EU law still pending, expected first-time application in fiscal year 2027/28
- IFRS 19 "Subsidiaries without Public Accountability Disclosures," publication in May 2024, adoption into EU law still pending, expected first-time application would be in fiscal year 2027/28
- Amendments to IFRS 19 "Subsidiaries without Public Accountability : Disclosures," publication in August 2025, adoption into EU law still pending, expected initial application in the 2027/28 fiscal year

- Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates - Translation to a Hyperinflationary Presentation Currency,” publication in November 2025, adoption into EU law still pending, expected first-time application in fiscal year 2027/28

The company has not applied these standards early and does not currently expect the application of the amendments to the standards to have a material impact on the presentation of the financial statements. The company is currently examining the effects of the first-time application of IFRS 18 on the presentation of its financial statements, with no early application.

The preparation of the financial statements requires the Management Board to make estimates and judgments and apply assumptions that affect the application of accounting principles and the reported amounts of assets and liabilities as well as income and expenses. All estimates and assumptions are made to the best of knowledge and belief with the aim of providing a true and fair view of the net assets, financial position and results of operations of the Group, and are reviewed on an ongoing basis. The actual amounts may differ from these estimates and assumptions.

2 SCOPE OF CONSOLIDATION

As of March 31, 2026, in addition to TKMS AG & Co. KGaA, a total of 14 (September 30, 2025: 14) domestic and 21 (September 30, 2025: 21) foreign subsidiaries were included in the consolidated financial statements on a full consolidation basis.

In addition, 4 associated companies were incorporated using the equity method (September 30, 2025: 4).

As at March 31, 2026, 4 (September 30, 2025: 4) companies were included in the consolidated financial statements at amortized cost, as these are of minor importance to the TKMS Group's net assets, financial position and results of operations.

3 FINANCIAL INSTRUMENTS

The carrying amounts, the measurement categories in accordance with IFRS 9 and the fair values of the financial assets and liabilities by class are presented in the following table. Lease liabilities, contract assets and derivatives that meet the requirements for hedge accounting are also included, although they do not fall within a measurement category under IFRS 9.

	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 balance sheet as of September 30, 2025**
Trade accounts receivable	284,935	-	-	-	284,935
Contract assets	-	-	-	300,396	300,396
Other financial assets	156,291	5,058	-	-	161,348
Receivables from cash pooling arrangements with tk Group	222	-	-	-	222
Miscellaneous other financial assets	156,069	-	-	-	156,069
Embedded derivatives	-	1,213	-	-	1,213
Derivatives not qualifying for hedge accounting	-	3,845	-	-	3,845
Derivatives qualifying for hedge accounting	-	-	-	-	-
Cash and cash equivalents	1,029,910	691,943	-	-	1,721,853
Total of financial assets	**1,471,136**	**697,000**	**-**	**300,396**	**2,468,533**
Lease liabilities	-	-	-	32,698	32,698
Trade accounts payable	423,170	-	-	-	423,170
Other financial liabilities	320,033	2,417	41,057	-	363,507
Other miscellaneous financial liabilities	320,033	-	-	-	320,033
Embedded derivatives	-	0	34,569	-	34,569
Derivatives not qualifying for hedge accounting	-	2,417	-	-	2,417
Derivatives qualifying for hedge accounting	-	-	6,488	-	6,488
Total financial liabilities	**743,203**	**2,417**	**41,057**	**32,698**	**819,375**

	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 balance sheet as of March 31, 2026
Trade accounts receivable	226,694	-	-	-	226,694
Contract assets	-	-	-	240,806	240,806
Other financial assets	18,363	3,002	383	-	21,748
Receivables from cash pooling arrangements with tk Group	178	-	-	-	178
Miscellaneous other financial assets	18,185	-	-	-	18,185
Embedded derivatives	-	758	-	-	758
Derivatives not qualifying for hedge accounting	-	2,243	-	-	2,243
Derivatives qualifying for hedge accounting	-	-	383	-	383
Cash and cash equivalents	1,058,378	291,642	-	-	1,350,020
Total of financial assets	**1,303,436**	**294,644**	**383**	**240,806**	**1,839,269**
Lease liabilities	-	-	-	32,636	32,636
Trade accounts payable	525,962	-	-	-	525,962
Other financial liabilities	21,496	1,690	29,148	-	52,334
Other miscellaneous financial liabilities	21,496	-	-	-	21,496
Embedded derivatives	-	28	22,435	-	22,463
Derivatives not qualifying for hedge accounting	-	1,662	-	-	1,662
Derivatives qualifying for hedge accounting	-	-	6,713	-	6,713
Total financial liabilities	**547,458**	**1,690**	**29,148**	**32,636**	**610,932**

Cash and cash equivalents as of March 31, 2026, include restricted cash equivalents in the amount of €218 million (September 30, 2025: €546 million), which primarily result from advance payments made by the customer for the extension of the order by four submarines as part of the ongoing German-Norwegian 212CD program.

The carrying amounts of trade receivables, other financial receivables and cash and cash equivalents measured at amortized cost correspond to their fair values due to the short remaining maturities.

The fair value of foreign currency forward transactions, including embedded derivatives, is determined on the basis of the mid spot exchange rate as of the reporting date, adjusted for any forward premiums or discounts for the remaining contract term relative to the contractually agreed forward exchange rate.

The carrying amounts of trade payables and other financial liabilities correspond to their fair values, as they are to be regarded as current.

Financial assets and liabilities measured at fair value may be classified into one of the three levels of the following fair value hierarchy (hereinafter referred to as the "fair value hierarchy"):

VALUATION HIERARCHY AS OF SEPTEMBER 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	3,845		3,845	
Cash and cash equivalents (money market funds)	691,943	691,943	-	-
Fair value recognized in OCI	**-**	**-**		
Derivatives qualifying for hedge accounting	-		-	
Embedded derivatives	1,213		1,213	
Total	**697,000**	**691,943**	**5,058**	**-**
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**	**-**

VALUATION HIERARCHY AS OF MARCH 31, 2026

thousand €	Mar. 31, 2026	Level 1	Level 2	Level 3
Financial assets at fair value	**-**			
Fair value recognized in profit or loss	**-**			
Derivatives not qualifying for hedge accounting	2,243		2,243	
Cash and cash equivalents (money market funds)	291,642	291,642		
Fair value recognized in OCI	**0**			
Derivatives qualifying for hedge accounting	383		383	
Embedded derivatives	758		758	
Total	**295,027**	**291,642**	**3,385**	**-**
Financial liabilities at fair value	**-**			
Fair value recognized in profit or loss	**-**			
Derivatives not qualifying for hedge accounting	1,662		1,662	
Fair value recognized in total comprehensive income	**-**			
Derivatives qualifying for hedge accounting	29,148		29,148	
Embedded derivatives	0		0	
Total	**30,809**	**-**	**30,809**	**-**

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 consists of financial instruments for which a fair value measurement is based on unobservable inputs using recognized valuation models.

In the half-year period under review up until March 31, 2026, there were no reclassifications between Level 1 and Level 2.

4 CONTINGENCIES, OTHER FINANCIAL OBLIGATIONS AND OTHER RISKS

SysCo, a former sales intermediary,has been pursuing claims against TKMS and several companies of the tk Group since 2012 before the High Court of Karachi (Pakistan) for payment of an amount of €139 million in connection with an unsuccessfully completed sales project. There has been no activity in these proceedings since March 2024, in particular, there have been no hearings on the merits to date.

The Republic of Korea (hereinafter “ROK”) is seeking damages of €201 million in arbitration proceedings against TKMS for delayed delivery of submarines built by Korean shipyards from material packages of the TKMS Group and delivered to the Republic of Korea. In September 2024, the partial arbitration award confirmed TKMS’s legal opinion on the interpretation of the contract in a partial award and dismissed all claims for damages for the boat 427 in dispute. The ROK is currently seeking annulment of the partial arbitration award before the state courts. The proceedings regarding the remaining four boats are still pending and will be continued independently of the aforementioned application for annulment.

NVL B.V. & Co. KG (hereinafter “NVL”) is asserting claims for damages from alleged project delays in arbitration proceedings against TKMS in connection with a corvette program, in addition to a payment claim in the amount of approximately €5 million, essentially claims for declaratory relief in the high double-digit million range. TKMS is claiming damages in the low double-digit millions against NVL by way of a counterclaim.

Hellenic Shipyards S.A. (hereinafter "HSY") is seeking payment from TKMS in arbitration proceedings in the amount of just under €35 million, plus interest at a rate of 5% per annum since October 2010. HSY had paid this amount to TKMS as the paying agent for the end customer, the Hellenic Republic, pursuant to a materials supply contract, and is now seeking its return following the issuance of the final award in favor of TKMS in the concluded dispute between the Hellenic Republic, TKMS, and others.

It is not possible to provide a reliable estimate of the timing of the aforementioned procedures. Appropriate provisions are recognized for any financial risks depending on their probability of occurrence.

5 SALES

Sales, including sales revenue from contracts with customers, are stated below:

million €	Timing of revenue recognition	Submarines	Surface Vessels	Atlas Electronics	All other segments	Corporate and consoli-dation	Group
Q2 2024/25							
Sales category							
Sales from construction contracts	Over-time	298	83	131	(1)	(41)	469
Sales from rendering of services	Over-time / point in time	10	1	7	3	0	21
Sales of finished goods and merchandise	Point in time	-	-	21	-	(1)	20
Total		**308**	**84**	**158**	**1**	**(42)**	**510**

million €	Timing of revenue recognition	Submarines	Surface Vessels	Atlas Electronics	All other segments	Corporate and consoli-dation	Group
Q2 2025/26							
Sales category							
Sales from construction contracts	Over-time	362	102	122	3	(40)	550
Sales from rendering of services	Over-time / point in time	8	0	18	-	(3)	23
Sales of finished goods and merchandise	Point in time	-	-	51	-	(1)	51
Total		**370**	**103**	**191**	**3**	**(43)**	**624**

million €	Timing of revenue recognition	Submarines	Surface Vessels	Atlas Electronics	All other segments	Corporate and consoli-dation	Group
H1 2024/25							
Sales category							
Sales from construction contracts	Over-time	592	207	253	-	(75)	977
Sales from rendering of services	Over-time / point in time	30	3	9	3	0	45
Sales of finished goods and merchandise	Point in time	-	-	38	-	(1)	37
Total		**622**	**210**	**300**	**3**	**(76)**	**1,060**

million €	Timing of revenue recognition	Submarines	Surface Vessels	Atlas Electronics	All other segments	Corporate and consoli-dation	Group
H1 2025/26							
Sales category							
Sales from construction contracts	Over-time	587	275	254	3	(83)	1,035
Sales from rendering of services	Over-time / point in time	14	2	34	-	(5)	46
Sales of finished goods and merchandise	Point in time	-	-	89	-	(1)	88
Total		**601**	**277**	**376**	**3**	**(89)**	**1,168**

Additional information

million €	Germany	All other countries	Group
External sales (customer location)			
H1 2024/25	312	748	1,060
H1 2025/26	305	863	1,168

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 the reporting period:

million €	H1 2024/25		H1 2025/26	
Germany	312	38%	305	35%
Norway	211	26%	229	27%
Brazil	182	22%	214	25%
Israel	111	14%	115	13%

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.

6 BUSINESS SEGMENTS

Segment reporting follows the Group's internal management system.

The management system was adjusted in the first quarter of 2025/26, resulting in the following changes in segment reporting compared to the previous year:

- The segments are no longer managed based on gross margin, rather on adjusted EBIT, i.e. taking into account the cost of relevant operational functions that can be allocated to the segment.
- The business activities of thyssenkrupp Transrapid GmbH were organizationally integrated in the Atlas Electronics segment. Until September 30, 2025, these were included in the All Other segments segment. The information for the Atlas Electronics segment and Other segments for previous periods has been adjusted accordingly.

The segment information for the six months to March 31, 2026 is thus as follows

Segment information for the six months to March 31, 2025

million €	Submarines	Surface Vessels	Atlas Electronics	All other segments	Corporate and consoli-dation	Group
External sales	622	210	225	3	0	1,060
Internal sales within the Group	1	0	75	0	(76)	0
Sales	**622**	**210**	**300**	**3**	**(76)**	**1,060**
Adjusted EBIT	2	23	24	0	4	53
Therein: depreciation and amortization	21	2	11	0	0	34

Segment information for the six months to March 31, 2026

million €	Submarines	Surface Vessels	Atlas Electronics	All other segments	Corporate and consoli-dation	Group
External sales	600	277	286	6	0	1,168
Internal sales within the Group	1	0	90	(3)	(89)	0
Sales	**601**	**277**	**376**	**3**	**(89)**	**1,168**
Adjusted EBIT	21	18	41	0	(20)	60
Therein: depreciation and amortization	24	2	12	-	0	38

Adjusted EBIT to earnings before taxes

million €	Q2 2024/25	Q2 2025/26	H1 2024/25	H1 2025/26
Adjusted EBIT	**27**	**34**	**53**	**60**
Special items (including brand licensing fees from the tk Group and other financial income)	(1)	9	(1)	8
EBIT	**27**	**25**	**54**	**52**
Finance income	19	15	36	25
Finance expenses	(11)	(6)	(17)	(12)
Income/(loss) group (before tax)	**35**	**35**	**69**	**66**

7 RELATIONSHIPS WITH RELATED COMPANIES AND PERSONS

Listed tk AG, with its registered office in Duisburg and Essen, Germany, is the Company's ultimate parent company and held a 51.0% interest in the company's capital as of March 31, 2026. TKMS AG & Co. KGaA and its subsidiaries are also included in the consolidated financial statements of tk AG.

The personally liable partner of the company is TKMS Management AG (hereinafter referred to as the "General Partner"). The general partner has made no capital contribution to the company, holds no shares in the company and participates neither in its assets nor in its profits and losses. It is solely entrusted with the management of the Company.

The General Partner is not included in the scope of consolidation. tk AG indirectly holds 100% of the shares in the General Partner.

The condensed consolidated interim financial statements include transactions between the TKMS Group and the tk Group as well as TKMS Management AG.

TRANSACTIONS WITH TK GROUP

Service, supply and delivery agreements
The TKMS Group is supplied by the tk Group within the framework of existing service, supply and delivery agreements with the tk Group and receives goods and services from it as required.

The terms of the service agreements between the tk Group and the Group were renegotiated in connection with the spin-off and subsequent stock market listing. Since then, services for the Group have been reduced through internalization (in terms of type and scope) and additional operating services have been provided by the tk Group as part of transitional service agreements. The services that the tk Group renders for the Group during the term of the service level agreements from October 1, 2025 are general and administrative services such as intellectual property, information technology, insurance cover, accounting, human resources, tax, real estate, legal and compliance, purchasing and supply chain management, 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 thus comply with the arm's length principle.

Transactions with the tk Group in the considered periods were as follows:

	Sales of goods and services		Purchases of goods and services	
million €	**H1 2024/25**	**H1 2025/26**	**H1 2024/25**	**H1 2025/26**
Other entities of tk Group	2	1	(3)	(6)
Joint ventures of TKMS Business	0	0	0	0
Associates of TKMS Business	0	0	-	-
Total	**2**	**1**	**(3)**	**(6)**

Balances due to/from tk Group

	Assets		Liabilities	
million €	Sept. 30, 2025	Mar. 31, 2026	Sept. 30, 2025	Mar. 31, 2026
tk Group Cash pool	-	-	-	-
Foreign currency derivatives with the tk Group	4	2	3	2
tk Group Other transactions	138	1	281	2

Interest income and expense from cash pool

Until September 25, 2025, the Group was integrated into the cash pooling and cash management systems of tk Group. 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 Group's intercompany clearing accounts system and cash management.

million €	H1 2024/25	H1 2025/26
Interest income from cash pool with tk Group	24	0
Interest expense from cash pool with tk Group	1	0

The relevant weighted average interest rates for the most important currencies were as follows:

	Borrowings		Deposits	
	H1 2024/25	H1 2025/26	H1 2024/25	H1 2025/26
EUR	3.9%	-%	3.7%	-%
GBP	5.8%	-%	5.6%	-%
USD	5.6%	-%	5.4%	-%
CAD	4.8%	-%	4.6%	-%

Derivative financial instruments

The Group's hedging transactions for forward exchange transactions are performed on an arm's length basis via tk AG. The remuneration for this is based on standard market rates. The associated receivables and liabilities are reported in the lines Other financial assets and Other financial liabilities.

million €	H1 2024/25	H1 2025/26
Net gains (losses) from hedging activities	0	(1)

The following table shows the nominal values and fair values of the derivative financial instruments concluded by the Group with tk AG:

DERIVATIVE FINANCIAL INSTRUMENTS (for hedging foreign currency risks)

thousand €	Notional amount as of Sept. 30, 2025	Carrying amount as of Sept. 30, 2025	Notional amount as of Mar. 31, 2026	Carrying amount as of Mar. 31, 2026
Assets				
Currency derivatives without hedging relationship				
Foreign currency contracts USD	3,951	16	15,058	287
Foreign currency contracts GBP	38,646	357	4,332	30
Foreign currency contracts SGD	95	1	2,616	20
Foreign currency contracts INR	36,772	2,202	8,213	235
Foreign currency contracts KRW	18,332	793	23,104	1,212
Foreign currency contracts Other	35,662	475	24,082	459
Foreign currency derivatives qualifying as cash flow hedges				
Foreign currency contracts Other	-	-	5,369	78
Total	**133,459**	**3,845**	**82,775**	**2,321**
Liabilities				
Foreign currency derivatives that do not qualify for hedge accounting				
Foreign currency contracts USD	9,335	300	17,224	431
Foreign currency contracts GBP	33,917	791	32,981	339
Foreign currency contracts SGD	4,114	54	400	1
Foreign currency contracts Other	32,368	1,272	54,805	890
Foreign currency derivatives qualifying as cash flow hedges				
Foreign currency contracts NOK	5,453	633	5,453	408
Foreign currency contracts Other	4,094	356	3,483	131
Total	**89,281**	**3,405**	**114,345**	**2,200**

The volumes of forward exchange transactions concluded in the respective year are as follows:

million €	Mar. 31, 2025	Mar. 31, 2026
Sell amount	131	119
Buy amount	105	141

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. The Group paid an annual license fee (the “tk Group trademark fee”) to the tk Group for this license. The basis for calculating the fees was the turnover of the TKMS Group without taking sales to the tk Group into account. The license fee applied was variable and based on both external sales and TKMS Group’s adjusted EBIT margin.

The license fees reported under the previous license agreement are as follows:

million €	H1 2024/25	H1 2025/26
tk Group trademark fee	4	0

In connection with the spin-off from the tk Group and the licensing of the TKMS brand, TKMS concluded a new license agreement with tk AG, which ended the application of the historical brand billing model. The new license agreement grants the Group the perpetual right to use the licensed "TKMS" brand for one-off acquisition costs of €26.6 million.

Transactions with TKMS Management AG
In accordance with Article 9 (1) of the Articles of Association, the general partner will be reimbursed for expenses incurred in the course of performing its duties, including the remuneration of the members of the general partner's management board and supervisory board. In addition, the general partner receives annual remuneration of €5 thousand for assuming the management and liability risk of the company in accordance with Article 9 (2) of the Articles of Association.

For the half-year period until March 31, 2026, the reimbursed expenses were €3.4 million (H1 2024/25: €0 million). As of March 31, 2026, a corresponding liability was incurred in the amount of €1.3 million (as of September 30, 2025: €0 million). This liability is reported under "Other transactions" in the outstanding balances with the tk Group.

Legal reorganization of the Group
In connection with the creation of the spin-off structure, the following reorganization measures were implemented in the first half of the 2024/25 fiscal year:

In July 1, 2025, share purchase and transfer agreements were signed regarding the minority interests held by tk AG in TKMS GmbH and TKMS ATLAS ELEKTRONIK GmbH, as well as the minority interest held by thyssenkrupp Holding Germany GmbH in TKMS Wismar GmbH, each amounting to 10.1%. The legal effectiveness of the contracts for the transfer of the aforementioned minority interests was subject to the condition precedent that the spin-off for absorption becomes effective. The purchase price amounted to €108 million and had a negative effect on the TKMS Group's equity.

Guarantees
In connection with the projects of the TKMS Group, the tk Group has granted the customers of the TKMS Group parent company guarantees (hereinafter referred to as "PCGs") and letters of indemnity (hereinafter referred to as "KHE"). The PCGs and KHE granted by the tk Group amounted to a total of €10,410 million as of March 31, 2026 (September 30, 2025: €10,837 million).

In connection with the spin-off, the terms and conditions of the PCGs have been re-negotiated effective 2025/26 fiscal year. Under the newly agreed terms, the tk Group continues to charge the TKMS Group a fixed fee for each PCG, which increases from year to year. While existing PCGs will remain in place after the spin-off, it is not intended to make use of new PCGs with respect to new contracts entered into by TKMS Group after the spin-off.

In addition, the tk Group has agreed bank guarantees with external banks in relation to performance bonds given to customers of the TKMS Group. The conditions for the bank guarantees are variable, derived from tk Group's creditworthiness and charged to TKMS Group at an arm's length basis.

For the six months ended March 31, 2026, the expenses arising from guarantees amounted to €6.7 million (March 31, 2025: €7.0 million). Outstanding balances are reported under "Other transactions with the tk Group."

8 EVENTS AFTER THE BALANCE SHEET DATE

Between the reporting date in the first half of the 2025/26 fiscal year (March 31, 2026) and the release of the report for publication, no events of particular significance occurred that have a major impact on the Group’s net assets, financial position and results of operations with an effect on accounting and reporting.

Kiel, May 6, 2026

TKMS AG & Co. KGaA

represented by the Management Board of TKMS Management AG

Oliver Burkhard Paul Glaser Angelika Kambeck Dr. Dirk Steinbrink

Review Report[1]

To TKMS AG & Co. KGaA, Essen

We have reviewed the condensed interim consolidated financial statements of TKMS AG & Co. KGaA, Essen, – comprising the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and selected notes – together with the interim group management report of the TKMS AG & Co. KGaA, Essen, for the period from October 1, 2025 to March 31, 2026 that are part of the semi annual according to § 115 WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Cologne, dated May 7, 2026

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Cremer	Velder
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

[1] The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation

Declaration of the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Management Report of the Group includes a fair review of the development and performance of the business and the position of the Group, with a description of the principal opportunities and risks associated with the expected development of the Group.

Kiel, dated May 6, 2026

TKMS AG & Co. KGaA

represented by the Management Board of TKMS Management AG

Oliver Burkhard	Paul Glaser	Angelika Kambeck	Dr. Dirk Steinbrink

Financial calendar, imprint and disclaimer

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FINANCIAL CALENDAR

August 12, 2026
Quarterly statement Q3 2025/26
(reporting date June 30, 2026)

December 7, 2026
Annual Report 2025/26
(reporting date September 30, 2026)

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 that are based on the current expectations, assumptions and forecasts of the management of the personally liable shareholder 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 in German. In the event of discrepancies, the German version of the document shall prevail over the English translation.

VARIATIONS FOR TECHNICAL REASONS

This financial report is to be submitted by the company to the electronic Federal Gazette due to statutory disclosure requirements. For technical reasons, there may be variations in the documents published by Bundesanzeiger Verlag. The financial report is available for download in German and as an English translation at www.tkmsgroup.com. In the event of discrepancies, the German version of the financial report takes precedence over the English translation.

Glossary

Term	Definition/Explanation
Order backlog	We define the order backlog as the portion of the related contract price that is reflected in the order intake and for which revenue has not yet been recognized over time in accordance with International Financial Reporting Standards (IFRS) 15 as adopted by the EU.
Order intake	We define order intake as binding customer contracts and binding orders concluded in the respective reporting period at the respective contract price, including expected agreed fixed price increases during the respective contract term, but excluding variable price increases, which are only taken into account in the reporting period in which variable price increase amounts are invoiced to our customers.
Adjusted EBIT margin	We define the adjusted EBIT margin as adjusted EBIT divided by sales.
Adjusted EBIT	Adjusted EBIT, as a profit-related key figure, is adjusted for expenses in connection with the thyssenkrupp and TKMS brand license fees, expenses and income from at-equity valuations and special effects. These include restructuring expenses, impairments or write-ups, disposal gains/losses and certain M&A-related advisory and transaction costs. These key indicators are suitable for assessing operational performance during several periods because they exclude non-recurring effects and thus facilitate a clearer comparison across the years.
Free cash flow	We define free cash flow as cash flow from operating activities less cash flow from investing activities, but plus cash flow from cash pool withdrawals (deposits), which are included in cash flow from investing activities.
Investments	We define capital expenditure as 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 stated acquisitions of participations using the equity method; non-current financial assets; property, plant and equipment; and intangible assets, less the proceeds from their disposal.
Net advance payment	We define net advance payments as the sum of contract assets and advance payments to suppliers (which are part of other current non-financial assets in the balance sheet) less contract liabilities.
Net financial assets	We define net financial assets as cash, cash equivalents and fixed-term deposits less gross financial liabilities with a remaining term of more than one year, lease liabilities with a remaining term of less than one year, Provisions for pension and similar obligations, provisions for other long-term employee benefits and liabilities to financial institutions (bank loans) with a remaining term of less than one year.
Net working capital	We define net working capital as the sum of inventories and trade accounts receivable less trade accounts payable and net advance payments (consisting of the sum of contract assets and advance payments to suppliers (which are part of other current non-financial assets in the balance sheet) less contract liabilities).
Sales coverage	We define sales coverage as the ratio of orders on hand to sales projected on a straight-line basis over 12 months.

TKMS AG & Co. KGaA

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