TKMS Business

Combined Financial Statements

As of and for the fiscal years ended September 30, 2022, September 30, 2023, and September 30, 2024

TKMS Business – Combined Statement of Financial Position

thousand €	Note	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Goodwill	4	1,043,092	1,043,092	1,043,676
Intangible assets other than goodwill	4	295,903	286,863	270,780
Property, plant and equipment	5	337,047	396,360	487,946
Investments in equity-accounted investees	18	3,468	5,030	6,249
Other financial assets	9	191	14,099	14,441
Other non-financial assets	10	152,204	157,947	93,765
Deferred tax assets	28	22,806	21,665	17,645
Total non-current assets		**1,854,711**	**1,925,056**	**1,934,502**
Inventories	6	172,513	209,291	244,629
Trade accounts receivable	7	267,571	206,530	281,019
Contract assets	8	485,320	458,944	401,349
Other financial assets	9	1,208,376	1,549,391	1,346,202
Other non-financial assets	10	442,588	456,872	594,999
Current income tax assets	28	4,313	5,250	5,664
Cash and cash equivalents	31	265,362	150,914	122,037
Total current assets		**2,846,043**	**3,037,192**	**2,995,899**
Total assets		**4,700,754**	**4,962,248**	**4,930,401**
Equity and liabilities				
Invested equity attributable to tk Group		2,024,350	2,131,700	1,676,319
Cumulative other comprehensive income		(73,303)	(70,023)	(89,500)
Equity attributable to tk Group		**1,951,047**	**2,061,677**	**1,586,819**
Invested equity attributable to non-controlling interests		4,048	9,833	11,198
Total equity	**11**	**1,955,095**	**2,071,510**	**1,598,017**
Provisions for pension and similar obligations	12	362,930	344,593	366,502
Provisions for other non-current employee benefits	13	10,811	11,872	12,182
Other provisions, non-current	13	751	5,685	5,609
Deferred tax liabilities	28	124,392	140,472	202,712
Lease liabilities, non-current	17	28,725	26,634	26,990
Other financial liabilities, non-current	15	31,827	16,305	14,556
Total non-current liabilities		**559,436**	**545,561**	**628,551**
Provisions for current employee benefits	13	28,046	29,942	36,658
Other provisions, current	13	393,091	345,974	354,082
Current income tax liabilities	28	8,196	12,679	13,676
Lease liabilities, current	17	6,288	5,109	5,750
Trade accounts payable	14	247,944	374,212	411,395
Other financial liabilities, current	15	158,025	174,154	122,829
Contract liabilities	8	1,187,168	1,230,660	1,543,282
Other non-financial liabilities	16	157,465	172,447	216,161
Total current liabilities		**2,186,223**	**2,345,177**	**2,703,833**
Total liabilities		**2,745,659**	**2,890,738**	**3,332,384**
Total equity and liabilities		**4,700,754**	**4,962,248**	**4,930,401**

TKMS Business – Combined Statement of Income

thousand €	Note	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Sales	23	1,695,820	1,948,673	1,986,551
Cost of sales	24	(1,457,272)	(1,640,840)	(1,673,492)
Gross margin		**238,549**	**307,833**	**313,059**
Research and development cost	24	(54,257)	(42,560)	(47,716)
Selling expenses	24	(63,624)	(76,617)	(71,481)
General and administrative expenses	24	(96,487)	(99,844)	(114,718)
Other income	25	34,149	34,272	29,604
Other expenses	26	(26,680)	(41,775)	(30,303)
Income from operations		**31,650**	**81,309**	**78,445**
Income (loss) from companies accounted for using the equity-method	18	(6,165)	1,563	2,343
Finance income	27	16,801	63,277	70,296
Finance expenses	27	(9,591)	(26,762)	(22,303)
Financial income/(expense), net		**1,045**	**38,078**	**50,336**
Income before tax		**32,695**	**119,387**	**128,781**
Income tax (expense)/income	28	(19,631)	(56,649)	(41,182)
Net income		**13,064**	**62,738**	**87,599**
Thereof:				
attributable to tk Group		11,054	56,948	82,946
attributable to non-controlling interests		2,010	5,790	4,653

Earnings per share (in EUR) for profit for the period attributable to shareholders based on the planned capital structure of TKMS AG & Co. KGaA	11			
Basic		0,17	0,90	1,31
Diluted		0,17	0,90	1,31

TKMS Business – Combined Statement of Comprehensive Income

thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Net income	**13,064**	**62,738**	**87,599**
Items of other comprehensive income that will not be reclassified to profit or loss in future periods:			
Remeasurements of pensions and similar obligations	84,281	9,613	(18,077)
Items of other comprehensive income that could be reclassified to profit or loss in future periods:			
Cash flow hedges, net	1,463	(5,975)	10,582
Thereof: Change in unrealized gains/(losses)	1,220	(7,026)	7,452
Thereof: Change in realized (gains)/losses	243	1,051	3,130
Foreign currency translation adjustment	9,216	(363)	(10,314)
Other comprehensive income/(loss)	**94,960**	**3,275**	**(17,809)**
Thereof: tax effect	(38,941)	(1,710)	4,937
Total comprehensive income/(loss) for the period	**108,024**	**66,013**	**69,790**
Thereof:			
attributable to tk Group	105,551	60,228	66,599
attributable to non-controlling interests	2,473	5,785	3,191

TKMS Business – Combined Statement of Changes in Equity

thousand €	Invested equity attributable to tk Group	Remeasurements of pensions and similar obligations	Foreign currency translation adjustment	Debt and equity instruments	Cash flow hedges	Total equity attributable to tk Group	Invested equity attributable to Non-controlling interests	Total equity
Balance as of Oct. 1, 2021	**1,993,422**	**(143,507)**	**1,655**	**(323)**	**(25,624)**	**1,825,622**	**1,575**	**1,827,197**
Net income/(loss)	11,054					11,054	2,010	13,064
Other comprehensive income	-	84,281	8,753	(31)	1,494	94,497	463	94,960
Total comprehensive income	**11,054**	**84,281**	**8,753**	**(31)**	**1,494**	**105,551**	**2,473**	**108,024**
Dividends & profit and loss transfers with TKMS Business's equity holders	17,534					17,534		17,534
Transactions with tk Group	2,340					2,340		2,340
Balance as of Sept. 30, 2022	**2,024,350**	**(59,226)**	**10,408**	**(354)**	**(24,130)**	**1,951,047**	**4,048**	**1,955,095**
Net income/(loss)	56,948					56,948	5,790	62,738
Other comprehensive income	-	9,613	(358)	56	(6,031)	3,280	(5)	3,275
Total comprehensive income	**56,948**	**9,613**	**(358)**	**56**	**(6,031)**	**60,228**	**5,785**	**66,013**
Dividends & profit and loss transfer with TKMS Business's equity holders	51,519					51,519		51,519
Transactions with tk Group	(1,117)					(1,117)		(1,117)
Balance as of Sept. 30, 2023	**2,131,700**	**(49,613)**	**10,050**	**(298)**	**(30,161)**	**2,061,677**	**9,833**	**2,071,510**
Net income/(loss)	82,946					82,946	4,653	87,599
Other comprehensive income	-	(18,077)	(8,851)	245	10,337	(16,347)	(1,462)	(17,809)
Total comprehensive income	**82,946**	**(18,077)**	**(8,851)**	**245**	**10,337**	**66,599**	**3,191**	**69,790**
Basis adjustment					(3,130)	(3,130)		(3,130)
Dividends & profit and loss transfer with TKMS Business's equity holders	147,458					147,458		147,458
Transactions with tk Group	(685,785)					(685,785)	(1,826)	(687,611)
Balance as of Sept. 30, 2024	**1,676,319**	**(67,690)**	**1,198**	**(53)**	**(22,953)**	**1,586,819**	**11,198**	**1,598,017**

See accompanying notes to combined financial statements

TKMS Business – Combined Statement of Cash Flows

thousand €	Note	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Net income/(loss)		**13,064**	**62,738**	**87,599**
Adjustments to reconcile net income/(loss) to operating cash flows:				
Deferred income taxes, net	28	6,120	15,353	69,379
Depreciation, amortization and impairment of non-current assets	4, 5	65,442	64,195	72,426
Reversals of impairment losses of non-current assets	4	-	-	(165)
Income (loss) from companies accounted for using the equity-method	18	6,165	(1,563)	(2,343)
(Gain)/loss on disposal of non-current assets		(47)	509	155
Changes in assets and liabilities, net of non-cash effects:				
– Inventories	6	(24,246)	(36,743)	(35,349)
– Trade accounts receivable	7	16,697	61,536	(74,092)
– Contract assets	8	(35,737)	24,765	49,299
– Provisions for pension and similar obligations	12	(6,814)	(4,271)	(4,479)
– Other provisions	13	(33,485)	(67,905)	28,721
– Trade accounts payable	14	(19,028)	128,614	47,353
– Contract liabilities	8	503,665	46,698	334,457
– Other assets/liabilities not related to investing or financing activities	10,16	(87,204)	10,467	(115,447)
Operating cash flows		**404,593**	**304,393**	**457,514**
Purchase of investments accounted for using the equity method and non-current financial assets		(6,615)	(193)	(15)
Capital expenditures regarding property, plant and equipment (inclusive of advance payments)		(109,514)	(109,218)	(83,673)
Capital expenditures regarding intangible assets (inclusive of advance payments)		(14,856)	(15,481)	(20,024)
Proceeds from disposals of property, plant and equipment, intangible assets, investments accounted for using the equity method and other non-current assets		1,040	281	1,461
Cash pool withdrawals (deposits)	21	(149,948)	(300,658)	272,490
Cash flows from investing activities	**31**	**(279,893)**	**(425,269)**	**170,239**
Proceeds from / repayments of liabilities to financial institutions	31	(39)	197	192
Cash flows from redemption of lease liabilities		(7,503)	(7,910)	(9,999)
Profit loss transfers received (paid)	31	50,952	17,535	51,733
Transactions with tk Group	31	4,125	(322)	(683,097)
Cash flows from financing activities		**47,535**	**9,500**	**(641,171)**
Net increase/(decrease) in cash and cash equivalents		**172,235**	**(111,376)**	**(13,418)**
Effect of exchange rate changes on cash and cash equivalents		20,565	(3,072)	(15,459)
Cash and cash equivalents at beginning of year	31	72,562	265,362	150,914
Cash and cash equivalents at end of year	31	265,362	150,914	122,037

Additional information regarding interest and income tax amounts included in operating cash flows:				
Income tax paid	28	(14,346)	(34,862)	(24,994)
Interest received		14,422	58,958	66,867
Interest paid		(2,511)	(7,310)	(4,743)

Cf. Note 31

TKMS Business – Notes to the Combined Financial Statements

1 General information

1.1 Purpose and content of the Combined Financial Statements

thyssenkrupp is an international industrial and technology group (hereafter referred to as “thyssenkrupp Group” or “tk Group”). Its business activities are bundled in five segments: Automotive Technology, Decarbon Technologies, Materials Services, Steel Europe and Marine Systems. thyssenkrupp AG is tk Group’s ultimate parent company with its registered office located at thyssenkrupp Allee 1, 45143 Essen, Germany (hereafter “tk AG”). tk AG is a stock corporation organized under the laws of the Federal Republic of Germany and is registered with the commercial register of the District Court of Essen under No. HRB 15364 and Duisburg No. HRB 9092.

The Executive Board of tk AG has made the decision to evaluate a minority spin-off of its Marine Systems Segment (hereinafter referred to as “TKMS Business”, “Marine Systems,” “MS,” or “Marine Systems Business”) and has started preparations for a separate stock-exchange listing of the future TKMS AG & Co. KGaA Group (hereafter referred to as the “TKMS Group” or “the Group”) with TKMS AG & Co. KGaA as the listed holding company (hereafter referred to as the “TKMS Holding” or “the Company”). TKMS Holding with registered office located at thyssenkrupp Allee 1, 45143 Essen is registered with the commercial register of the District Court of Essen under No. HRB 32710 and did not have any operating business in the past and the historical periods presented.

After the spin-off tk Group will retain a majority 51% interest in TKMS AG & Co. KGaA. The spin-off requires the approval of an extraordinary shareholders’ meeting of tk AG which was held on August 8, 2025 for a listing at the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse or the “stock exchange”), Germany, which is expected to be completed in early October 2025.

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

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

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

The finalization of the spin-off structure will be achieved in a sequence of the following steps executed after September 30, 2024:

(1) Legal reorganization of the shareholdings in TKMS GmbH currently held by tk AG (10,1%) and tkTB (89,9%) to (i) TKMS AG & Co. KGaA, resulting in a 51% interest in TKMS GmbH by tk AG which corresponds with tk AG’s majority interest to be retained after spin-off and (ii) to thyssenkrupp Projekt 9 GmbH (“TKMS Beteiligungsgesellschaft mbH”), a 100% subsidiary of tk AG, resulting in a 49% interest in TKMS GmbH which corresponds with the minority interest subject to spin-off;

(2) Legal reorganization of the shareholdings in transrapid currently held by tkTB (100%) to (i) TKMS Holding, resulting in a 51% interest in transrapid by tk AG which corresponds with tk AG’s majority interest to be retained

after spin-off and (ii) to TKMS Beteiligungsgesellschaft mbH resulting in a 49% interest in transrapid which corresponds with the minority interest subject to spin-off;

(3) Sale and transfer of remaining minority interests in Marine Systems companies currently held by tk AG or its direct and indirect subsidiaries to TKMS GmbH;

(4) Spin-off of 100% of the interest in TKMS Beteiligungsgesellschaft mbH, holding 49% interest in TKMS GmbH by tk AG (transferring entity) to TKMS Holding (acquiring entity) (Abspaltung zur Aufnahme).

The listing of TKMS AG & Co. KGaA is contemplated to take place immediately after the spin-off in early October 2025 dependent on the ability to resolve possible actions for avoidance taken by shareholders. For further details on the legal reorganization subsequent to September 30, 2024, please also refer to Note 33.

This set of Combined Financial Statements of the TKMS Business reflects the undertakings of TKMS AG & Co. KGaA after the implementation of the spin-off target legal structure and it has been prepared for the purpose of its inclusion into the securities prospectus of TKMS AG & Co. KGaA.

According to the Commission Delegated Regulation (EU) 2019/980 and Commission Delegated Regulation (EU) 2020/1272 of 4 June 2020 amending and correcting Delegated Regulation (EU) 2019/979 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal (Text with EEA relevance) (the “Regulation”) an issuer must present historical financial information covering the latest three fiscal years in its securities prospectus prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). Given that the TKMS Business was not a group in accordance with IFRS 10 prior to the completion of the legal reorganization TKMS Holding, i.e. the issuer, has a “Complex Financial History” according to the Regulation as there is no historical financial information for the TKMS Business as of and for the fiscal years ended September 30, 2024, 2023 and 2022 that reflects the entire operations of the TKMS Business.

Therefore, the management board of TKMS GmbH, which is identical to the management board of TKMS AG & Co. KGaA, (hereafter referred to as the “Managing Board of TKMS”, “TKMS Management” or “TKMS Management Board”) has prepared Combined Financial Statements which reflect the TKMS business which consist of Combined Statements of Financial Position as of September 30, 2022, 2023, 2024, respectively, as well as Combined Statements of Income, Combined Statements of Comprehensive Income, Combined Statements of Changes in Equity and Combined Statements of Cash Flows for the fiscal years ended September 30, 2022, 2023 and 2024, respectively (collectively referred to hereafter as “Combined Financial Statements”).

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

This set of Combined Financial Statements of TKMS Business was authorized for issue on September 3, 2025 by the management board of TKMS AG & Co. KGaA and the management board of TKMS GmbH.

1.2 Description of the TKMS Business

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

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

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

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

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

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

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

The operating units and TCCT also correspond to the TKMS Business’s operating segments, which are disclosed separately for Submarines, Surface Vessels, and Atlas Electronics, or – in case of TCCT and NXTGEN – are combined and presented in All Other Segments (see Note 22 – Segments).

1.3 Basis of preparation

General preparation principles of Combined Financial Statements

The scope of combination for the Combined Financial Statements of the TKMS Business for the fiscal years ended September 30, 2024, September 30, 2023, and September 30, 2022, was determined on the principles of the legal reorganization approach, i.e., the Combined Financial Statements reflect the undertakings of the future TKMS Group determined by the legal structure, which binds together the relevant economic activities within the reorganization process happening simultaneously with the spin-off.

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

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

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

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

Compliance with IFRS

During the reporting periods presented, TKMS Business has not been a group of entities under the control of a parent company as defined by IFRS 10 *Consolidated Financial Statements* and has historically not prepared Consolidated Financial Statements for internal or external reporting purposes. Management has prepared these Combined Financial Statements for the spin-off of TKMS Business. The Combined Financial Statements have been prepared in accordance with International Financial Reporting Standards and the interpretations of the IFRS Interpretations Committee as adopted by the European Union (“IFRS”).

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

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

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

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

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

1.4 Specific considerations reflected in Combined Financial Statements

Presentation of Equity

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

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

Profit or loss transfer agreements

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

Corporate Costs

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

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

thyssenkrupp brand

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

Prior to the spin-off, tk AG, as licensor, and TKMS Holding, as licensee, will enter into a new license agreement ("New License Agreement") to ensure TKMS Holding retains the right to use the recently launched new "TKMS" brand following the completion of the spin-off. Under this agreement, TKMS Holding will receive an indefinite right to use the " TKMS" brand name and logos in exchange for a one-time payment reflecting the fair value of the usage rights. The corresponding intangible asset will be subject to annual impairment testing. The New License Agreement will supersede the Historical Brand Invoicing Model.

Performance Guarantees

tk Group issues so called parent company guarantees (hereafter “PCG”) to the TKMS Business’s customers in connection with the TKMS Business’s projects, which result in PCG guarantees fees calculated at a fixed fee (i.e. regardless of the guaranteed amount) by PCG that are charged onwards to TKMS Business. The fees charged for the guarantees have been included in profit or loss with their historical amounts which were based on the directly attributable cost of €85 thousand per PCG incurred at tk Group. In connection with the contemplated spin-off the terms and conditions of the PCG have been re-negotiated effective fiscal year 2025/2026. Under the re-negotiated terms tk Group continues to charge a fixed fee by PCG in an amount which increases year-over year. While existing PCG will remain in place after the spin-off, it is not intended to make use of new PCG with respect to new contracts entered into by TKMS Group after the spin-off. With respect to new projects concluded after the spin-off it is expected that TKMS Business and its customer will find individual guarantee solutions that will meet the contractual requirements, such as bank guarantees. Guarantee costs therefore are expected to significantly increase in subsequent periods after the spin-off. Therefore, the amounts included in the Combined Financial Statements are not indicative of future performance of the TKMS Group and do not necessarily reflect what its net assets, financial position, results of operations, capital structure and cash flows would have been had the TKMS Business operated as an independent stand-alone group during the periods presented.

Goodwill

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

Cash pool Arrangements

Marine Systems is expected to be integrated into the tk Group's financing structure until shortly before the spin-off takes effect. In addition to participating in tk Group's cash pooling, this includes cash investments. Overall, the intercompany financing resulted in a positive net balance for all periods under review (cf. Note 9 and 21). In 2024, the gradual separation of Marine Systems from the financial structures of the tk Group began, which is scheduled to be completed when the spin-off takes effect. At the same time, a separate treasury organization is being set up within Marine Systems.

Income taxes

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

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

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

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

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

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

Segments

In light of the planned spin-off and listing of the TKMS Group, the TKMS Management Board has decided to include segment reporting in the Combined Financial Statements. In accordance with the management approach prescribed by IFRS 8 "Operating Segments", the segment reporting reflects the internal organizational and reporting structure of the TKMS Business as of the date of issuance of the Combined Financial Statements, which is consistent with the internal organizational and reporting structure in place as of September 30, 2024. For more details on segments please refer to Note 22.

2 Summary of significant accounting policies and critical accounting estimates

Combined Statement of Income

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

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

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

Selling expenses includes personnel, service and material costs related to the business development and sales process, particularly for the tendering of mainly submarine projects and fluctuate with the tender in the respective years and the complexity of the tenders., including marketing and other costs related to the functional area of sales.

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

Combined Statement of Cash Flows

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

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

Current versus non-current classification

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

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

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

Foreign currency translation

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

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

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

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

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

		Exchange rate as of (Basis €1)			Annual average exchange rate for the fiscal year ended (Basis €1)	
	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
US Dollar	0.97	1.06	1.12	1.09	1.07	1.08
Great Britain Pound	0.88	0.86	0.84	0.85	0.87	0.86
Brazilian Real	5.26	5.31	6.05	5.70	5.41	5.60
Singapore Dollar	1.40	1.44	1.43	1.49	1.44	1.45
Australian Dollar	1.51	1.63	1.62	1.52	1.60	1.64
Danish Krone	7.44	7.46	7.46	7.44	7.45	7.46
South Korean Won	1,400.69	1,425.26	1,469.11	1,349.78	1,404.26	1,457.63
Canadian Dollar	1.34	1.42	1.51	1.38	1.44	1.47
Indian Rupee	79.43	88.02	93.81	83.20	87.86	90.39

Intangible assets including goodwill

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

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

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

Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and impairment losses. Capitalized production costs for self-constructed assets include costs of material, direct labour, allocable material and manufacturing overhead.

Administrative costs are capitalized only if such costs are directly related to production. Maintenance and repair costs (day-to-day servicing) are expensed as incurred. Borrowing costs are expensed in the period in which they occur.

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

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

Impairment of non-financial assets

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

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

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

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

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

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

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

Leases

Group as a lessee

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

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

The lease liabilities include the following lease payments:

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

Right-of-use assets are measured at cost, which are comprised as follows:

- lease liability,
- lease payments made at or before the commencement date less any lease incentives received,
- initial direct costs and
- dismantling obligations.

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

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

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

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

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

Group as a lessor

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

Investments in associated companies

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

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

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

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

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

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

Joint arrangements

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

Inventories

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

Contract assets and contract liabilities

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

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

Financial instruments

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

Financial assets

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

The classification and measurement of financial assets is based on the financial asset's cash flow characteristics and on the Group's business model for managing the financial assets.

If a debt instrument is held with the objective of collecting contractual cash flows and if the cash flows are solely payments of principal and interest, the instrument is recognized at amortized cost. At the Group this mainly concerns trade accounts receivable, and cash, cash equivalents and time deposits.

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

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

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

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

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

Financial liabilities

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

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

Derivative financial instruments

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

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

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

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

Certain reclassifications have been made regarding the presentation of derivatives that do not qualify for hedge accounting. In consequence, changes in fair value are no longer presented within Sales or Cost of sales. Instead, the effect is presented either within other operating income (fiscal year 2023/2024: €397 thousand; fiscal year 2022/2023: €2,390 thousand; fiscal year 2021/2022: €2,117 thousand) or other operating expenses (fiscal year 2023/2024: €821 thousand; fiscal year 2022/2023: €385 thousand; fiscal year 2021/2022: €984 thousand).

Embedded derivatives

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

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

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

If separation is appropriate, the host contract is accounted for in accordance with the relevant IFRSs. The embedded derivative is recognized at fair value through profit or loss.

When embedded derivatives qualify for hedge accounting, the recognition of gains and losses depends on the type of hedge relationship: fair value hedge, cash flow hedge, or net investment hedge. TKMS Business only has embedded derivatives in terms of a cash flow hedge, described in more detail in Note 20, section Derivatives that qualify for hedge accounting - cash-flow hedges. It is accounted for as follows:

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

Income taxes

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

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

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

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

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

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

Cumulative other comprehensive income

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

Provisions for pension and similar obligations

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

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

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

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

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

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

Long-term incentive programs

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

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

Other provisions

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

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

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

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

Revenue recognition

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

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

Recognition of revenue at a point in time

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

Recognition of revenue over time

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

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

To demonstrate that the transfer of goods is progressive, the following required cumulative criteria must be fulfilled to recognize revenue over time:

- The goods sold have no alternative use, and
- enforceable right to payment (corresponding to costs incurred, plus a reasonable profit margin) for the work performed to date exists, in the event of early termination for convenience by the customer.

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

Research and development costs

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

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

Government grants

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

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

Financial statement classification

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

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

Estimates and judgments

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

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

Revenue recognition from contracts with customers

TKMS Business operates in the maritime defense sector and in many cases enters into customer-specific, long-term and large-scale contracts that are notably complex. New-build submarine and surface vessel contracts, specific service contracts—such as those related to repairs, major overhauls, modernization, or upgrades of submarines or surface vessels—along with other customer-specific agreements, are accounted for as construction contracts.

Revenue from these construction contracts is recognized over time using the input method, based on contract costs incurred. Revenue and gross margin recognised are a function of both, (i) the progress of the respective performance obligations and (ii) the margins that are expected to be recognised for the contract over time until its final completion.

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

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

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

Employee benefits

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

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

Recoverability of goodwill

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

Other provisions

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

Legal contingencies

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

Uncertainties from geopolitical developments

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

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

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

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

Effect of the introduction of global minimum taxation

In December 2021, the OECD published guidelines for a new global minimum tax framework. In December 2022, the EU member states agreed on an EU directive to implement these guidelines. The regulations on global minimum taxation came into force in Germany with effect from December 28, 2023 through the Minimum Tax Act. According to this law, the future TKMS Group will be subject to the German regulations on global minimum taxation from fiscal year 2024 / 2025 onwards. Based on the impact analysis carried out for tk Group for fiscal year 2023 / 2024, which also included the TKMS Business, this will not have any material impact on the TKMS Group's income tax expense.

Recently adopted accounting standards

In fiscal year 2023 / 2024 the Group adopted the following standards and amendments to already existing standards that did not have a material impact on the group financial statements:

- IFRS 17 "Insurance Contracts", issued in May 2017, including Amendments to IFRS 17 "Amendments to IFRS 17", issued in June 2020
- Amendments to IAS 1 "Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies", issued in February 2021
- Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates", issued in February 2021
- Amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction", issued in May 2021
- Amendments to IFRS 17 "Insurance Contracts. Initial Application of IFRS 17 and IFRS 9 – Comparative Information", issued in December 2021
- Amendments to IAS 12 "Income Taxes: International Tax Reform – Pillar Two Model Rules", issued in May 2023

Issued financial reporting standards that have not been adopted in fiscal year 2023/2024

The IASB has issued the following interpretations and amendments to standards whose application is not mandatory and which in part require EU endorsement before they can be applied. The Group currently assumes that the application of these standards, interpretations and amendments will predominantly not have a material impact on the presentation of the Combined Financial Statements:

- Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current", issued in January 2020 and October 2022, respectively, not yet endorsed, expected initial application in fiscal year 2024 / 2025
- Amendments to IFRS 16 "Leases: Lease Liability in a Sale and Leaseback", issued in September 2022, not yet endorsed, expected initial application in fiscal year 2024 / 2025
- Amendments to IAS 7 „Statement of Cash Flows and IFRS 7 „Financial Instruments Disclosures: Supplier Finance Arrangements", issued in May 2023, not yet endorsed, expected initial application in fiscal year 2024 / 2025

- Amendments to IAS 21 „The Effects of Changes in Foreign Exchange Rates Lack of Exchangeability", issued in August 2023, not yet endorsed, expected initial application in fiscal year 2025 / 2026
- IFRS 18 "Presentation and Disclosure in Financial Statements", issued in April 2024, not yet endorsed, expected initial application in fiscal year 2027 / 2028, impact-analysis ongoing
- IFRS 19 "Subsidiaries without Public Accountability Disclosures", issued in Mayi 2024, not yet endorsed, expected initial application would be in fiscal year 2027 / 2028, but this standard does not have any relevance for the TKMS Business
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments", issued in May 2024, not yet endorsed, expected initial application in fiscal year 2026 / 2027
- Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 "Annual Improvements to IFRS - Volume 11", issued in July 2024, not yet endorsed, expected initial application in fiscal year 2026 / 2027 The first-time application of IFRS 18 is expected to have effects, the specific extent is currently being analyzed, although early application is currently not expected.

3 Scope of Combination

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

	Country of incorporation	% equity interest[1] as of		
		Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
TKMS AG & Co. KGaA (formerly thyssenkrupp Projekt 2 GmbH)	Germany	100	100	100
TKMS Beteiligungsgesellschaft mbH (formerly thyssenkrupp Projekt 9 GmbH)	Germany	100	100	100
TKMS GmbH (formerly thyssenkrupp Marine Systems GmbH)	Germany	100	100	100
Blohm + Voss Shipyards & Services GmbH	Germany	100	100	100
thyssenkrupp Marine Systems Services GmbH	Germany	100	100	100
A 400 Frigate Company GmbH (formerly German Marine Systems GmbH)	Germany	100	100	100
SVG Steinwerder Verwaltungsgesellschaft mbH	Germany	100	100	100
Howaldtswerke-Deutsche Werft Beteiligungs-GmbH	Germany	100	100	100
TKMS Business Partnership, GbR	Germany	100	100	100
IKL Ingenieurkontor Lübeck GmbH	Germany	100	100	100
TKMS ATLAS ELEKTRONIK GmbH (formerly ATLAS ELEKTRONIK GmbH)	Germany	100	100	100
TKMS Hagenuk Marinekommunikation GmbH (formerly Hagenuk Marinekommunikation GmbH)	Germany	100	100	100
ALSE Deutschland GmbH (formerly ATLAS HYDROGRAPHIC GmbH [2])	Germany	100	100	100
TKMS Wismar GmbH (formerly thyssenkrupp Marine Systems Wismar GmbH)	Germany	100	100	100
thyssenkrupp Transrapid GmbH	Germany	100	100	100
ATLAS Maridan ApS	Denmark	100	100	100
ATLAS ELEKTRONIK Finland OY	Finland	100	100	100
TKMS Greek Naval Shipyards Holding Single-Member S.A. (formerly Greek Naval Shipyards Holding S.A.)	Greece	100	100	100
Advanced Lithium Systems Europe S.A.	Greece	100	100	100
thyssenkrupp Marine Systems LLP	United Kingdom	100	100	100
TKMS ATLAS UK (Holding) Ltd. (formerly ATLAS ELEKTRONIK UK (Holdings) Limited)	United Kingdom	100	100	100
TKMS ATLAS UK Ltd. (formerly ATLAS ELEKTRONIK UK Limited)	United Kingdom	100	100	100
thyssenKrupp Marine Systems Gemi Sanayi ve Ticaret A.S.	Turkey	100	100	100
thyssenkrupp Marine System-Egypt SAE	Egypt	100	100	100
Blohm+Voss El Djazair S.a.r.l.	Algeria	100	100	100
ATLAS ELEKTRONIK L.L.C. O.P.C [3]	United Arab Emirates	49	49	100

[1] Equity interest represents the equity interest of tk AG which is also representative of the equity interest reflected in the Combined Financial Statements of the TKMS Business assuming the legal reorganization had been implemented as of the respective balance sheet dates outlined in the table below.

[2] ATLAS HYDROGRAPHIC GmbH was renamed to ALSE Deutschland GmbH after the merger.

[3] Included in consolidation due to majority of voting rights.

thyssenkrupp Marine Systems (India) Private Limited	India	100	100	100
ATLAS ELEKTRONIK India Private Limited[4]	India	100	-	-
TKMS do Brasil Indústria e Comércio Ltda. (formerly thyssenkrupp Marine Systems do Brasil Indústria e Comércio Ltda.)	Brazil	100	100	100
Águas Azuis Construcao Naval SPE Ltda.	Brazil	75	75	75
TKMS Estaleiro Brasil Sul Ltda. (formerly thyssenkrupp Estaleiro Brasil Sul Ltda.)	Brazil	100	100	100
TKMS Dock Servicos Navais Ltda. (formerly thyssenkrupp Dock Servicos Navais Ltda.)	Brazil	-	-	100
TKMS Sonartech ATLAS PTY Ltd. (formerly Sonartech ATLAS PTY Ltd.)	Australia	100	100	100
TKMS Singapore Pte. Ltd. (formerly thyssenkrupp Marine Systems (Singapore) Pte. Ltd.)	Singapore	100	100	100
Atlas Naval Support Centre (Thailand) Limited i. L.	Thailand	100	100	100
ATLAS Naval Engineering Company Ltd.	South Korea	100	100	100
TKMS ATLAS North America, LLC (formerly Atlas North America, LLC)	U.S.A.	100	100	100
TKMS Canada, Ltd. (formerly thyssenkrupp Marine Systems Canada, Ltd.)	Canada	100	100	100

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

Joint Operations

	Country of incorporation	% of voting rights		
		Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
ARGE F125 GbR	Germany	50	50	50
Fertigungs-ARGE F125 GbR	Germany	50	50	50
Konsortium Joint – ES-Team F125	Germany	50	50	50
Fertigungs-ARGE A200-EN GbR	Germany	50	50	50
ARGE K130 (2. Los) GbR	Germany	50	50	50
IDAS Consortium GbR	Germany	50	50	50
Konsortium FüWES K130 GbR	Germany	50	50	50

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

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

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

[4] Merger of thyssenkrupp Marine Systems (India) Private Limited (Transferor Company) with Atlas ELEKTRONIK India Private Limited (Transferee Company) effective on September 30, 2022. Atlas ELEKTRONIK India Private Limited was renamed to thyssenkrupp Marine Systems (India) Private Limited after the merger.

4 Intangible assets, including goodwill

Changes in intangible assets

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

thousand €	Franchises, trademarks and similar rights and values as well as licenses thereto	Development costs, internally developed software	Goodwill	Total
Gross amounts				
Balance as of Oct. 1, 2021	**528,724**	**20,882**	**1,041,430**	**1,591,035**
Currency differences	(10)	874		864
Additions	8,344	1,235	1,955	11,534
Transfers	794	68	-	862
Disposals	(1,391)	-	-	(1,391)
Balance as of Sept. 30, 2022	**536,461**	**23,059**	**1,043,385**	**1,602,904**
Currency differences	384	(570)		(186)
Additions	9,027	1,295	-	10,322
Transfers	719	-	-	719
Disposals	(331)	-	-	(331)
Balance as of Sept. 30, 2023	**546,260**	**23,784**	**1,043,385**	**1,613,428**
Currency differences	511	(307)		204
Additions	12,046	1,664	584	14,294
Transfers	3,057	(11,533)	-	(8,476)
Disposals	(2,408)	-	-	(2,408)
Balance as of Sept. 30, 2024	**559,466**	**13,608**	**1,043,969**	**1,617,042**
Accumulated amortization				
Balance as of Oct. 1, 2021	**239,404**	**1,822**	**293**	**241,519**
Currency differences	(314)	(22)	-	(336)
Amortization expense	21,447	1,609	-	23,056
Transfers	132	-	-	132
Disposals	(462)	-	-	(462)
Balance as of Sept. 30, 2022	**260,207**	**3,409**	**293**	**263,909**
Currency differences	345	14	-	359
Amortization expense	18,057	1,323	-	19,380
Transfers	-	(120)	-	(120)
Disposals	(55)	-	-	(55)
Balance as of Sept. 30, 2023	**278,554**	**4,626**	**293**	**283,473**
Currency differences	362	49	-	411
Amortization expense	19,128	1,910	-	21,038
Transfers	-	-	-	-
Disposals	(2,336)	-	-	(2,336)
Balance as of Sept. 30, 2024	**295,708**	**6,585**	**293**	**302,586**
Net amounts:				
Balance as of Oct. 1, 2021	**289,320**	**19,060**	**1,041,137**	**1,349,516**
Balance as of Sept. 30, 2022	**276,254**	**19,650**	**1,043,092**	**1,338,995**
Balance as of Sept. 30, 2023	**267,706**	**19,158**	**1,043,092**	**1,329,955**
Balance as of Sept. 30, 2024	**263,758**	**7,023**	**1,043,676**	**1,314,456**

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

As of September 30, 2024, an individual material intangible asset pertains to technology in the amount of € 119,932 thousand (September 30, 2023: €125,859 thousand, September 30, 2022: €131,787 thousand) in connection with the purchase price allocation of TKMS GmbH (previously Howaldtswerke-Deutsche Werft GmbH) with remaining amortization period of 20 years (September 30, 2023: 21 years, September 30, 2022: 22 years).

Amortization expense is included in cost of sales, research and development cost, selling expenses and general and administrative expenses.

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

As of September 30, 2024, the Group did not enter into purchase commitments for intangible assets. There are no intangible assets whose title are restricted and whose carrying amounts are pledged as security for liabilities.

Impairment of goodwill and intangible assets with an indefinite life

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

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

For year-end reporting, the recoverable amount for the Marine Systems Business was determined by calculating the value in use with the help of the discounted cash flow method using after-tax cash flow projections from financial budgets prepared by the Marine Systems business segment and resolved by tk AG management for the following three fiscal years. In this context, the Supervisory Board approves the budget for the following fiscal year. The basic planning assumption is a moderate, regionally varying growth in the global economy in 2025. This basic planning assumption also applies to the years 2026 and 2027. For the cash flows beyond the budget period, the third budget year is projected over two further years using business-specific assumptions, and in general this is then used to calculate the perpetuity based on a sustained growth rate of a maximum of 1.6% as of September 30, 2024 (September 30, 2023: 1.4%, September 30, 2022: 1.3%). The weighted average cost of capital discount rate is based on a risk-free interest rate of 2.5% as of September 30, 2024 (September 30, 2023: 2.5%, September 30, 2022: 1.5%) and a market risk premium of 6.75% as of September 30, 2024 (September 30, 2023: 7.0%, September 30, 2022: 7.5%). Moreover, for each CGU the beta, the cost of debt and the capital structure is derived individually from the relevant peer group. In addition, CGU specific tax rates and country risk premiums are used. To discount cash flows after-tax discount rates are applied.

Goodwill of the TKMS Business:

Year	Carrying amount of goodwill €	Pre-tax discount rate in %	After-tax discount rate in %	Growth rate in %	Description of key assumptions of goodwill testing
Sept. 30, 2024	1,043,676	10.5	7.8	1.6	- Scheduled processing of the order backlog portfolio and completion of various major projects in the planning period lead to overall increasing order margins - The realization of planned order intake, particularly in the submarine and marine electronics areas, results in significant growth and also an improvement in the average profitability of the future order portfolio - Steadily increasing EBIT adj. margins expected in the planning period due to assumptions on the development of the order backlog and realization of the planned order intake - Calculation of cash flow and operating income margin of 7.4% (prior year: 6.8%) for the perpetual annuity is based on assumptions about the planned future order portfolio in the last planning year (5th planning year)
Sept. 30, 2023	1,043,092	11.2	8.2	1.4	- Profitable progress on order backlog portfolio– Realization of planned order intake, particularly in submarine area, resulting in margin improvement in order backlog portfolio - Efficiency increases along entire value chain based on implemented performance program - Calculation of cash flow and operating income margin of 6.8% (prior year: 8.8%) for the perpetual annuity is based on assumptions about the planned future order portfolio in the last planning year (5th planning year)
Sept. 30, 2022	1,043,092	9.9	7.3	1.3	- Profitable progress on order backlog portfolio - Realization of planned order intake, particularly in submarine area, resulting in significant margin improvement in order backlog portfolio - Efficiency increases along entire value chain based on implemented performance program - Derivation of cash flow in the perpetual annuity based on assumptions regarding existing order backlog and future order intake - Calculation of cash flow and operating income margin of 8.8% for the perpetual annuity is based on assumptions about the planned future order portfolio in the last planning year (5th planning year)

Trademarks with an indefinite life pertain to trademarks ATLAS (for all periods under consideration: €73,900 thousand) and Hagenuk (for all periods under consideration: €7,700 thousand) and remain unchanged as no impairment occurred during the periods under consideration. Both trademarks have historically been allocated to the Atlas Electronics segment, which also represents a CGU, and tested for impairment. The recoverable amount for Atlas Electronics was determined by calculating the value in use with the help of the discounted cash flow method using after-tax cash flow projections from financial budgets prepared by the TKMS Management for Atlas Electronics. The pre-tax discount rate applied to the cash flow projections is 9,0% (September 30, 2023: 9,0%, September 30, 2022: 8,0%). The after-tax discount rate is 7,8% (September 30, 2023: 8,2%, September 30, 2022: 7,3%). The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 1,6% (September 30, 2023: 1,4%, September 30, 2022: 1,3%) for the perpetual annuity is based on assumptions about the planned future order portfolio in the last planning year. The calculation is based on cash flow and operating income margin of 10.6% (September 30, 2023: 10.5%, September 30, 2022: 9.0%). The financial budgets for Atlas Electronics are incorporated into the business plan for the Marine Systems Business. As such, the key assumptions underlying the after-tax cash flow projections align with those used in the goodwill impairment test, as outlined in the table above.

The recoverable amount pertaining to trademark ATLAS exceeds the carrying amount by approximately €303 million as of September 30, 2024 (September 30, 2023: €174 million, September 30, 2022: €148 million). The recoverable amount pertaining to trademark Hagenuk exceeds the carrying amount by approximately €12 million as of September 30, 2024 (September 30, 2023: €4 million, September 30, 2022: €28 million).

5 Property, plant and equipment

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

thousand €	Land, buildings including buildings on third-party land	Technical machinery, factory and office equipment	Right-of-use assets	Construction in progress	Total
Gross amounts					
Balance as of Oct. 1, 2021	**137,527**	**304,538**	**52,110**	**43,040**	**537,215**
Currency differences	5,252	1,805	430	192	7,679
Additions	30,972	30,450	4,647	4,575	70,644
Transfers	290	2,416	(1,700)	(13,741)	(12,735)
Mergers			458		458
Disposals	(80)	(7,777)	(1,005)	(2)	(8,864)
Balance as of Sept. 30, 2022	**173,961**	**331,432**	**54,940**	**34,064**	**594,397**
Currency differences	106	(102)	(501)	148	(349)
Additions	5,475	34,354	5,001	41,530	86,360
Transfers	3,657	18,283	(701)	(1,896)	19,343
Disposals	(20)	(4,446)	(325)	(1,476)	(6,267)
Balance as of Sept. 30, 2023	**183,179**	**379,521**	**58,414**	**72,370**	**693,484**
Currency differences	(3,947)	(2,609)	(272)	(211)	(7,039)
Additions	9,199	45,499	19,097	6,524	80,319
Transfers	89,794	38,171	(11,406)	(47,732)	68,827
Disposals	(101)	(29,070)	(2,157)	(982)	(32,310)
Balance as of Sept. 30, 2024	**278,124**	**431,512**	**63,676**	**29,969**	**803,281**
Accumulated depreciation and impairmen losses:					
Balance as of Oct. 1, 2021	**(39,343)**	**(169,313)**	**(14,171)**	**-**	**(222,827)**
Currency differences	(41)	(379)	(193)	-	(613)
Depreciation expense	(5,467)	(29,191)	(7,728)	-	(42,386)
Transfers	(204)	336	930	-	1,062
Disposals	80	7,334	-	-	7,414
Balance as of Sept. 30, 2022	**(44,975)**	**(191,213)**	**(21,162)**	**-**	**(257,350)**
Currency differences	(98)	59	258	-	219
Depreciation expense	(6,030)	(29,943)	(7,763)	-	(43,736)

Impairment losses	-	(102)		(977)	(1,079)
Transfers	(25)	(95)	616	-	496
Disposals	7	4,225	94	-	4,326
Balance as of Sept. 30, 2023	**(51,121)**	**(217,069)**	**(27,957)**	**(977)**	**(297,124)**
Currency differences	101	538	142	-	781
Depreciation expense	(7,821)	(35,593)	(7,840)	-	(51,254)
Impairment losses	-	(39)	-	(95)	(134)
Reversal of impairment losses		99			99
Transfers	3	(3)	529	-	529
Disposals	87	28,787	1,917	977	31,768
Balance as of Sept. 30, 2024	**(58,751)**	**(223,280)**	**(33,209)**	**(95)**	**(315,335)**
Net amounts:					
Balance as of Oct. 1, 2021	**98,184**	**135,225**	**37,939**	**43,040**	**314,388**
Balance as of Sept. 30, 2022	**128,986**	**140,219**	**33,778**	**34,064**	**337,047**
Balance as of Sept. 30, 2023	**132,058**	**162,452**	**30,457**	**71,393**	**396,360**
Balance as of Sept. 30, 2024	**219,373**	**208,232**	**30,467**	**29,874**	**487,946**

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

There were no property, plant and equipment assets pledged as collateral for financial debt as of any of reporting dates. As of September 30, 2024, cumulative impairments amount to €134 thousand (September 30, 2023: €1,079 thousand, September 30, 2022: €0 thousand) regarding technical machinery, factory and office equipment and construction in progress.

As of September 30, 2024, the Group entered into purchase commitments for property, plant and equipment of €35,764 thousand (September 30, 2023: €87,892 thousand, September 30, 2022: €124,704 thousand).

In fiscal year 2023/2024, the impairment loss of €134 thousand represented the write-down of certain property, plant and equipment which was recognized in the Combined Statement of Income as cost of sales.

As of September 30, 2024, the constructions in progress primarily includes expenditure for the renovation and reconstructions of buildings in Kiel. Furthermore, construction in progress includes as of September 30, 2024, an amount of €598 thousand (September 30, 2023: €1,835 thousand, September 30, 2022: €1,179 thousand) relating to expenditure for plants and technical machinery in the course of construction.

During fiscal year 2021/2022 the Group acquired land, buildings and technical machinery, factory and office equipment in Wismar to further expand its existing Surface Vessel business (cf. Note 31).

6 Inventories

thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Raw materials	15,136	18,195	24,582
Supplies	68,244	85,387	96,145
Work in progress	87,266	104,885	122,233
Finished products and Merchandise	1,867	824	1,669
Total	**172,513**	**209,291**	**244,629**

In the reporting period ended September 30, 2024, €7,245 thousand (September 30, 2023: €3,922 thousand, September 30, 2022: €6,602 thousand) of inventory write-downs have been recognized as an expense in cost of sales. In the reporting period ended September 30, 2024, €1,740 thousand (September 30, 2023: €2,748 thousand, September 30, 2022: €6,674 thousand) have been recognized as a price-related reversal of previous write-downs.

During the fiscal year ended September 30, 2024, inventories of €803,519 thousand (September 30, 2023: €677,807 thousand September 30, 2022: €777,522 thousand) are recognized as cost of sales.

As of September 30, 2024, there were inventories of €17,169 thousand (September 30, 2023: €18,549, September 30, 2022: €12,469 thousand) with remaining terms of more than one year.

7 Trade accounts receivable

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

As of September 30, 2024, there were trade accounts receivables of €29,007 thousand (September 30, 2023: €0 thousand, September 30, 2022: €460 thousand) with remaining terms of more than one year.

The cumulative impairment losses of €27,680 thousand as of September 30, 2024 (September 30, 2023: €25,855 thousand, September 30, 2022: €21,156 thousand) are recognized for doubtful accounts. For more details, refer to the disclosures in Note 20.

8 Assets and liabilities from contracts with customers

Contract assets and contract liabilities

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

thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Contract assets	487,372	460,763	402,693
Allowance for expected credit losses	(2,052)	(1,819)	(1,344)
Contract assets (net)	**485,320**	**458,944**	**401,349**
Contract liability	**(1,187,168)**	**(1,230,660)**	**(1,543,282)**

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

Contract assets decrease by €58,070 thousand in the fiscal year 2023/2024 (fiscal year 2022/2023: decrease of €26,609 thousand, fiscal year 2021/2022: increase of €37,933 thousand) primarily due to an increase (fiscal year 2022/2023: increase, fiscal year 2021/2022: decrease) in advance payments by customers related to large-scale construction projects.

Contract liabilities increased by €312,622 thousand in the fiscal year 2023/2024 (increased €43,492 thousand in the fiscal year 2022/2023, increased €534,766 thousand in the fiscal year 2021/2022) primarily due to an increase (fiscal year 2021/2022: increase, fiscal year 2020/2021: increase) of advance payments by costumers related to new major projects, in excess of revenue recognized from partially satisfied performance obligations for contracts that were in a contract liability position.

In the fiscal year 2023/2024, sales in the amount of €1,283,496 thousand (fiscal year 2022/2023: €1.347.509 thousand, fiscal year 2021/2022: €749,278 thousand) reflected in the contract liability balance at the beginning of the fiscal year were recognized.

The recognition of revenue, gross margin, and the related contract assets and liabilities for TKMS Business's large-scale projects depends heavily on various estimates and assumptions, particularly regarding total contract costs and the measurement of progress at a given reporting date. In connection with the high contract values contract assets and liabilities recognized are sensitive with respect to changes in estimates of total contract cost, in particular when these have an impact on the projected contract margin. Changes of total contract costs resulting in material changes of estimated project profitability had a negative impact on sales recognized in fiscal year 2023/2024 amounting to €93 million (fiscal year 2022/2023: €29 million, fiscal year 2021/2022: €14 million).

Remaining performance obligations

Amounts of a customer contract's transaction price that are allocated to the remaining performance obligations represent contracted revenue that has not yet been recognized (also referred to as "order backlog") and amounted to €11,800 million as of September 30, 2024 (September 30, 2023: €12,743 million, September 30, 2022: €13,812 million). This amount largely comprises of remaining obligations under construction contracts, as the respective contracts typically have durations of multiple years.

The majority of the order backlog is expected to be recognized as revenue over the next 1 to 14 years following the respective balance sheet date. As of September 30, 2024, an amount of €7,138 million (September 30, 2023: €6,647 million, September 30, 2022: €7,330 million) of the order backlog is expected to be satisfied within the next 5 years after the respective balance sheet date while the remaining balance is expected to be satisfied in subsequent years, i.e. after more than 5 years after the respective balance sheet date.

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

9 Other financial assets

thousand €	Sept. 30, 2022		Sept. 30, 2023		Sept. 30, 2024	
	current	non-current	current	non-current	current	non-current
Receivables from cash pooling arrangements with tk Group (cf. Note 21)	1,144,781	-	1,429,070	-	1,165,590	-
Other receivables from affiliated companies/investments	53,744	-	96,328	-	159,690	-
Miscellaneous other financial assets	5,568	48	21,059	13,956	19,063	14,298
Derivatives not qualifying for hedge accounting	4,154	-	2,873	-	1,852	-
Derivatives qualifying for hedge accounting	129	-	61	-	7	-
Other Investments		143	-	143	-	143
Total	**1,208,376**	**191**	**1,549,391**	**14,099**	**1,346,202**	**14,441**

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

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

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

As of September 30, 2024, cumulative impairments amount to €1,025 thousand (September 30, 2023: €1,038 thousand, September 30, 2022: €840 thousand) regarding current other financial assets.

10 Other non-financial assets

thousand €	Sept. 30, 2022		Sept. 30, 2023		Sept. 30, 2024	
	current	non-current	current	non-current	current	non-current
Advance payments on intangible assets	-	12,427	-	17,219	-	34,269
Advance payments property, plant, equipment	-	80,651	-	87,699	-	14,388
Advance payments right of use assets	-	-	-	1	-	-
Advance payments to suppliers	411,576	-	401,195	-	541,651	-
Costs to obtain a contract	-	46,678	-	41,162	-	36,399
Other prepayments	1,451	-	10,785	-	11,207	-
Tax refunds	13,088		19,997		16,365	
Miscellaneous	16,473	12,448	24,895	11,866	25,776	8,709
Total	**442,588**	**152,204**	**456,872**	**157,947**	**594,999**	**93,765**

As of September 30, 2024, 2023 and 2022, miscellaneous other current non-financial assets primarily include prepaid expenses as well as short-term insurance payments. In addition, legal costs in Greece were reimbursed to the Group in fiscal year 2022/2023.

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

Costs to obtain a contract mainly relate to campaign and project execution costs and are amortized in selling expenses. As of September 30, 2024, amortisation recognised as selling expenses amount to €4,763 thousand (September 30, 2023: €5,516 thousand, September 30, 2022: €5,516 thousand). No impairment losses were recognized.

Miscellaneous other non-current non-financial assets primarily include offset credits of the Group in the United Arab Emirates.

No impairments regarding other non-financial assets were accrued during the reporting periods ending September 30, 2024, 2023, and 2022.

11 Total equity

Equity attributable to tk Group

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

Capital Management

Capital Management for the TKMS Business was performed by tk Group during the periods under consideration. The key financial goals TKMS Business include the sustainable increase of company value and ensuring liquidity at all times. For the purpose of the Group's capital management, the Group was integrated into the cash pooling and cash management systems of tk Group (cf. Note 9). No financial covenants are required to be monitored since no such existed during the period under consideration due to financing primarily via cash pooling. In addition, in connection with the Group's construction projects tk Group issues guarantees to the Group's customers (cf. Note 21).

Cumulative Other Comprehensive Income

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

Non-controlling interests

Changes in non-controlling interests in the fiscal years September 30, 2022, through September 30, 2024, are shown in the following tables:

ATLAS ELEKTRONIK L.L.C.			
thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Non-current assets	126	66	-
Current assets	26,552	28,880	-
Total assets	26,678	28,946	-
Non-current liabilities	256	283	-
Current liabilities	24,015	26,440	-
Total liabilities	24,271	26,723	-
Net assets	2,407	2,222	-
Net assets attributable to non-controlling interests	1,228	1,133	-
Sales/(negative sales)	(1,640)	4,097	-
Net income/(loss)	(56)	0	-
Other comprehensive income/(loss)	394	209	-
Comprehensive income/(loss)	338	209	-
Net income/(loss) attributable to non-controlling interests	(28)	0	799
Other comprehensive income/(loss) attributable to non-controlling interests	195	95	(106)
Cash flow arising from operating activities	(564)	(1,480)	10,313
Cash flow arising from investing activities	600	1,500	(9,842)
Cash flow arising from financing activities	(114)	(34)	(339)
Change in cash and cash equivalents	(78)	(14)	132

Águas Azuis Construcao Naval Ltda.			
thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Non-current assets	8,376	10,236	10,651
Current assets	427,867	564,438	593,819
Total assets	436,243	574,674	604,470
Non-current liabilities	-	-	-
Current liabilities	424,963	539,875	559,678
Total liabilities	424,963	539,875	559,678
Net assets	11,280	34,799	44,792
Net assets attributable to non-controlling interests	2,820	8,700	11,198
Sales/(negative sales)	91,937	179,482	269,067
Net income/(loss)	7,554	23,162	15,416
Other comprehensive income/(loss)	1,119	1,477	(3,946)
Comprehensive income/(loss)	8,673	24,639	11,470
Net income/(loss) attributable to non-controlling interests	2,038	5,790	3,854
Other comprehensive income/(loss) attributable to non-controlling interests	268	90	(1,356)
Cash flow arising from operating activities	105,745	(47,340)	(19,466)
Cash flow arising from investing activities	(528)	(169)	(138)
Cash flow arising from financing activities	(1,098)	(1,053)	-
Change in cash and cash equivalents	104,119	(48,562)	(19,604)

Earnings per share

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

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

12 Provisions for pension and similar obligations

thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Accrued pension liability	339,409	324,423	349,835
Partial retirement	21,230	17,921	14,583
Other accrued pension-related obligations	2,291	2,249	2,084
Total	**362,930**	**344,593**	**366,502**

Accrued pension liability

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

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

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

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

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

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

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

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

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

	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Active employees	9,139	9,388	9,958
Terminated employees with vested benefits	1,962	2,037	2,068
Pensioners	8,037	7,687	7,380
Total	**19,138**	**19,112**	**19,406**

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

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

thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Change in defined benefit obligations (DBO):			
DBO at the beginning of fiscal year	**475,288**	**349,268**	**336,127**
Service cost	13,344	8,076	8,277
Interest expense	4,176	12,485	13,574
Remeasurement: Actuarial (gains)/losses from experience adjustments	10,210	3,977	(62)
Remeasurement: Actuarial (gains)/losses from changes in demographic assumptions	0	0	0
Remeasurement: Actuarial (gains)/losses from changes in financial assumptions	(133,213)	(17,995)	27,263
Currency differences	0	0	0
Participant contributions	0	0	0
Benefit payments	(20,830)	(19,980)	(20,765)
Net transfers	293	296	236
Others	0	0	0
DBO at the end of fiscal year	**349,268**	**336,127**	**364,650**
Change in plan assets:			
Fair value of plan assets at the beginning of fiscal year	**8,231**	**9,860**	**11,713**
Interest income	76	369	494
Remeasurement: Actuarial gains/(losses) on plan assets, excluding amounts included in interest income	(385)	57	805
Currency differences	0	0	0
Employer contributions	2,057	1,672	1,914
Participant contributions	0	0	0
Benefit payments	(223)	(191)	(180)
Net transfers	104	(54)	70
Administration cost	0	0	0
Others	0	0	0
Fair value of plan assets at the end of fiscal year	**9,860**	**11,713**	**14,816**
Change in reimbursement rights:			
Fair value of reimbursement rights at the beginning of fiscal year	**0**	**0**	**0**
Interest income	0	0	0

Remeasurement: Actuarial gains/(losses) on reimbursement rights, excluding amounts included in interest income	0	0	0
Employer contributions	0	0	0
Fair value of reimbursement rights at the end of fiscal year	**0**	**0**	**0**
Change in ceiled reimbursement rights:			
Fair value of ceiling of reimbursement rights at the beginning of fiscal year	**0**	**0**	**8,352**
Reduction of Interest income because of reimbursement right ceiling	0	0	351
Remeasurement: Actuarial gains/(losses) on ceiled reimbursement rights, excluding amounts included in reduction of interest income	0	8,352	(8,703)
Fair value of ceiled reimbursement rights at the end of fiscal year	**0**	**8,352**	**0**
Net amounts:	0	0	0
Reimbursement right after ceiling at the end of fiscal year	**0**	**0**	**0**

As of September 30, 2024, defined benefit obligations of €364,650 thousand (September 30, 2023 €336,127 thousand, September 30, 2022: €349,268 thousand) related to plans that are wholly unfunded, in the amount of €289,689 thousand (September 30, 2023: €272,484 thousand, September 30, 2022: €287,487 thousand), to plans that are wholly or partly funded in the amount of €74,961 thousand (September 30, 2023: €63,642 thousand, September 30, 2022: €61,782 thousand).

Changes of net defined asset and liability

The net assets/liabilities of defined benefit plans changed as follows:

thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Net defined benefit liability at the beginning of fiscal year	467,056	339,408	324,422
Service cost plus net interest (income)/expense	17,444	20,191	21,357
Remeasurements	(122,618)	(14,065)	26,387
Currency differences	0	0	0
Employer contributions	(2,057)	(1,672)	(1,914)
Participant contributions	0	0	2
Benefit payments	(20,607)	(19,789)	(20,585)
Net transfers	189	350	167
Administration cost	0	0	0
Other	0	0	0
Net defined benefit liability at end of fiscal year	339,408	324,422	349,836
thereof: accrued pension liability	349,268	336,127	364,650
thereof: other non-financial assets	9,860	11,713	14,816

Net periodic pension costs

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

thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Service cost	13,344	8,076	8,277
Net interest cost	4,251	12,854	14,068
Administration cost	0	0	0
Net periodic pension cost	17,596	20,929	22,345

Sensitivity analysis and underlying assumptions

The Group applied the following weighted-average assumptions to determine benefit obligation:

in %	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Discount rate	3.70	4.20	3.40
Rate of compensation increase	3.00	3.00	3.00
Rate of pension progression	2.20	2.20	2.10

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

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

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

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

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

thousand €		Increase/(decrease) in defined benefit obligation for plans in Germany		
		Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Discount rate	Increase by 0.5 percentage points	(19,627)	(17,955)	(20,509)
	Decrease by 0.5 percentage points	19,627	17,955	20,509
Rate of compensation increase	Increase by 0.5 percentage points	438	396	431
	Decrease by 0.5 percentage points	(438)	(396)	(431)
Rate of pension progression increase	Increase by 0.25 percentage points	5,335	4,971	5,233
	Decrease by 0.25 percentage points	(5,335)	(4,971)	(5,233)
Mortality probability	Decrease by 10.0 percentage points	10,301	9,840	10,624

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

Plan assets

The Group invests in diversified portfolios consisting of an array of asset classes that attempt to maximize returns while minimizing volatility. The Group’s reported plan assets associated with the funded pension plans are located in Germany. The asset classes mainly include investments in insurance contracts and pension trust fund. Plan assets do not include any direct investments in Group’s debt securities, treasury shares or real estate used on its own.

The Group uses professional investment managers to invest plan assets based on specific investment guidelines. The Investment Committees of the respective plan consist of senior financial management especially from treasury and other appropriate executives. The Investment Committees meet regularly to review the risks and performance of the major assets and approve the selection and retention of external managers.

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

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

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

As of Sept. 30, 2022	Fair value (thousand €)			
Asset categories	Total	Quoted market price in an active market	No quoted market price in an active market	Portion of major plan assets (in %)
Equity securities	5,047	5,047		51%
Bonds	3,184	2,070	1,114	32%
Others	1,629		1,629	17%
Total	**9,860**	**7,117**	**2,743**	**100%**

As of Sept. 30, 2023	Fair value (thousand €)			
Asset categories	Total	Quoted market price in an active market	No quoted market price in an active market	Portion of major plan assets (in %)
Equity securities	4,860	4,860		42%
Bonds	5,283	3,434	1,849	45%
Others	1,569		1,569	13%
Total	**11,712**	**8,294**	**3,418**	**100%**

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

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

In general, the Group's funding policy is to contribute amounts to the plans sufficient to meet the minimum statutory funding requirements relevant in the country in which the plan is located. The Group may from time to time make additional contributions at its own discretion. The Group's expected contribution in fiscal year 2024/2025 is €1,921 thousand (fiscal year 2023/2024: €1,688 thousand, fiscal year 2022/2023: €2,017 thousand) related to its plan assets.

Pension benefit payments

In fiscal year 2023/2024, pension benefit payments for plans in Germany comprised €20,945 thousand (fiscal year 2022/2023: €20,171 thousand, fiscal year 2021/2022: €21,052 thousand) and were made mainly from provisions in an amount of €20,765 thousand (fiscal year 2022/2023: €19,980 thousand, fiscal year 2021/2022: €20,830 thousand). In fiscal year 2023/2024, pension benefits payments of €180 thousand (fiscal year 2022/2023: €191 thousand, fiscal year 2021/2022: €223 thousand) were made mainly from plan assets.

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

For fiscal year	thousand €
2024/2025	25,163
2025/2026	24,062
2026/2027	25,388
2027/2028	23,795
2028/2029	23,075
2029/2030 – 2032/2033	110,388
Total	**231,871**

As of September 2024, the duration of defined benefit plans amounts to 11,2 years for Germany (2023: 10,7 years, 2022: 11,2 years).

Defined contribution plans

The Group maintains defined contribution plan in Germany, South Korea and the United Kingdom. In fiscal year 2023/2024, €7,507 thousand (fiscal year 2022/2023: €6,258 thousand, fiscal year 2021/2022: €5,539 thousand,) were charged to the Combined Statement of Income as contributions to defined contribution plans.

The Group's contribution to the multi-employer defined benefit pension plans in Germany ("Pensionskassen"), which are accounted as defined contribution plans, amounted to €477 thousand in 2023/2024 (2022/2023: €514 thousand2021/2022: €530 thousand, 2020/2021: €561 thousand) and are expected to be at €400 thousands for 2024/2025. The total amount of contributions received by "Pensionskassen" from all sponsoring employers was €3,300 thousands in calendar year 2024, €3,500 thousands in calendar year 2023 and €3,800 thousands in calendar year 2022). Correspondingly, the Group's contributions reflect a proportioned share of the overall pension fund contributions of approximately 14%. Potential costs associated with the termination of the plans implemented through the "Pensionskassen" would not be material to the Group.

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

Partial retirement

In fiscal years 2021/2022, 2022/2023 and 2023/2024, the TKMS Business accrued obligations resulting from partial retirement agreements. Under these agreements, employees work additional time prior to retirement, which is subsequently paid for in instalments after retirement. In addition, employees receive a supplement on top of their pay. For these obligations, accruals were recognized in accordance with IAS 19 "Employee Benefits".

Other accrued pension-related obligations

Other accrued pension-related obligations mainly include provision for TKMS Business's pension adjustment ("Betriebsrentenanpassung") in Germany (September 30, 2024: €1,739 thousand, September 30, 2023: €1,891 thousand, September 30, 2022: €1,815 thousand) and provisions for early retirement payment for employees in Germany (September 30, 2024: €14,583 thousand, September 30, 2023: €17,921 thousand, September 30, 2022: €21,230 thousand).

13 Other provisions

thousand €	Employee benefits	Product warranties and subsequent project related costs and risks	Onerous contracts provisions	Litigation	Restructuring	Others	Total
Balance as of Oct. 1, 2021	**41,045**	**260,675**	**112,791**	**9,245**	**1,748**	**52,692**	**478,196**
Thereof: non-current	13,823	-	-	-	270	801	14,894
Currency differences	82	30	(58)	-	-	1,411	1,465
Additions	30,253	97,616	11,185	4,960	1,845	4,885	150,744
Utilization	(30,132)	(42,206)	(19,056)	(7,706)	(1,886)	(4,732)	(105,718)
Reversal	(2,506)	(88,159)	(19,501)	(220)	(578)	6,004	(104,960)
Transfers	-	-	-	-	-	12,857	12,857
Accretion	115	-	-	-	-	-	115
Others	-	-	-	-	-	-	-
Balance as of Sept. 30, 2022	**38,857**	**227,955**	**85,362**	**6,279**	**1,129**	**73,117**	**432,699**
Thereof: non-current	10,811	-	-	-	-	751	11,562
Currency differences	7	7	27	-	-	(61)	(20)
Additions	31,034	80,913	43,241	3,751	2,927	(15,828)	146,038
Utilization	(28,463)	(35,832)	(34,110)	(7,894)	(1,368)	(31,940)	(139,607)
Reversal	(7)	(55,920)	(2,731)	(60)	-	(11,382)	(70,100)
Transfers	-	-	-	-	-	(4,627)	(4,627)
Accretion	386	-	-	-	-	5	391
Others	-	-	-	-	-	28,700	28,700
Balance as of Sept. 30, 2023	**41,814**	**217,123**	**91,790**	**2,076**	**2,687**	**37,983**	**393,473**
Thereof: non-current	11,872	-	-	-	-	5,685	17,557
Currency differences	(192)	101	20	(7)	-	(115)	(193)
Additions	37,266	36,384	85,800	3,140	115	5,894	168,599
Utilization	(29,293)	(5,162)	(59,923)	(2,648)	(495)	(3,026)	(100,547)
Reversal	(1,190)	(12,004)	(27,825)	(302)	-	(1,172)	(42,493)
Transfers	-	-	-	-	-	2,740	2,740
Accretion	435		-	-	-	17	452
Others	-	(13,500)	-	-	-	-	(13,500)
Balance as of Sept. 30, 2024	**48,840**	**222,941**	**89,861**	**2,260**	**2,307**	**42,322**	**408,531**
Thereof: non-current	12,182	-	-	-	-	5,609	17,791

The current provisions of €11,269 thousand (September 30, 2023: €10,529 thousand, September 30, 2022: €9,928 thousand) are expected to be settled in more than one year.

Employee benefits

Management Incentive Plans

Provisions relating to management incentive plans reflected in provisions for employee benefits amount to €1,052 thousand as of September 30, 2024 (September 30, 2023: €1,354 thousand, September 30, 2022: €642 thousand). For details regarding management incentive plans reference is made to Note 29.

Other employee benefits

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

Onerous contracts provisions

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

Product warranties and subsequent construction costs and risks from operations

The product warranties provisions reflect the Group's responsibility for the proper functioning of the goods sold (product warranty) as well as obligations that arise from the use of the products sold (product defect) and provisions for risks from operations, such as those in connection with compensation from customer claims that are not warranties (cf. Note 19). The amount of the provisions is established on a case-by-case basis. In the context of the measurement of warranty provisions, the Group takes into account experience related to actual warranty claims as well as technical information concerning product deficiencies discovered. The Group expects to settle the majority of the product warranties provision over the guarantee terms. Product warranties and subsequent project related costs and risks contain an estimate of subsequent, uncertain construction costs in the amount of €115,240 thousand as of September 30, 2024 (September 30, 2023: €129,157 thousand, September 30, 2022: €142,292 thousand).

Litigation

The risks arising from cost for litigation cases is estimated to be €2,260 thousand on September 30, 2024 (September 30, 2023: €2,076 thousand, September 30, 2022: €6,279 thousand) in parts connected to certain contingencies (cf. Note 19). The outcome as well as the timing of any outflow of litigation cases is by nature uncertain and therefore represents a risk. There is a reasonable probability that individual cases can last longer than expected or could be decided against the Group. Identifiable risks have been adequately covered by recognizing appropriate provisions.

Restructuring provisions

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

14 Trade accounts payable

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

As of September 30, 2024, trade accounts payable in the amount of €5,072 thousand (September 30, 2023: €8,357 thousand, September 30, 2022: €4,096 thousand) have a remaining term of more than one year.

15 Other financial liabilities

In the following the current other financial liabilities are presented:

thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Payables to tk Group	93,688	95,646	78,513
Embedded derivatives (cf. Note 20)	34,675	43,416	32,588
Payables from purchase of property, plant, equipment	16,115	16,286	3,741
Derivatives not qualifying for hedge accounting	2,046	1,848	2,211
Derivatives qualifying for hedge accounting	502	480	712
Miscellaneous other financial liabilities	42,826	32,783	19,620
Total	**189,852**	**190,459**	**137,385**

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

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

There were financial liabilities with a remaining term of more than one year as of September 30, 2024 in the amount of €14,556 thousand (September 30, 2023: €16,305 thousand, September 30, 2022: €31,827 thousand).

16 Other non-financial liabilities

thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Accruals relating to subsequent production costs of orders	80,400	75,209	83,718
Liabilities to employees	46,360	53,105	64,034
Tax liabilities (without income taxes)	13,921	27,751	36,917
Miscellaneous other non-financial liabilities	16,784	16,382	31,492
Total	**157,465**	**172,447**	**216,161**

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

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

17 Leases

Group as a lessee

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

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

thousand €	Land and buildings	Technical machinery, equipment	Other equipment, factory and office equipment	Investment properties	Total
Gross amounts					
Balance as of Oct. 1, 2021	**47,690**	**1,147**	**3,273**	**-**	**52,110**
Currency differences	434	1	(5)	-	430
Additions	2,961	588	1,099	-	4,647
Transfers	(1,695)	-	(5)	-	(1,700)
Disposals	(953)	-	(52)	-	(1,005)
Mergers	458	-	-	-	458
Balance as of Sept. 30, 2022	**48,895**	**1,736**	**4,310**	**-**	**54,940**

Currency differences	(404)	-	(96)	(1)	(501)
Additions	3,138	-	1,800	63	5,001
Transfers	(391)	-	(310)	-	(701)
Disposals	(152)	-	(173)	-	(325)
Mergers	-	-	-	-	-
Balance as of Sept. 30, 2023	**51,086**	**1,736**	**5,531**	**62**	**58,414**
Currency differences	(191)	-	(82)	1	(272)
Additions	6,107	11,260	1,563	167	19,097
Transfers	(120)	(11,114)	(5)	(167)	(11,406)
Disposals	(1,146)	(449)	(562)	-	(2,157)
Mergers	-	-	-	-	-
Balance as of Sept. 30, 2024	**55,735**	**1,433**	**6,444**	**64**	**63,676**
Accumulated depreciation and impairment losses					
Balance as of Oct. 1, 2021	**12,064**	**419**	**1,688**	**-**	**14,171**
Currency differences	198	-	(5)	-	193
Depreciation expense	6,188	311	1,229	-	7,728
Impairment losses	-	-	-	-	-
Reversals of impairment losses	-	-	-	-	-
Transfers	(965)	-	(3)	-	(968)
Disposals	-	-	-	-	-
Mergers	38	-	-	-	38
Balance as of Sept. 30, 2022	**17,523**	**730**	**2,909**	**-**	**21,162**
Currency differences	(206)	-	(52)	-	(258)
Depreciation expense	6,319	295	1,145	4	7,763
Impairment losses	-	-	-	-	-
Reversals of impairment losses	-	-	-	-	-
Transfers	(346)	-	(270)	-	(616)
Disposals	-	-	(94)	-	(94)
Mergers	-	-	-	-	-
Balance as of Sept. 30, 2023	**23,290**	**1,025**	**3,638**	**4**	**27,957**
Currency differences	(102)	(2)	(38)	-	(142)
Depreciation expense	6,098	460	1,262	20	7,840
Impairment losses	-	-	-	-	-
Reversals of impairment losses	-	-	-	-	-
Transfers	(246)	(282)	(1)	-	(529)
Disposals	(1,097)	(449)	(371)	-	(1,917)
Mergers	-	-	-	-	-
Balance as of Sept. 30, 2024	**27,943**	**752**	**4,490**	**24**	**33,209**
Net amounts					
Balance as of Oct. 1, 2021	**35,626**	**728**	**1,585**	**-**	**37,939**
Balance as of Sept. 30, 2022	**31,372**	**1,006**	**1,401**	**-**	**33,778**
Balance as of Sept. 30, 2023	**27,796**	**711**	**1,893**	**58**	**30,457**
Balance as of Sept. 30, 2024	**27,792**	**681**	**1,954**	**40**	**30,467**

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

Further details of lease liabilities are given in Note 20.

The following table presents income and expenses resulting from leases:

thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Expense from short-term leases	379	287	323
Expense from leases for low-value assets	16	93	234
Depreciation and amortization expense	7,728	7,763	7,840
Interest expense from lease liabilities	1,233	1,276	1,421
Expenses from off-balance variable lease payments	111	114	128
Total amount recognized in profit & loss	**9,467**	**9,533**	**9,946**

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

The Group prolonged existing lease contracts and signed new lease contracts during the fiscal year 2023/2024 whereof not all yet commenced as of the balance sheet date September 30, 2024. These new lease contracts, which not yet commenced, will result in a future cash outflow of €1,502 thousand within the next ten years after commencement date.

Group as a lessor

The following table illustrates the operating leases for the Group's shipyard facilities in Wismar, detailing the asset values for land, factory, technical equipment, and office equipment. These leases have remaining terms of one year. Additionally, the table includes recognized rental income from leasing office facilities.

thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Land	-	20,633	20,633
Factory	-	5,938	5,556
Technical equipment	-	10,592	9,390
Office equipment	-	1,969	2,250
Total operating lease assets	**-**	**39,132**	**37,829**
Office facilities rental income	2,827	6,896	11,490

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

thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Within one year	6,896	11,026	6,527
Between 1 and 2 years	11,026	6,527	-
Between 2 and 3 years	6,527	-	-
Between 3 and 4 years	-	-	-
Between 4 and 5 years	-	-	-
More than 5 years	-	-	-

18 Investments accounted for using the equity-method

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

Joint Ventures

thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
As of Oct. 1	**125**	**435**	**2,206**
Additions	6,615	-	-
Impairment	(6,525)	-	-
Disposals	-	-	-
Dividends paid	-	-	-
Share of income	221	1,771	1,962
As of Sept. 30	**435**	**2,206**	**4,168**

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

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

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

	KTA Naval Systems AS		
thousand €	Year ended Sept. 30, 2022[1)]	Year ended Sept. 30, 2023[2)]	Year ended Sept. 30, 2024[3)]
Total non-current assets	43	2,664	2,203
Total current assets	75,006	69,754	69,489
thereof: cash and cash equivalents	2,787	11,679	21,623
Total non-current liabilities	247	272	279
thereof: non-current financial liabilities (excluding trade and other payables and provisions)	-	-	-
Total current liabilities	74,180	67,980	63,245
thereof: current financial liabilities (excluding trade and other payables and provisions)	73,811	64,690	62,201
Net assets	622	4,166	8,168
Sales	56,136	76,567	82,010
Depreciation and amortization	16	16	18
Interest income	239	650	126
Interest expense	211	877	4
Income tax (expense) or income	-	2,637	455
Income/(loss) from continuing operations (net of tax)	160	3,543	4,003
Income/(loss) from discontinued operations (net of tax)	-	-	-
Net income/(loss)	160	3,543	4,003
Other comprehensive income	-	-	-
Total comprehensive income	160	3,543	4,003
Dividends received by the Group	-	-	-

1) Amounts primarily based on interim Financial Statements as of August 31, 2022, as a financial reporting as of a later date would incur disproportionately high costs.
2) Amounts primarily based on interim Financial Statements as of August 31, 2023, as a financial reporting as of a later date would incur disproportionately high costs.
3) Amounts primarily based on interim Financial Statements as of August 31, 2024, as a financial reporting as of a later date would incur disproportionately high costs.

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

thousand €	Year ended Sept. 30, 2022[1)]	Year ended Sept. 30, 2023[2)]	Year ended Sept. 30, 2024[3)]
Net assets as of Oct. 1	**(12,657)**	**622**	**4,166**
Net income/(loss)	160	3,543	4,003
Capital Increase	13,120	-	-
Net assets as of Sept. 30	**622**	**4,166**	**8,168**
Proportion of net assets as of Sept. 30 attributable to TKMS Business	311	2,082	4,084
Carrying amount as of Sept. 30	**311**	**2,082**	**4,084**

1) Amounts primarily based on interim Financial Statements as of August 31, 2022, as a financial reporting as of a later date would incur disproportionately high costs.
2) Amounts primarily based on interim Financial Statements as of August 31, 2023, as a financial reporting as of a later date would incur disproportionately high costs.
3) Amounts primarily based on interim Financial Statements as of August 31, 2024, as a financial reporting as of a later date would incur disproportionately high costs.

The joint venture had no contingent liabilities or commitments as of September 30, 2024, September 30, 2023, and September 30, 2022.

Associated Companies

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

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

thousand €	Year ended Sept, 30, 2022	Year ended Sept, 30, 2023	Year ended Sept, 30, 2024
Carrying amount as of Oct. 1	**3,642**	**3,032**	**2,824**
Share of			
Income/(loss) from continuing operations (net of tax)	140	(208)	381
Other comprehensive income	-	-	-
Dividends	-	-	(1,124)
Other changes	(749)	-	-
Carrying amount as of Sept. 30	**3,032**	**2,824**	**2,081**

19 Contingencies and commitments

Bank guarantees issued to the Group's customers on behalf of TKMS Business to guarantee fulfilment of its obligations from specific projects in the amount of €1,220,878 thousand as of September 30, 2024 (September 30, 2023: €1,226,893 thousand, September 30, 2022: €1,425,308 thousand).

The Group has contingencies for the following material legal disputes:

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

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

In connection with the majority interest previously held by thyssenkrupp Industrial Solutions AG in the Greek shipyard Hellenic Shipyards and the construction of submarines for the Greek Navy, the Greek government has filed legal and arbitration actions to claim compensation of €2.2 billion from thyssenkrupp Industrial Solutions AG and TKMS GmbH as well as from Hellenic Shipyards and the current majority shareholder of Hellenic Shipyards. To date the Greek government has only concretized the receivables to a minor extent, relating exclusively to its contract with Hellenic Shipyards. The claims asserted against the thyssenkrupp companies appear unfounded. All contractual obligations of thyssenkrupp Marine Systems and other thyssenkrupp companies vis-à-vis the Greek government have been fulfilled since 2010. The arbitration court dismissed the claims against the TKMS GmbH in a partial ruling in September 2023. The Greek government has not appealed this partial ruling and the deadline for appeal has now passed. The arbitration proceedings in this matter therefore now only relate to claims against the other defendants. The thyssenkrupp companies are still formally party to the proceedings only because a decision on the allocation of the legal costs will only be taken uniformly at the end of the proceedings. As a result, the proceedings no longer meet the criteria for contingencies that have to be specified individually and will consequently not be included in future reporting.

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

The Group did not have any other commitments and contingencies as of September 30, 2024, 2023 and 2022.

20 Financial instruments

Financial instruments by category

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

	Measurement category in accordance with IFRS 9			Measurement in accordance with IFRS 16/IFRS 15	
	Carried at amortized cost	Carried at fair value			
thousand €	Carrying amount	Fair value recognized in profit or loss	Fair value in equity (with recycling)	Carrying amount	Carrying amount in the statement of financial position as of Sept. 30, 2022
Trade accounts receivable	267,571				267,571
Contract assets				485,320	485,320
Other financial assets	1,204,284	4,154	129	-	1,208,567
Receivables from cash pooling arrangements with tk Group (cf. Note 21)	1,144,781				1,144,781
Miscellaneous other financial assets	59,503				59,503
Derivatives not qualifying for hedge accounting		4,154			4,154
Derivatives qualifying for hedge accounting			129		129
Cash and cash equivalents	265,362				265,362
Total of financial assets	**1,737,217**	**4,154**	**129**	**485,320**	**2,226,820**
Lease liabilities				35,013	35,013

Trade accounts payable	247,944				247,944
Other financial liabilities	152,630	36,721	502	-	189,853
Miscellaneous other financial liabilities	152,630				152,630
Embedded derivates		34,675			34,675
Derivatives not qualifying for hedge accounting		2,046			2,046
Derivatives qualifying for hedge accounting			502		502
Total of financial liabilities	**400,574**	**36,721**	**502**	**35,013**	**472,810**

	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	Fair value in equity (with recycling)	Carrying amount	Carrying amount in the statement of financial position as of Sept. 30, 2023
Trade accounts receivable	206,530				206,530
Contract assets				458,944	458,944
Other financial assets	1,560,555	2,874	61	-	1,563,490
Receivables from cash pooling arrangements with tk Group (cf. Note 21)	1,429,070				1,429,070
Miscellaneous other financial assets	131,485				131,485
Embedded derivatives		929			929
Derivatives not qualifying for hedge accounting		1,945			1,945
Derivatives qualifying for hedge accounting			61		61
Cash and cash equivalents	150,914				150,914
Total of financial assets	**1,917,999**	**2,874**	**61**	**458,944**	**2,379,878**
Lease liabilities				31,743	31,743
Trade accounts payable	374,213				374,213
Other financial liabilities	144,715	45,264	480	-	190,459
Miscellaneous other financial liabilities	144,715				144,715
Embedded derivatives		43,416			43,416
Derivatives not qualifying for hedge accounting		1,848			1,848
Derivatives qualifying for hedge accounting			480		480
Total of financial liabilities	**518,928**	**45,264**	**480**	**31,743**	**596,415**

	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	Fair value in equity (with recycling)	Carrying amount	Carrying amount in the statement of financial position as of Sept. 30, 2024

Trade accounts receivable	281,019				281,019
Contract assets				401,349	401,349
Other financial assets	1,358,785	1,851	7	-	1,360,643
Receivables from cash pooling arrangements with tk Group (cf. Note 21)	1,165,590				1,165,590
Miscellaneous other financial assets	193,195				193,195
Embedded derivatives		834			834
Derivatives not qualifying for hedge accounting		1,017			1,017
Derivatives qualifying for hedge accounting			7		7
Cash and cash equivalents	122,037				122,037
Total of financial assets	**1,761,841**	**1,851**	**7**	**401,349**	**2,165,048**

Lease liabilities				32,740	32,740
Trade accounts payable	411,395				411,395
Other financial liabilities	101,874	34,799	712	-	137,385
Miscellaneous other financial liabilities	101,874				101,874
Embedded derivatives		32,588			32,588
Derivatives not qualifying for hedge accounting		2,211			2,211
Derivatives qualifying for hedge accounting			712		712
Total of financial liabilities	**513,269**	**34,799**	**712**	**32,740**	**581,520**

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

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

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

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

FAIR VALUE HIERARCHY AS OF SEPT. 30, 2022				
thousand €	Sept. 30, 2022	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	4,154		4,154	
Fair value recognized in OCI				
Derivatives qualifying for hedge accounting	129		129	
Embedded derivatives	-		-	
Total	**4,283**	**-**	**4,283**	**-**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	2,046		2,046	
Fair value recognized in OCI				
Derivatives qualifying for hedge accounting	502		502	
Embedded derivatives	34,675		34,675	
Total	**37,223**	**-**	**37,223**	**-**

FAIR VALUE HIERARCHY AS OF SEPT. 30, 2023				
thousand €	Sept. 30, 2023	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	1,945		1,945	
Fair value recognized in OCI				
Derivatives qualifying for hedge accounting	61		61	
Embedded derivatives	**929**		**929**	
Total	**2,935**	**-**	**2,935**	**-**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	1,848		1,848	
Fair value recognized in OCI				
Derivatives qualifying for hedge accounting	480		480	
Embedded derivatives	43,416		43,416	
Total	**45,744**	**-**	**45,744**	**-**

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

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

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

Netting of financial assets and financial liabilities

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

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

In these cases, a right of offsetting is enforceable only on termination of the contract on the grounds of a major breach of contract or insolvency of one of the contractual parties. As of September 30, 2024, potential offsetting exists in the amount of €1,025 thousand (September 30, 2023: €2,006 thousand, September 30, 2022: €2,548 thousand) based on the gross amounts of the financial assets as of September 30, 2024 €1,025 thousand (September 30, 2023: €2,006 thousand, September 30, 2022: €4,283 thousand) and financial liabilities as of September 30, 2024 €2,211 thousand (September 30, 2023: €2,328 thousand, September 30, 2022: €2,548 thousand).

Net result from financial instruments

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

NET RESULT FROM FINANCIAL INSTRUMENTS			
thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Financial (assets) at amortized cost	(16,427)	(56,862)	(68,770)
Financial (assets) / liabilities at fair value recognized in equity (with recycling)	-	-	-
Financial (assets) / liabilities at fair value recognized in profit or loss	(3,101)	2,005	1,218
Financial liabilities at amortized cost	4,617	12,464	6,053

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

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

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

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

As of September 30, 2024, the net result includes exchange differences of €1,462 thousand (September 30, 2023: €-535 thousand, September 30, 2022: €209 thousand).

Impairment of financial assets

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

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

IMPAIRMENT OF TRADE ACCOUNTS RECEIVABLE RECOGNIZED AT AMORTIZED COST AS WELL AS CONTRACT ASSETS			
thousand €	Expected credit loss	Expected credit loss (individual identification)	Total of impairments
Balance as of Oct. 1, 2021	**2,359**	**21,157**	**23,516**
Currency differences	20	-	20
Additions	752	-	752
Amounts utilized	(128)	634	506
Reversals	-	(1,586)	(1,586)
Balance as of Sept. 30, 2022	**3,003**	**20,205**	**23,208**
Currency differences	(15)	-	(15)
Additions	6,627	-	6,627
Amounts utilized	(460)	(1,687)	(2,147)
Reversals	-	-	-
Balance as of Sept. 30, 2023	**9,155**	**18,518**	**27,673**
Currency differences	(5)	5	-
Additions	945	1,738	2,683
Amounts utilized	(374)	(282)	(656)

Reversals	-	(675)	(675)
Balance as of Sept. 30, 2024	**9,721**	**19,304**	**29,025**

In the Group's leading valuation model, the expected default rates are mainly derived from external credit information and ratings for each counterparty, which allows more accurate calculation of the probability of default compared with the formation of rating classes. The customer risk numbers assigned by trade credit insurers and the creditworthiness information provided by credit agencies are translated into an individual probability of default per customer using a central allocation system. This individual probability of default per customer is used uniformly throughout the TKMS Business. The information is updated quarterly. If no rating information is available at counterparty level, an assessment is made based on the average probability of default plus an appropriate risk premium. For the Combined Financial Statements as of September 30, 2024, 2023, and 2022 the latest external credit information and ratings were used, which already take into account current expectations of the possible effects of the war in the Ukraine. In addition, the model takes forward-looking information derived from current macroeconomic conditions into account (e.g., increase in material and personnel costs in the short-term; a degressive increase in material and personnel costs in the mid-term). According to this valuation model, no additional adjustment of impairment is necessary. Overall, this model shows a moderate but not significant increase in the valuation of individual customers.

The column expected credit loss (individual identification) refer in particular to individual bad debt provisions and insolvency cases. On the other financial assets measured at amortized cost there were no significant changes in impairment losses in the fiscal years 2021/2022, 2022/2023 and 2023/2024 respectively.

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

Derivative financial instruments

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

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

DERIVATIVE FINANCIAL INSTRUMENTS (Hedging of foreign currency risk)						
thousand €	Notional amount as of Sept. 30, 2022	Carrying amount as of Sept. 30, 2022	Notional amount as of Sept. 30, 2023	Carrying amount as of Sept. 30, 2023	Notional amount as of Sept. 30, 2024	Carrying amount as of Sept. 30, 2024
Assets						
Foreign currency derivatives that do not qualify for hedge accounting						
Foreign currency contracts US Dollar	7,838	1,070	17,614	555	8,104	269
Foreign currency contracts GBP	29,135	1,754	24,813	604	11,181	198
Foreign currency contracts SGD	1,243	25	3,016	61	2,431	40
Foreign currency contracts Other	23,810	1,305	29,471	724	28,681	510
Foreign currency derivatives qualifying as cash flow hedges						
Foreign currency contracts US Dollar	2,710	129	2,565	42	2,479	1

Foreign currency contracts Other	0	0	2,068	19	844	6
Total	**64,737**	**4,284**	**79,547**	**2,006**	**53,720**	**1,025**

Liabilities						
Foreign currency derivatives that do not qualify for hedge accounting						
Foreign currency contracts US Dollar	10,484	1,245	7,416	340	17,515	445
Foreign currency contracts GBP	4,520	202	23,869	48	12,108	188
Foreign currency contracts SGD	850	3	977	16	128	1
Foreign currency contracts Other	12,773	597	38,819	1,444	77,308	1,577
Foreign currency derivatives qualifying as cash flow hedges						
Foreign currency contracts US Dollar	0	0	0	0	697	13
Foreign currency contracts NOK	322,557	35,305	305,648	43,956	276,466	33,307
Foreign currency contracts Other	11,821	502	10,223	480	9,547	699
Total	**363,328**	**37,877**	**388,156**	**46,293**	**393,769**	**36,229**

Derivatives that qualify for hedge accounting - cash-flow hedges

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

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

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

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

INFORMATION ON HEDGING INSTRUMENTS IN THE CONTEXT OF CASH FLOW HEDGES FOR FOREIGN CURRENCY RISKS			
thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Derivate assets	**129**	**61**	**7**
Derivative liabilities	**35,153**	**43,886**	**33,300**
Designated part of hedging instruments	*(35,024)*	*(43,825)*	*(33,292)*
Fair value change of hedged item	*35,024*	*43,825*	*33,292*

Cash flows from future transactions are currently hedged for a maximum of 12 months.

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

CHANGES IN OTHER COMPREHENSIVE INCOME RESULTING FROM CASH FLOW HEDGES FOR FOREIGN CURRENCY RISKS			
thousand €	2022	2023	2024
Balance as of Oct. 1	**(25,624)**	**(24,130)**	**(30,161)**
Net unrealized gains/(losses) on designated risk component	(549)	(584)	(138)
Net unrealized gains/(losses) on hedging costs	2,645	(8,216)	10,671
Net realized (gains)/losses	-	-	-
Tax effect	(602)	2,770	(3,325)
Balance as of Sept. 30	**(24,130)**	**(30,161)**	**(22,953)**

As of September 30, 2024, net income from the ineffective portions of derivatives classified as cash flow hedges totalled €0 thousand (September 30, 2023: €0 thousand, September 30, 2022: €0 thousand).

In the subsequent fiscal year 2024/2025 fluctuations in fair value of derivatives included in cumulative other comprehensive income as of the reporting date is expected to impact earnings by income of €5,337 thousand. During the 2025/2026 fiscal year, earnings are expected to be impacted by income of €3,247 thousand, and in the following fiscal years by income of €28,066 thousand.

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

HEDGING OF FOREIGN CURRENCY RISKS BY REMAINING TERMS			
thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Remaining term up to 1 year	**97,712**	**157,752**	**137,138**
thereof:			
Foreign currency contracts NOK	41,249	43,418	31,015
Foreign currency contracts GBP	12,507	49,324	10,261
Foreign currency contracts USD	17,931	23,336	28,440
Foreign currency contracts other	26,026	41,674	67,422
Remaining term above 2 years	**330,352**	**320,030**	**321,775**
thereof:			
Foreign currency contracts NOK	291,781	284,729	269,771
Foreign currency contracts GBP	21,962	171	31,961
Foreign currency contracts USD	3,423	6,116	2,352
Foreign currency contracts other	13,186	29,014	17,690
Notional amount	**428,065**	**477,782**	**458,913**
thereof:			
Foreign currency contracts NOK	333,030	328,146	300,786
Foreign currency contracts GBP	34,469	49,496	42,222
Foreign currency contracts USD	21,354	29,452	30,793
Foreign currency contracts other	39,211	70,688	85,112
Average hedging rate			
Foreign currency contracts NOK	10.40	11.05	11.66
Foreign currency contracts GBP	18.77	4.68	4.16
Foreign currency contracts USD	1.10	1.07	1.09

Derivatives that do not qualify for hedge accounting

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

Financial risk

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

Credit risk

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

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

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

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

Liquidity risk and maturity analysis

Liquidity risk is the risk that the Group is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents. Liquidity risk was managed by the Group by means of integration into the cash pooling and cash management systems of tk Business.

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

FUTURE UNDISCOUNTED CASH OUTFLOWS AS OF SEPT. 30, 2022				
thousand €	Carrying amount Sept. 30, 2022	*Cash flows within 1 year*	*Cash flows between 2 and 5 years*	*Cash flows of more than 5 years*
Lease liabilities	35,013	7,999	16,741	18,127
Trade accounts payable	247,944	243,848	4,096	-
Derivative financial instruments not qualifying for hedge accounting	6,201	1,550	4,651	-
Derivative financial instruments qualifying for hedge accounting	35,177	1,132	5,362	30,467
Other financial liabilities	189,852	192,112	34,474	-

FUTURE UNDISCOUNTED CASH OUTFLOWS AS OF SEPT. 30, 2023				
thousand €	Carrying amount Sept. 30, 2023	*Cash flows within 1 year*	*Cash flows between 2 and 5 years*	*Cash flows of more than 5 years*
Lease liabilities	31,743	6,178	15,103	17,184
Trade accounts payable	374,212	365,855	8,357	-
Derivative financial instruments not qualifying for hedge accounting	4,760	2,439	2,321	-
Derivative financial instruments qualifying for hedge accounting	43,896	3,357	7,860	36,772
Other financial liabilities	190,459	172,745	23,019	-

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

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

Sensitivity analysis

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

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

Foreign currency risk exposure

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

The US dollar is the only relevant risk variable for sensitivity analyses under IFRS 7, as the vast majority of foreign currency cash flows occurs in US dollars. As hedging transactions are generally used to hedge underlying transactions, opposite effects in underlying and hedging transactions are almost entirely offset over the total period. Therefore, the currency risk exposure described results from hedging relationships with off-balance sheet underlying transactions, i.e., hedges of firm commitments and forecasted sales. Based on our analysis, the exposure to the US dollar as of September 30, 2024, 2023, 2022 was as follows:

If the euro had been 10 % stronger against the US dollar as of September 30, 2024, the earnings resulting from the measurement as of the balance sheet date would have been €521 thousand lower (September 30, 2023: €1,515 thousand lower, September 30, 2022: €675 thousand lower).

If the euro had been 10 % weaker against the US dollar as of September 30, 2024, the earnings resulting from the measurement as of the balance sheet date would have been €855 thousand higher (September 30, 2023: €2,127 thousand higher, September 30, 2022: €771 thousand higher).

If the euro had been 10% stronger against the Norwegian crowns as of September 30, 2024, the earnings resulting from the measurement as of the balance sheet date would have been €26,301 thousand lower (September 30, 2023: €27,390 thousand lower, September 30, 2022: €27,881 thousand lower).

If the euro had been 10% weaker against the Norwegian crowns as of September 30, 2024, the earnings resulting from the measurement as of the balance sheet date would have been €44,636 thousand higher (September 30, 2023: €25,579 thousand higher, September 30, 2022: €32,106 thousand higher).

If the euro had been 10% stronger against the British pound as of September 30, 2024, the earnings resulting from the measurement as of the balance sheet date would have been €19 thousand higher (September 30, 2023: €0 thousand higher, September 30, 2022: €11 thousand lower).

If the euro had been 10% weaker against the British pound as of September 30, 2024, the earnings resulting from the measurement as of the balance sheet date would have been €19 thousand lower (September 30, 2023: €0 thousand lower, September 30, 2022: €11 thousand higher).

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is only exposed to a minor interest rate risk resulting from the cash pooling financed at arm's length. The Group manages its interest rate risk by transferring typically excess liquidity into the tk Group's cash pooling and cash management system on a regular basis; reference is also made to Note 9 and Note 21.

21 Related Parties

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

Transactions with tk Group

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

Transactions with tk Group were as follows:

Service, supply and delivery agreements

thousand €	Sales of goods and services and other income			Purchases of goods & services and other expenses		
	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Other entities of tk Group	4,702	4,594	5,185	748	2,864	1,655
Joint Ventures of TKMS Business	446	396	213	0	0	0
Associates of TKMS Business	196	940	11	0	0	0
Total	**5,344**	**5,930**	**5,410**	**748**	**2,864**	**1,655**

Interest income and expense from cash pool

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

thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Interest income from cash pool with tk Group	2,663	47,658	58,273
Interest expense from cash pool with tk Group	940	3,276	3,249

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

in %	Borrowings			Deposits		
	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
EUR	1.0	4.1	4.6	0.2	3.5	4.5
GBP	3.0	5.7	6.1	2.2	5.1	6.0
USD	2.5	6.1	6.1	1.7	5.5	6.0

Derivative financial instruments

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

thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Net gains (losses) from hedging activities performed by tk AG for the Group	3,145	(1,458)	(1,207)

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

DERIVATIVE FINANCIAL INSTRUMENTS (Hedging of foreign currency risk)						
thousand €	Notional amount as of Sept. 30, 2022	Carrying amount as of Sept. 30, 2022	Notional amount as of Sept. 30, 2023	Carrying amount as of Sept. 30, 2023	Notional amount as of Sept. 30, 2024	Carrying amount as of Sept. 30, 2024
Assets						
Foreign currency derivatives that do not qualify for hedge accounting						
Foreign currency contracts US Dollar	7,838	1,070	17,614	555	8,104	269
Foreign currency contracts GBP	29,135	1,754	24,813	604	11,181	198
Foreign currency contracts SGD	1,243	25	3,016	61	2,431	40
Foreign currency contracts Other	23,810	1,305	29,471	724	28,681	510
Foreign currency derivatives qualifying as cash flow hedges						
Foreign currency contracts USD	2,710	129	2,565	42	2,479	1
Foreign currency contracts Other	0	0	2,068	19	844	6
Total	**64,737**	**4,284**	**79,547**	**2,006**	**53,720**	**1,025**
Liabilities						
Foreign currency derivatives that do not qualify for hedge accounting						
Foreign currency contracts US Dollar	10,484	1,245	7,416	340	17,515	445
Foreign currency contracts GBP	4,520	202	23,869	48	12,108	188
Foreign currency contracts SGD	850	3	977	16	128	1
Foreign currency contracts Other	12,773	597	38,819	1,444	77,308	1,577
Foreign currency derivatives qualifying as cash flow hedges						
Foreign currency contracts USD	0	0	0	0	697	13
Foreign currency contracts Other	11,821	502	10,223	480	9,547	699
Total	**40,449**	**2,549**	**81,303**	**2,328**	**117,303**	**2,922**

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

thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Sell Amount	152,795	157,016	244,175
Buy Amount	167,555	159,834	267,609

License fee

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

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

thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
tk Group trademark fee	1,018	1,760	4,325

In the context of the separation from tk Group, TKMS GmbH will enter into a new licensing agreement with tk AG, resulting in the termination of the historical brand invoicing model. The new licensing agreement grants TKMS Business the indefinite right to use licensed "TKMS" trademarks (for further information cf. Note 33).

Guarantees

tk Group has issued so called parent company guarantees (hereafter "PCG") to the TKMS Business's customers in connection with the TKMS Business's projects. PCGs issued by tk Group amounted to €10,009,287 thousand as of September 30, 2024 (September 30, 2023: €9,939,724 thousand, September 30, 2022: €10,377,038 thousand). In the periods under consideration tk Group has charged a fixed fee (i.e. regardless of the guaranteed amount) of €85 thousand per PCG to TKMS Business, largely reflecting internal administration cost of such PCG incurred by tk Group. The fixed fees charged for the PCG have been included in TKMS Business's project costs and are presented in cost of sales with their historically recharged amounts. In connection with the contemplated spin-off the terms and conditions of the PCG have been re-negotiated effective fiscal year 2025/2026 (see Note 33). Under the re-negotiated terms tk Group continues to charge a fixed fee by PCG in an amount which increases year-over year. While existing PCG will remain in place after the spin-off, it is not intended to make use of new PCG with respect to new contracts entered into by TKMS Group after the spin-off.
The amounts charged by tk Group do not reflect amounts which would been charged in the hypothetical case that such guarantees were issued by external banks instead of tk AG. Therefore, the amounts included in the Combined Financial Statements may not be indicative of future performance of the TKMS Group and do not necessarily reflect what its net assets, financial position, results of operations, capital structure and cash flows would have been had the TKMS Business operated as an independent stand-alone group during the periods presented.

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

The costs incurred for guarantees amount to €13,258 thousand on September 30, 2024 (€13,524 thousand on September 30, 2023, €15,298 thousand on September 30, 2022).

Legal reorganization

In the context of the legal reorganization as of September 30, 2024, TKMS GmbH acquired 75 % of shares in TKMS ATLAS ELEKTRONIK GmbH (formerly ATLAS ELEKTRONIK GmbH), 100 % of shares in TKMS Singapore Pte. Ltd. (formerly thyssenkrupp Marine Systems (Singapore) Pte. Ltd.) and other shareholdings of minor value for a total purchase price of €633,877 thousand, which was paid in fiscal year 2023/2024 and included in "Transactions with tk Group" presented in the Combined Statement of Changes in Equity and the Combined Statement of Cash Flows.

Profit or loss transfer agreements

For the periods under consideration profit or loss transfer agreements ("Gewinnabführungsvertrag") were in place with tk Group. The corresponding impact of the profit transfer or loss absorption is directly recognized in equity and is reflected as a withdrawal or contribution in the line item "Dividends & profit and loss transfer with TKMS Business's equity holders" respectively, in the Combined Statement of Changes in Equity. The subsequent settlement of such receivables and liabilities is presented in the financing activities in the line item "Profit loss transfers received (paid)" of the Combined Statement of Cash Flows.

Balances due to/from tk Group

thousand €	Assets			Liabilities		
	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
tk Group cash pool	1,144,781	1,429,070	1,165,590	68,349	51,410	57,376
Foreign currency derivatives with tk Group	4,284	2,006	1,025	2,549	2,328	2,922
tk Group other transactions	53,744	96,330	163,126	25,339	44,236	21,137

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

Lease contracts

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

thousand €	Right of use assets			Lease liabilities		
	Sept. 30,2022	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
tk Group	675	927	982	682	940	1,009

Transactions with key management personnel of TKMS Business

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

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

The members of the TKMS Management Board comprising of Oliver Burkhard (Chief Executive Officer), Paul Glaser (Chief Financial Officer), Bernd Hartmann (Chief Human Resources Officer) and Dirk Steinbrink (Chief Operating Officer) represent key management personnel of the Group.

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

The compensation of the management board members of Marine Systems contains several remuneration components as illustrated in the table below. The compensation presented in the table encompasses both (i) directly incurred compensation at the TKMS Business level and (ii) allocated expenses incurred at the tk AG level, insofar as these were attributed to TKMS Business amounting to €500 thousand for the fiscal year 2023/2024 (fiscal year 2022/2023: €500 thousand, fiscal year 2021/2022: €0 thousand) and reflected in these Combined Financial Statements:

thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Short-term benefits	1,111	1,672	1,863
Long-term benefits	(18)	77	(10)
Termination benefits	712	243	-
Post-employment benefits	604	146	123
Total	**2,409**	**2,137**	**1,976**

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

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

thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Short-term benefits	450	380	523
Long-term benefits	75	99	89
Termination benefits	200	-	-
Post-employment benefits	907	919	1,080
Total	**1,632**	**1,398**	**1,692**

Short-term benefits comprise of fixed compensation, annual bonus, the short-term component of the long-term incentive program and additional fringe benefits such as the provision of company cars as well as further transitional benefits for a limited period, such as relocation costs or costs in connection with the need to maintain two households for work purposes.

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

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

Compensation attributable to members of the Supervisory Board comprised in fiscal year 2023/2024 base compensation and additional compensation for committee work and amounted to €50 thousand (fiscal year 2022/2023: €57 thousand, fiscal year 2021/2022: €85 thousand) including meeting fees.

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

Disclosures relating to the Executive Board and Supervisory Board of tk AG

The following disclosures show the total compensation of the Executive Board and the Supervisory Board of tk AG, as published on the tk AG Group financial statements.

In fiscal year 2023/2024, the members of the Executive Board of tk AG received short-term benefits (excluding share-based compensation) of €6,683 thousand (fiscal year 2022/2023: €5,169 thousand, fiscal year 2021/2022: €4,598 thousand). Post-employment benefits in fiscal year 2023/2024 amounted to €3 thousand (fiscal year 2022/2023: €562 thousand, fiscal year 2021/2022: €161 thousand). Termination benefits in fiscal year 2023/2024 amounted to €315 thousand (fiscal year 2022/2023: €387 thousand, fiscal year 2021/2022: €0 thousand). In fiscal year 2023/2024, expense related to share-based compensation amounted to €(1,581) thousand (fiscal year 2022/2023: €8,191 thousand, fiscal year 2021/2022: €(4,564) thousand). Therefore, the total compensation and benefits of the Executive Board of tk AG amounted to €5,421 thousand in fiscal year 2023/2024 (fiscal year 2022/2023: €14,309 thousand, fiscal year 2021/2022: €196 thousand). The remuneration of the members of the executive board of tk AG is reflected as an expense in these Combined Financial Statements, insofar as these were attributed to TKMS Business amounting to €500 thousand for the fiscal year 2023/2024 (fiscal year 2022/2023: €500 thousand, fiscal year 2021/2022: €0 thousand), as also discussed in the section "Transactions with key management personnel of TKMS Business" above. Compensation attributable to members of the supervisory board of tk AG comprises in fiscal year 2023/2024 of short-term benefits and amounted to €2,369 thousand (including of meeting attendance fees) (fiscal year 2022/2023: €1,728 thousand, fiscal year 2021/2022: €1,688 thousand).

22 Segments

Reportable Segments

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

Corporate and Consolidation

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

Management reporting principles and key performance indicators

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

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

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

Segment reporting

Segment information for the year ended Sept. 30, 2024						
thousand €	Submarines	Surface Vessels	Atlas Electronics	All other Segments	Corporate and Consolidation	Group
External sales	975,036	570,849	432,731	7,538	397	1,986,551
Internal sales within the group	615	1	157,084	-	(157,700)	-
Sales	975,651	570,850	589,815	7,538	(157,303)	1,986,551
Gross Margin	72,646	95,463	143,616	3,783	(2,448)	313,059
Therein: Depreciation and amortization	41,935	3,345	21,718	261	-	67,259

Segment information for the year ended Sept. 30, 2023						
thousand €	Submarines	Surface Vessels	Atlas Electronics	All other Segments	Corporate and Consolidation	Group

External sales	955,073	646,904	337,605	6,700	2,390	1,948,673
Internal sales within the group	489	-	265,502	-	(265,991)	-
Sales	955,563	646,904	603,107	6,700	(263,601)	1,948,673
Gross Margin	68,121	98,864	135,351	7,410	(1,912)	307,833
Therein: Depreciation and amortization	34,657	2,874	20,601	235	-	58,367

Segment information for the year ended Sept. 30, 2022						
thousand €	Submarines	Surface Vessels	Atlas Electronics	All other Segments	Corporate and Consolidation	Group
External sales	640,073	738,154	311,275	8,435	(2,117)	1,695,820
Internal sales within the group	973	-	147,624	-	(148,596)	-
Sales	641,046	738,154	458,899	8,435	(150,714)	1,695,820
Gross Margin	83,686.03	44,422.54	109,608.25	7,622.61	(6,790.68)	238,549
Therein: Depreciation and amortization	31,248	2,322	25,841	219	-	59,630

Additional information

thousand €	Germany	All foreign countries	Group
External sales (location of customer)			
Year ended Sept. 30, 2022	437,024	1,258,797	1,695,820
Year ended Sept. 30, 2023	584,977	1,363,696	1,948,673
Year ended Sept. 30, 2024	509,351	1,477,199	1,986,551

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

thousand €	Year ended Sept. 30, 2022		Year ended Sept. 30, 2023		Year ended Sept. 30, 2024	
Germany	437,024	25.8%	584,977	30.0%	509,351	25.6%
Brazil	187,187	11.0%	260,854	13.4%	360,678	18.2%
Egypt	394,292	23.3%	286,475	14.7%	-	-
Norway	-	-	249,789	12.8%	290,712	14.6%
Singapore	278,168	16.4%	-	-	-	-

thousand €	Germany	Rest of Europe	South America	Middle East & Africa	Other countries	Group
Non-current assets (intangible assets, property, plant and equipment inclusive of investment property and other non-financial assets) (location assets)						
Sep. 30, 2022	680,089	40,512	49,012	306	15,236	**785,154**
Sep. 30, 2023	727,124	45,769	52,549	286	15,443	**841,170**
Sep. 30, 2024	724,598	52,254	57,005	539	18,096	**852,491**

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

Reconciliations

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

GROSS MARGIN TO INCOME/(LOSS) BEFORE TAX			
thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Gross Margin as presented in segment reporting	**238,549**	**307,833**	**313,059**
Research and development cost	(54,257)	(42,560)	(47,716)
Selling expenses	(63,624)	(76,617)	(71,481)
General and administrative expenses	(96,487)	(99,844)	(114,718)
Other income/(expense), net	7,469	(7,503)	(699)
Profit/(loss) from operations	**31,650**	**81,309**	**78,445**
Financial income/(expense), net	1,045	38,078	50,336
Income/(loss) group (before tax)	**32,695**	**119,387**	**128,781**

23 Sales

Sales from contracts with customers, are presented below:

thousand €	Timing of revenue recognition	Submarines	Surface Vessels	Atlas Electronics	All other Segments	Corporate and Consolidation	Group
2021/2022							
Sales category							
Sales from construction contracts	Over-time	605,117	733,857	246,214	-	(2,117)	1,583,070
Sales from rendering of services	Over-time / point in time	34,957	4,297	9,244	8,435	-	56,932
Sales of finished goods and merchandise	Point in time	-	-	55,818	-	-	55,818
Total		**640,073**	**738,154**	**311,275**	**8,435**	**(2,117)**	**1,695,820**

thousand €	Timing of revenue recognition	Submarines	Surface Vessels	Atlas Electronics	All other Segments	Corporate and Consolidation	Group
2022/2023							
Sales category							
Sales from construction contracts	Over-time	908,359	640,542	271,190	-	2,389	1,822,481
Sales from rendering of services	Over-time / point in time	46,033	6,361	9,812	6,700	-	68,906
Sales of finished goods and merchandise	Point in time	681	-	56,604	-	-	57,285
Total		**955,073**	**646,904**	**337,606**	**6,700**	**2,389**	**1,948,673**

thousand €	Timing of revenue recognition	Submarines	Surface Vessels	Atlas Electronics	All other Segments	Corporate and Consolidation	Group
2023/2024							
Sales category							
Sales from construction contracts	Over-time	924,490	561,919	351,038	-	397	1,837,844
Sales from rendering of services	Over-time / point in time	50,546	8,930	8,944	7,538	-	75,958
Sales of finished goods and merchandise	Point in time	-	-	72,749	-	-	72,749
Total		**975,036**	**570,849**	**432,731**	**7,538**	**397**	**1,986,551**

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

In the fiscal year ended September 30, 2024, Sales from contracts with customers results from long-term contracts amounting to €1,941,819 thousand (fiscal year ended September 30, 2023: €1,826,165 thousand, fiscal year ended September 30, 2022: €1,578,060 thousand) and from short-term contracts amounting to €44,732 thousand (fiscal year ended September 30, 2023: €122,508 thousand, fiscal year ended September 30, 2022: €117,760 thousand).

24 Functional Cost

Research and development costs

The future competitiveness of the Group shall be ensured through sustained development of new products, applications, and processes. This is also reflected in the Group's research and development cost amounting to €47,716 thousand in fiscal year 2023/2024 (fiscal year 2022/2023: €42,560 thousand, fiscal year 2021/2022: €54,257 thousand). Research and development are related to areas of unmanned vessels, fuel cell technology and underwater recovery of ordnance. Research and development cost remained largely stable as a percentage of sales for the reporting periods under consideration.

Selling expenses

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

The Group's selling expenses decreased by €5,136 thousand, or 6.7 %, from €76,617 thousand in fiscal year 2022/2023 to €71,481 thousand in fiscal year 2023/2024. In fiscal year 2022/2023 the Group's selling expenses increased by €12,993 thousand, or 20.4 %, from €63,624 thousand in fiscal year 2021/2022 to €76,617 thousand in the fiscal year 2022/2023.

Selling expenses also include impairment losses and reversals regarding trade receivables and contract assets in line with Group's accounting policies. In fiscal year 2023/2024 the change of the valuation allowance amounts to an expense of €1,351 thousand (fiscal year 2022/2023: expense of €4,465 thousand, fiscal year 2021/2022: income of €307 thousand).

General and administrative expenses

The Group's general and administrative expenses increased by €14,874 thousand, or 14.9 %, from €99,844 thousand in fiscal year 2022/2023 to €114,718 thousand in fiscal year 2023/2024. In the fiscal year 2022/2023 the Group's general and administrative expenses increased by €3,357 thousand, or 3.5 %, from €96,487 thousand in fiscal year 2021/2022 to €99,844 thousand in fiscal year 2022/2023.

Expenses by nature

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

thousand €	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2024
Amortization (cf. Note 4)	23,056	19,380	21,038
Depreciation (cf. Note 5)	42,386	43,736	51,254
Total	**65,442**	**63,116**	**72,292**

25 Other income

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

thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Foreign exchange gains	5,292	2,251	2,703
Government Grants	3,244	5,124	9,515
Income from derivatives not qualifying for hedge accounting	262	-	-
Other miscellaneous	25,352	26,897	17,386
Total	**34,149**	**34,272**	**29,604**

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

26 Other expenses

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

thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Foreign exchange losses	4,861	2,203	4,014
tk Group trademark fee (cf. Note 21)	1,018	1,760	4,325
Losses from disposals	-	-	-
Other miscellaneous expenses	20,801	37,812	21,963
Total	**26,680**	**41,775**	**30,303**

Other miscellaneous expenses contain reallocation of costs from other functional areas and amongst others banking fees as well as costs which are passed on to neighbouring shipyards (cf. Note 25).

27 Finance income/(expense), net

thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Income (loss) from companies accounted for using the equity-method	**(6,165)**	**1,563**	**2,343**
Interest income from cash pool with tk Group (cf. Note 21)	2,663	47,658	58,273
Other finance income	14,138	15,619	12,023
Finance income	**16,801**	**63,277**	**70,296**
Net interest cost of pensions and similar obligations	(4,241)	(12,528)	(13,613)
Interest expense from leases liabilities	(1,233)	(1,277)	(1,419)
Other finance expenses	(4,117)	(12,957)	(7,271)
Finance expense	**(9,591)**	**(26,762)**	**(22,303)**
Total	**1,045**	**38,078**	**50,336**

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

28 Income taxes

Income tax expense of the Group consists of the following:

thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Current income tax expense/(benefit)	13,511	41,296	(28,197)
thereof related to prior periods	(5,794)	(9,289)	(1,258)
Deferred income tax expense/(benefit)	6,120	15,353	69,379
thereof related to temporary differences	7,020	15,376	68,916
thereof related to tax loss carryforwards	(900)	(24)	463
Total	**19,631**	**56,649**	**41,182**

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

thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Income tax expense/(benefit) as presented on the statement of income	19,631	56,649	41,182
Income tax effect/(benefit) on other comprehensive income	38,941	1,710	(4,937)
Total	**58,572**	**58,359**	**36,245**

The income tax effect recognized in other comprehensive income relates to provisions for pensions and similar obligations (2022: € 38,337 thousand, 2023: € 4,452 thousand and 2024: € -8,310 thousand), cash flow hedges (2022: € 602 thousand, 2023: € -2,770 thousand and 2024: € 3,325 thousand) and from fair value measurement of equity instruments (2022: € -10 thousand, 2023: €27 thousand and 2024: € 48 thousand).

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

thousand €	Sept. 30, 2022		Sept. 30, 2023		Sept. 30, 2024	
	DTA	DTL	DTA	DTL	DTA	DTL
Deferred income taxes on non-current items						
Intangible assets	192	83,896	205	81,297	228	81,170
Property, plant and equipment	10,824	4,196	14,318	4,403	421	22,270
Financial assets	2,390	-	2,095	-	4,015	-
Other assets	-	46,615	-	48,754	874	11,926
Provisions for pension and similar obligations	37,105	-	29,152	-	35,095	-
Other provisions	-	1,924	1,121	-	6,550	180
Other liabilities	17,577	2	9,952	-	12,012	1,480
Deferred income taxes on current items						
Inventories	120,069	-	151,432	-	4,669	-
Other assets	366,836	57,978	274,612	481	329,755	59,782
Other provisions	292	34,863	117	73,166	81,214	67
Other liabilities	32,241	460,562	41,686	436,343	75,387	558,897
Valuation allowance – temporary differences	-	-	-	-	-	-
Subtotal	**587,526**	**690,036**	**524,690**	**644,444**	**550,220**	**735,772**
Tax loss carried forward	7,932	-	8,404	-	9,416	-
Foreign tax credits	901	-	931	-	940	-
Valuation allowance – tax loss carried forward etc.	(7,909)	-	(8,387)	-	(9,872)	-
Subtotal	**924**	**-**	**947**	**-**	**485**	**-**
Gross amount before offsetting	**588,450**	**690,036**	**525,637**	**644,444**	**550,705**	**735,772**
Offsetting	565,644	565,644	503,972	503,972	533,060	533,060
Balance sheet amount	**22,806**	**124,392**	**21,665**	**140,472**	**17,645**	**202,712**

As of September 30, 2024, 2023 and 2022 deferred tax assets exceeding deferred tax liabilities of € 2,116 thousand (September 30, 2023: € 1,784 thousand, September 30, 2022: € 1,657 thousand) were recognized by group entities, that suffered a taxable loss in either the current or prior year. This amount mainly results from thyssenkrupp Dock Servicios Navais Ltda., thyssenkrupp Marine Systems Canada Ltd. and thyssenkrupp Marine Systems do Brasil Indústria e Comércio Ltda. The group has concluded that the deferred tax assets will be recoverable using the estimated future profits based on the business plans of the entities.

Deferred tax assets have not been recognized with respect of tax loss carry forwards (gross amounts) as of September 30, 2024, of € 36,477 thousand (September 30, 2023: € 34,506 thousand, September 30, 2022: € 33,094 thousand) and tax credits (gross amounts) as of September 30, 2024, of € 940 thousand (September 30, 2023: € 0 thousand, September 30, 2022: € 0 thousand).

The German corporate income tax law applicable for fiscal year 2023/2024 sets a statutory income tax rate of 31.528 % (fiscal year 2022/2023: 31.528 %, fiscal year 2021/2022: 31.528 %). The applicable tax rates for companies outside Germany range from 9.000 % to 34.000 % (fiscal year 2022/2023: 9.000 % to 34.000 %, fiscal year 2021/2022: 9.000 % to 34.000 %).

Taxable temporary differences associated with investments in entities, associates and joint ventures in the amount of € 3,242 thousand as of September 30, 2024 (September 30, 2023: € 2,367 thousand, September 30, 2023: € 1,806 thousand) have not been recognized.

thousand €	Year ended Sept. 30, 2022	in %	Year ended Sept. 30, 2023	in %	Year ended Sept. 30, 2024	in %
Expected income tax expense	10,308	31.5%	37,640	31.5%	40,585	31.5%
Tax rate differentials to the German combined income tax rate	(962)	-2.9%	557	0.5%	(1,301)	-1.0%
Changes in tax rates or laws	(48)	-0.1%	(325)	-0.3%	(507)	-0.4%
Change in valuation allowance	2,071	6.3%	702	0.6%	905	0.7%
Permanent items	685	2.1%	939	0.8%	(874)	-0.7%
Results from equity investments	169	0.5%	1,394	1.2%	(4)	0.0%
Tax expense/(benefit) related to prior periods	(6,070)	-18.6%	(8,990)	-7.5%	(6,539)	-5.1%
Non-creditable withholding taxes	13,573	41.5%	24,008	20.1%	10,380	8.1%
Others	(95)	-0.3%	723	0.6%	(1,464)	-1.1%
Income tax expense as presented on the statement of income	**19,631**	**60.0%**	**56,649**	**47.4%**	**41,182**	**32.0%**

29 Management Incentive Plans

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

Long-term incentive program

The long-term incentive plan (LTI) is a long-term oriented compensation component under which stock rights of the ultimate parent of the company (i.e., tk AG) are issued to eligible participants. Plan participants are TKMS Management and several other selected executive employees of the TKMS Business. As of September 30, 2024, 740,047 stock rights were issued of the LTI (September 30, 2022: 574,456 stock rights, September 30, 2022: 422,824 stock rights).

The LTI is granted in annual instalments. At the beginning of each instalment a certain number of stock rights is allocated, initially provisionally. For the LTI instalments issued until fiscal year 2019/2020 the number of stock rights issued was adjusted at the end of a three-year performance period based on the average tk AG Value Added (tkVA) over the period compared to a tkVA target value set in advance. The amount of payment for an instalment was calculated by multiplying the adjusted number of stock rights by the average price of tk AG's stock in the first three months after the end of the tkVA performance period, with the result that the term of each instalment extended over four fiscal years in total.

For the LTI instalments issued as of fiscal year 2020/2021 and until fiscal year 2022/2023 the number of stock rights issued will be adjusted at the end of the respective performance period, which was extended from three to four years, based on the development of the tk AG Groups adjusted EBIT margin over the period compared to target and threshold values set in advance. The amount of payment for an instalment is calculated by multiplying the adjusted number of stock rights by the average price of tk AG's stock in the 30 exchange trading days before the end of the four-year performance period.

For the LTI instalments issued as of fiscal year 2023/2024 the number of stock rights issued will be adjusted at the end of the respective four-year performance period, based on the development of the relative total shareholder return (TSR) (weighting 30%), the return on capital employed (ROCE) (weighting 40%) and sustainability targets (weighting 30%) over the period compared to target and threshold values set in advance. All beforementioned targets relate to tk AG and as the sole sustainability target for the LTI instalment issued fiscal year 2023/2024 the high risk supplier reduction (HSR), showing the proportion of suppliers classified as potentially risky in the risk analysis performed in accordance with the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) relative to the total population of potentially risky suppliers, was chosen. The amount of payment for an instalment is calculated by multiplying the adjusted number of stock rights by the average price of tk AG's stock in the 30 exchange trading days before the end of the four-year performance period.

The LTI is exclusively settled in cash after the end of the respective performance period. The fair value of these rights is calculated on the date of grant and on each balance sheet date and recognized as an expense on a straight-line basis over the vesting period with a corresponding increase in provisions for other non-current employee benefits. The provision is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the provision are recognized in the Combined Statement of Income.

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

In fiscal year 2023/2024 the Group recorded a total income of €262 thousand from the LTI (fiscal year 2022/2023: expense of €1,161 thousand; fiscal year 2021/2022: income of €566 thousand). The total liability included in provisions for employee benefits arising from the LTI amounts to €1,052 thousand as of September 30, 2024 (September 30, 2023: €1,354 thousand, September 30, 2022: €642 thousand).

Short-term incentive program (STI)

The bonus system until September 30, 2023, comprises a weighting of 60 % company targets and 40 % individual targets. The corporate targets are set and communicated accordingly at the beginning of a financial year. The target achievement is determined at the end of the financial year as part of a target/actual comparison of the KPIs. The target achievement can range from 0% to 200%. The payment is regularly made in January of the following year.

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

30 Additional disclosures on the statement of income

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

thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Wages and salaries	493,683	557,964	615,201
Social security taxes	82,475	88,921	98,112
Net periodic pension cost – defined benefit[1)]	13,344	8,076	8,277
Net periodic pension costs – defined contribution	21,709	17,732	19,468
Other expenses for pensions and retirements	12,181	5,149	8,161
Related fringe benefits	775	1,138	1,700
Total	**624,167**	**678,980**	**750,919**

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

The annual average number of employees as of September 30, 2024, was 7,926 (September 30, 2023: 7,127, September 30, 2022: 6,550).

31 Notes to the statement of cash flows

Cash and cash equivalents

The liquid funds considered in the Combined Statement of Cash Flows correspond with cash and cash equivalents as presented in the Combined Statement of Financial Position and comprises of the current cash accounts in bank and on hand. There are no restricted cash or cash collaterals as of September 30, 2024, 2023, and 2022.

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

Non-cash investing activities

In the year ended September 30, 2024, a non-cash addition of €19,097 thousand (September 30, 2023: €5,001 thousand, September 30, 2022: €4,647 thousand) results from right-of-use assets according to IFRS 16.

Financing activities

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

In all periods under consideration transactions with tk Group include transactions assumed to be immediately settled through equity, in particular in connection with the separate tax payer approach applied in these Combined Financial Statements (for details see Note 1.4 “Income taxes and deferred taxes”). In fiscal year 2023/2024 transactions with tk Group further reflect payments made for transfers of shareholding in connection with the legal reorganization in a total amount of €633,877 thousand (cf. Note 21).

Changes of liabilities from financing activities

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

RECONCILIATION IN ACCORDANCE WITH IAS 7

	Oct. 1, 2021	Cash flows from financing activities	Operating cash flows	Non-cash changes			Sept. 30, 2022
thousand €		Principal portion	Interest paid	Currency differences	Additions	Other changes	
Lease liabilities	38,836	(7,503)	(1,233)	249	5,331	(667)	35,013
Liabilities to financial institutions	-	(39)	(1)	-	-	40	-
Total	**38,836**	**(7,542)**	**(1,234)**	**249**	**5,331**	**(627)**	**35,013**

RECONCILIATION IN ACCORDANCE WITH IAS 7

	Sept. 30, 2022	Cash flows from financing activities	Operating cash flows	Non-cash changes			Sept. 30, 2023
thousand €		Principal portion	Interest paid	Currency differences	Additions	Other changes	
Lease liabilities	35,013	(7,910)	(1,276)	(263)	5,209	970	31,743
Liabilities to financial institutions	-	197	(8)	-	(152)	115	152
Total	**35,013**	**(7,713)**	**(1,284)**	**(263)**	**5,057**	**1,085**	**31,895**

RECONCILIATION IN ACCORDANCE WITH IAS 7							
	Sept. 30, 2023	Cash flows from financing activities	Operating cash flows	Non-cash changes			Sept. 30, 2024
thousand €		Principal portion	Interest paid	Currency differences	Additions	Other changes	
Lease liabilities	31,743	(9,999)	(1,421)	(130)	19,073	(6,526)	32,740
Liabilities to financial institutions	152	192	(1)	(10)	-	84	417
Total	**31,895**	**(9,807)**	**(1,422)**	**(140)**	**19,073**	**(6,442)**	**33,157**

Leases in the statement of cash flows

In the statement of cash flows, the interest component of the leases carried in the balance sheet is shown under operating cash flows. The repayment component of leases is shown under cash flows from financing activities. In the year ended September 30, 2024, the total cash outflows of the Group as a lessee in the statement of cash flows amounted to €9,999 thousand (September 30, 2023: €7,910 thousand, September 30, 2022: €7,503 thousand). Expenses from short-term leases and from leases for low-value assets are shown under cash flows from operating activities (cf. Note 17).

32 Adjusted Earnings before Interest and Taxes (Adjusted EBIT)

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

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

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

Adjusted EBIT is derived from income from operations as presented in the Combined Statement of Income, with adjustments for:

(i) expenses related to the tk Group trademark,
(ii) income and expenses from at-equity valuations, and
(iii) special items such as restructuring expenses, impairment losses or reversals, gains or losses from disposals, and selected transaction related costs, including but not limited to merger & acquisition-related costs or costs incurred in connection with capital market transactions.

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

RECONCILIATION PROFIT/(LOSS) FROM OPERATIONS TO ADJUSTED EBIT			
thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2024
Profit/(loss) from operations	**31,650**	**81,309**	**78,445**
tk Group trademark fee	1,018	1,760	4,325
(Income) / expense from at-equity valuation	(6,165)	1,563	2,343
Other special items	7,166	3,073	471
Adjusted EBIT	**33,669**	**87,705**	**85,585**

The other special items comprise restructuring expenses in fiscal year 2023/2024 in the amount of €115 thousand (fiscal year 2022/2023: €2,927 thousand, fiscal year 2021/2022: €1,267 thousand), impairment reversals in fiscal year 2023/2024 in the amount of €1,937 thousand (fiscal year 2022/2023: €615 thousand, fiscal year 2021/2022 impairment loss: €6,304 thousand) and selected merger & acquisition-related consulting costs in fiscal year 2023/2024 in the amount of €3,180 thousand (fiscal year 2022/2023: €560 thousand, fiscal year 2021/2022 income: €259 thousand).

33 Subsequent events

Business related events

On December 18, 2024, TKMS Business on the basis of the parliamentary approval from the German Bundestag and the Federal Government signed a contract for the procurement of four more submarines of the Type 212CD in the German Norwegian submarine program for the Bundeswehr.

Following a Europe-wide tender process, on December 19, 2024, TKMS GmbH was awarded the contract for the construction of the research icebreaker ‘Polarstern’ in the amount of €1,2 billion by the Alfred Wegener Institute. The ‘Polarstern’ is being built in Wismar, and delivery to the scientific community is planned for 2030.

On June 27, 2025, TKMS Business signed a major contract with the Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support for the modernization of six Type 212A submarines valued at over €800 million and extending over ten years.

On May 7, 2025, TKMS Business entered into a contract with Singapore's Defence Science and Technology Agency for the construction of two additional Type 218SG submarines. This contract will be executed using existing production capacity in Germany.

After the reporting date, NVL B.V. & Co. KG initiated arbitration proceedings against TKMS GmbH in connection with the Corvette Program K130. NVL has currently made claims in a higher a double-digit Euros amount and is seeking recognition of TKMS GmbH’s liability for damages allegedly arising from delays in the project. The total claims may increase as the proceedings progress. Based on current information and legal assessments, management believes that risk provisions recorded are adequate to cover the associated risks.

In relation to arbitration proceedings concerning claims raised by Hyundai Heavy Industries Co. Ltd. (HHI) against TKMS GmbH regarding a submarine motor, the TKMS Business obtained a ruling from the International Chamber of Commerce (ICC) in favour of HHI in July 2025. The ruling stipulates that TKMS GmbH is required to make payments to HHI, covering both damages and accrued interest, amounting to a high single-digit million euros. This ruling has had a corresponding impact on the profit and loss statement for the same amount in fiscal year 2024/2025.

As part of its regular project reviews, the Group continuously reassesses the estimated total contract costs for all projects. For certain legacy projects, this reassessment considered recent developments in the production process, leading in some cases to changes in the total estimated contract costs. For contracts identified as onerous, any change in estimated costs generally is recognized immediately, which resulted in a reduction of the gross margin of the affected contracts by approximately EUR 23 million in the interim period for the nine months ended June 30, 2025.

Legal Reorganization of TKMS Business

At an extraordinary meeting held on June 20, 2025, the Supervisory Board of tk AG approved the tk AG’s Executive Board’s plans to spin off of a 49% minority interest in the future TKMS Group.

In relation to the establishment of the spin-off structure the following certain reorganization steps have been executed between October 1, 2024 and the date of authorization of these Combined Financial Statements:

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

- Effective June 26, 2025 the Company changed its legal form limited liability company (Gesellschaft mit beschränkter Haftung – GmbH) to to a partnership limited by shares with a stock corporation (TKMS Management AG) as general partner (*Kommanditgesellschaft auf Aktien & Co. AG*). In connection with this change, the shareholders also approved a cash capital increase in the amount of € 32,375 thousand. In June 2025 thyssenkrupp AG approved a cash contribution into TKMS Beteiligungsgesellschaft mbH in the amount of € 31,105 thousand.

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

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

- On July 1, 2025, tkTB sold and transferred its 14.9% shareholding in TKMS ATLAS ELEKTRONIK GmbH to TKMS GmbH with effect from July 1, 2025.

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

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

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

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

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

Grant of Revolving Credit Facility

On June 24, 2025, tk AG granted TKMS GmbH a €300 million Revolving Credit Facility with a 3-year tenor, starting from October 1, 2025 until September 30, 2028. The Revolving Credit Facility Agreement may be transferred from TKMS GmbH to TKMS AG & Co. KGaA after the spin-off.

Bilateral Guarantee Facilities

Multiple bilateral Guarantee Facility Agreements with an international group of banks and insurance companies to issue guarantees to the Group’s customers, in relation to the Group’s projects in excess of a volume of €2.5 billion were signed in June and July 2025. These Agreements are at market rate and uncommitted and can be utilized to issue guarantees to the

Group´s customers. by the banks. Consequently, any costs will only be incurred when the Guarantee Facility Agreements are utilized after the spin-off in relation to customer projects.

New licensing agreement

Effective March 31, 2025, TKMS GmbH entered into a new licensing agreement with tk AG, resulting in the termination of the historical brand invoicing model. The new licensing agreement grants TKMS Business the indefinite right to use licensed trademarks “TKMS”. Following the new licensing agreement, TKMS Business will recognize an intangible asset in accordance with IAS 38, effective from June 4, 2025. This intangible asset in the amount of €26,6 million will be recognized at acquisition cost in the Combined Financial Statements and will be tested for impairment annually.

Framework Agreement

On June 23, 2025, the Company and tk AG entered into an agreement, in which the future relationship, particularly the cooperation, alignment and collaboration on certain matters have been agreed upon between the parties thereto. This agreement will take effect on the day after the Spin-off takes effect through registration in both of tk AG’s commercial registers. tk AG and the Company have agreed to cooperate and align on certain matters, *inter alia*, to support each other in fulfilling their respective legal obligations. Furthermore, the Company and tk AG have agreed that the business relationships existing between them or their relevant group entities should in future – as is already the case at present – be at standard market conditions and therefore comply with the arm’s length principle. The Framework Agreement has an initial fixed term until the expiry of the calendar year 2040.

Conclusion of new service level agreements

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

Change in the TKMS Management Board

Effective June 1, 2025, Angelika Kambeck has joined the TKMS Management Board taking over the role of the Chief Human Resources Officer (CHRO) succeeding Bernd Hartmann following his retirement.

German tax law changes

In Germany, a tax law change has been substantively enacted after the reporting date to reduce the corporate income tax rate from 15% to 10% within a 5 year period starting in the tax assessment period 2028. The corporate income tax rate will be reduced by 1 percentage point in each of the five tax assessment periods resulting in a corporate income tax rate of 10% applicable to tax assessment periods beginning in 2032. The reduction of the corporate income tax rate requires a remeasurement of the deferred tax positions. TKMS Business is currently assessing its exposure to this tax rate change. At reporting date, the tax rate change effect is not reasonably estimable as the assessment has not been finalized.

Termination of cash pooling participation

TKMS GmbH and the TKMS Business entities are currently included in the group-wide cash pooling system of the tk Group, to the extent legally permissible. As part of the Spin-off, it is planned to terminate the participation of TKMS Business entities in this cash pooling system by no later than 30 September 2025. Consequently, TKMS GmbH and the other entities within the future TKMS Group will no longer participate in the tk Group's cash pooling system starting from the 2025/2026 financial year, beginning on 1 October 2025. Upon termination of their inclusion in the cash pooling system, the financing relationship with the tk Group will be discontinued. Following their departure from the tk Group's cash pooling system, the liquidity needs of the TKMS Group entities will be managed through the TKMS Group's own liquidity management system. A separate cash pooling system is planned to be established within the TKMS Group, which will commence immediately after leaving the tk Group's cash pooling system.

Kiel, September 3, 2025

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

Oliver Burkhard	Paul Glaser	Angelika Kambeck	Dr. Dirk Steinbrink