

Shaping the green energy future

Annual Report 2022/2023



thyssenkrupp
nucera

thyssenkrupp nucera in figures

in EUR million	2021/2022	2022/2023	% change
Results of operations			
Order intake	1,339.6	613.4	(54)
Sales	383.1	652.8	70
Gross margin	71.4	95.1	33
Research and development cost	16.0	19.4	21
EBITDA	12.2	28.7	135
EBIT	8.8	23.8	170
EBIT margin	2.3%	3.6%	–
Earnings before taxes	10.6	34.4	225
Net income	6.0	22.5	272
Earnings per share	0.06	0.21	–
Net assets			
Total assets	541.1	1,144.9	111
Equity	211.4	744.8	252
Equity ratio	39.0%	65.0%	–
Financial position			
Net Financial Assets	274.8	761.3	178
Cash flow from operating activities	87.1	(14.1)	–
Cash flow from investing activities	(65.3)	242.3	–
Free cash flow	23.8	229.1	863
Employees			
Employees as of reporting date	509	675	–

We shape the new era







thyssenkrupp nucera stands for the beginning of a new era of clean energy supply based on green hydrogen at an industrial scale. The need to combat climate change requires decisive action – now.

We provide leading technologies and complete solutions for high-efficiency, industrial-scale electrolyzers. Chemical engineering is central to our DNA.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

Interactive PDF: Optimized for monitor use with Adobe Acrobat. Links can be reached by clicking on them.

Functions of the buttons on the right margin:

-  Contents
-  Page back
-  Previously visited page
-  Table of sections
-  Page forward
-  Search

Rethinking technologies and infrastructures – for over 50 years, this is what we at thyssenkrupp nucera have stood for based on more than 600 successful projects, 240,000 cell elements produced, and more than 10 gigawatts of installed electrolysis capacity. We are demonstrating this strength anchored in our DNA – now also with alkaline water electrolysis (AWE) for the production of green hydrogen.

+ 70%
sales growth

2025/2026 target:
5 gigawatts
of annual production capacity

Up to **25%**
less energy consumption using our
chlor-alkali process developed
together with Covestro

+ 166
employees worldwide

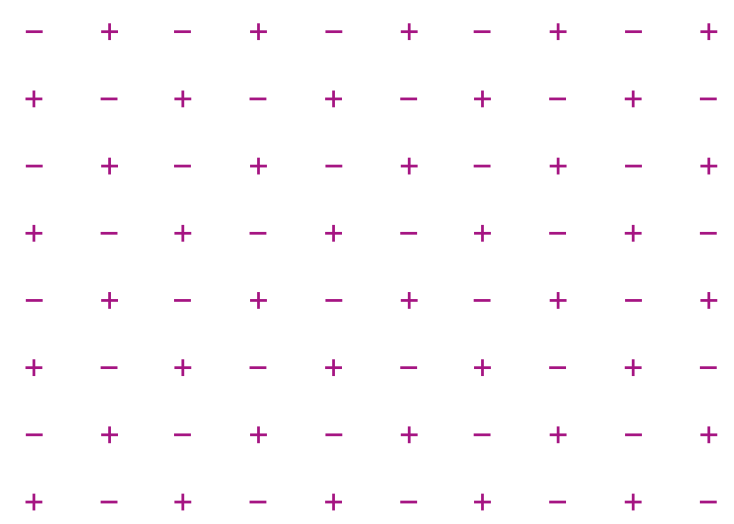
> 3 gigawatts

AWE projects with contractually
binding signatures

- 01** _ About us
- 02** _ Combined Management Report
- 03** _ Consolidated Financial Statements
- 04** _ Further information

Highlights 2022/2023

The 2022/2023 fiscal year was a success for thyssenkrupp nucera – and not just due to the grand debut of our NCH2 shares on the Frankfurt Stock Exchange. With our highly efficient plants for alkaline water electrolysis, we are making an important contribution to the successful ramp-up of the green hydrogen industry. We have concluded binding agreements for more than 3 GW (gigawatts) of water electrolysis capacity. In the reporting year, we added a green steel plant from H2 Green Steel with over 700 MW (megawatts) of capacity. Our reference projects underscore thyssenkrupp nucera’s position as one of the world’s technology leaders in the multi-hundred megawatt to gigawatt capacity range for industrial companies. Our chlor-alkali business also won major orders, further strengthening our position as a leading global supplier.



- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

November 10, 2022

Chlorum Solutions expands its business in Brazil using two skid-mounted plants with BM2.7 electrolysis technology, each with a production capacity of 45 tons of chlorine per day. [More](#)



February 22, 2023

First world-scale chlorine plant from Covestro in operation with joint innovative SVK technology from thyssenkrupp nucera and Covestro: 25% less energy consumption, 22,000 tons less CO₂ p.a. [More](#)



March 9, 2023

Foundation stone laid for the new company headquarters in Dortmund, Germany. With 11,300 m² of office space at a prime office location, the “SKOffice” also meets high sustainability requirements. [More](#)



March 13, 2023

thyssenkrupp nucera and Unigel sign a memorandum of understanding to increase plant capacity for the production of green hydrogen in Brazil from 60 megawatts to 240 megawatts. [More](#)



5 What was important in 2022/2023



+	-	+	-	+	-	+
-	+	-	+	-	+	-
+	-	+	-	+	-	+
-	+	-	+	-	+	-
+	-	+	-	+	-	+
-	+	-	+	-	+	-
+	-	+	-	+	-	+
-	+	-	+	-	+	-

- 01** _ About us
- 02** _ Combined Management Report
- 03** _ Consolidated Financial Statements
- 04** _ Further information

May 11, 2023

thyssenkrupp nucera’s highly efficient 20 MW module for the production of green hydrogen is now called scalum®. The new product name stands for high scalability and precision. [More](#)

May 22, 2023

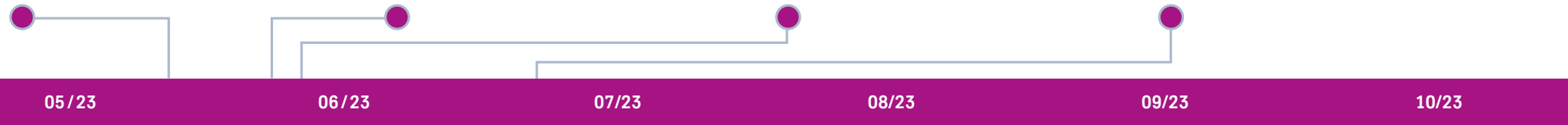
thyssenkrupp nucera supplies electrolyzers with an installed capacity of over 700 MW to H2 Green Steel for the first green steel plant in Europe. [More](#)

May 24, 2023

OxyChem installs the latest generation of eBiTAC v7 electrolyzers from thyssenkrupp nucera in the large chlor-alkali electrolysis plant in Texas and switches to membrane technology. [More](#)

June 21, 2023

The next company secures delivery of the highly efficient 20 MW scalum® electrolysis modules from thyssenkrupp nucera for a project in North America in the high three-digit megawatt range. [More](#)



July 7, 2023

The “moon landing” has been achieved! The new green tech player’s IPO at an issue price of EUR 20 and an initial share price of EUR 20.20 is a great success. [More](#)

July 26, 2023

India: Expansion plans continue to be driven forward. Office in Mumbai is opened to expand the chlor-alkali business and develop the green hydrogen growth area. [More](#)

August 28, 2023

The next debut: The electrolysis specialist publishes its financial figures for the first time as a listed company and delivers. thyssenkrupp nucera continues its strong growth. [More](#)

September 18, 2023

thyssenkrupp nucera’s share, with the ticker symbol NCH2, is promoted to the SDAX: Now one of the 160 most important shares on the German stock exchange and among the fastest new entrants into the SDAX. [More](#)



We're shaping the new era by embarking on a green energy future.

- 8 _ As a catalyst for decarbonization
- 30 _ With innovations
- 84 _ Through pioneering work
- 155 _ Through collaboration

About us

- 10 _ CEO in dialogue
- 14 _ Letter from the CEO
- 16 _ Members of the Management Board
- 17 _ Sustainability
- 22 _ Report of the Supervisory Board
- 26 _ Members of the Supervisory Board
- 28 _ thyssenkrupp nucera on the capital market

10

Consolidated Financial Statements

- 87 _ Consolidated Statement of Financial Position
- 88 _ Consolidated Statement of Profit or Loss
- 88 _ Consolidated Statement of Comprehensive Income
- 89 _ Consolidated Statement of Changes in Equity
- 90 _ Consolidated Statement of Cash Flows
- 91 _ Notes to the Consolidated Financial Statements
- 148 _ Responsibility Statement
- 149 _ Independent auditor's report

86

Combined Management Report

- 33 _ Fundamentals of the thyssenkrupp nucera Group
- 46 _ Economic situation
- 63 _ Employees
- 66 _ Outlook
- 67 _ Opportunity and risk report
- 73 _ Takeover-related disclosures
- 76 _ Corporate governance statement
- 83 _ Non-financial statement and non-financial Group statement

32

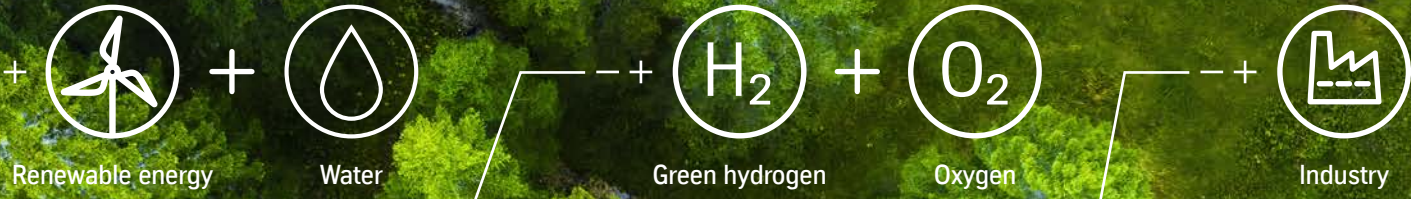
Further information

- 158 _ Management Board and Supervisory Board
- 161 _ Glossary
- 164 _ Imprint
- 164 _ Financial calendar

157

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

We're shaping the new era by embarking on a green energy future.



- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

Shaping the energy future as ...

a catalyst for decarbonization

thyssenkrupp nucera is shaping the beginning of a new era of energy supply with green hydrogen. With our highly efficient alkaline water electrolysis technology, we make it possible for industrial companies to generate green hydrogen to reduce their carbon footprint. In doing so, we are providing the missing piece of the puzzle for the decarbonization of steel production, chemicals and refineries.

A **technological leader** in **industrial-scale hydrogen production**

Delivery of the first **20 MW scalum®** modules to our customers

Ramp-up of annual production capacities to **5 gigawatts** by the end of 2025/2026

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

A total of **80**
gigatons of CO₂ can
be saved by
2050 worldwide



A green hydrogen
future based on sun,
wind and water

EUR **526**
million in gross
proceeds from the IPO
in Frankfurt in July

With our passion for innovation and decades of expertise, at thyssenkrupp nucera, we make outstanding electrolysis technology a reality for our customers. Technology they can use to produce highly efficient green hydrogen, minimize their carbon footprint by transitioning from fossil fuels to climate-friendly energy, and thereby help drive the green transformation.

Based on our successful business strategy and proven innovative technology, we are an energetic driver of the green transformation. Since the 2021/2022 fiscal year, we have also been driving our own transformation to benefit our customers. thyssenkrupp Uhde Chlorine Engineers became thyssenkrupp nucera, and our new business focus became alkaline water electrolysis for green hydrogen production. Just one year later, we successfully floated our company on the Frankfurt Stock Exchange and used the issue proceeds to expand our investments.




thyssenkrupp nucera has a clear strategic roadmap to offer urgently needed high-performance plants in the gigawatt capacity range. To do this, we are converting from customized to series production. We plan to increase our annual capacity fivefold by the end of 2025/2026. The technology is ready, efficient and safe – enabling us to make our contribution to decarbonization.

- 01** _ About us
- 02** _ Combined Management Report
- 03** _ Consolidated Financial Statements
- 04** _ Further information



thyssenkrupp nucera offers solutions for the hydrogen market, which is expecting a **sevenfold increase by 2050**

- + A **leading global provider** of hydrogen production technology
- + From **manufacturing to series production**
- + Cross-industry and cross-border **partnerships along the entire green value chain**

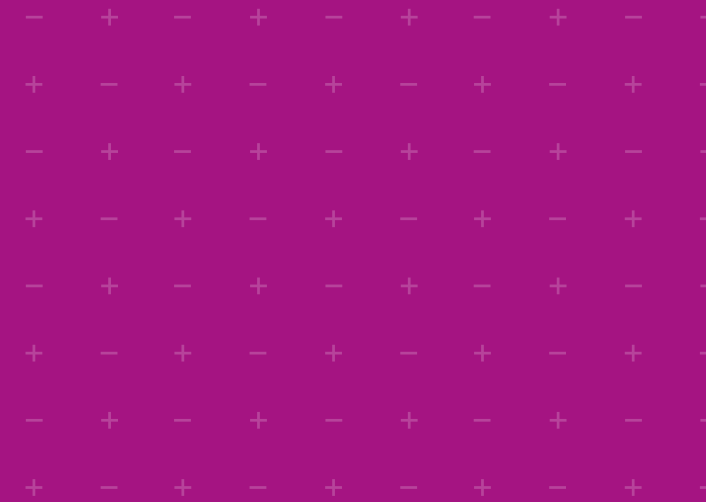
-  **PLAN:** Steady expansion of today's over 1 GW supply chain to 5 GW
-  **GOAL:** Sustainable reduction in hydrogen costs for rapid decarbonization
-  **FACT:** Today already more than 1 gigawatt production capacity p.a.



The green energy carrier is obtained by **splitting water (H₂O)** into **hydrogen (H₂)** and **oxygen (O₂)** with the help of electricity from renewable energies

Annual production capacity of **250 scalum® modules** as of the end of 2025/2026

>2 GW
project in Neom is the **largest green H₂ plant** worldwide to be built to date



“The time has come to get serious about hydrogen – and it’s a fantastic time to get things moving!”



Katharina Immoor, Head of Communications & ESG, in conversation with Professor Alexander Michaelis and CEO Dr. Werner Ponikwar about the future role of hydrogen in the energy transition and the technologies that make it possible.

Immoor: Professor Michaelis, Dr. Ponikwar, is there already a race to divvy up the market for green hydrogen?

Ponikwar: The hydrogen market is in its infancy stage and still relatively small. This is especially true for green hydrogen, so there is little to divvy up at the moment. It’s already clear, however, that this market harbors very significant growth potential with increasing momentum. This means we are only at the very beginning of the transition towards a green hydrogen industry. It’s also important to realize that this “race” is not about a single winner. In other words, we can only win if we all reach the finish line. In other words, when we have established a new, sustainable energy system with green hydrogen worldwide that is largely free of CO₂ emissions.

Michaelis: Absolutely. I see the progression as an express train that has just started moving and is increasingly picking up speed. Right now, we have an opportunity not only to catch this train at

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

an early stage but also to help determine its destination and ensure that we will truly have enough green hydrogen available for decarbonization. The time has come to get serious about hydrogen – and it's a fantastic time to get things moving!

Immoor: Haven't we already had this opportunity with another sustainable form of energy: photovoltaics?

Michaelis: Yes. In fact, I was involved in the development at the time. It took more than 20 years of basic research – then, suddenly, things really took off. For a long time, people doubted the possibilities of this technology. Today it's a huge market. And I believe the hydrogen market will be even bigger. But this time, we have to take a smarter approach. Governments have an important role in helping us ensure we have the right framework conditions ...

Immoor: ... to prevent the same development we've seen with photovoltaics?

Michaelis: Exactly. We can't risk losing such a globally important technology to individual countries, who can then not only dominate a market but also yield a great deal of power.

Immoor: What role does science play in accelerating the market's development?

Michaelis: Right now we are in the phase where exponential growth is just beginning. Scaling up by boldly mass-producing green hydrogen, building the necessary electrolysis plants, and driving down costs must be done now and in full force. This process requires an enormous amount of investment. Research helps by ensuring that, on the path to improving this technology, we achieve the required efficiency increases while the cost declines. Everyone currently involved in this start-up phase has a tremendous opportunity. But we also have to be vigilant. When



Prof. Alexander Michaelis

Professor Alexander Michaelis studied physics at the University of Düsseldorf, where he earned his doctorate in electrochemistry (Habilitation). After becoming a faculty member at the University of North Carolina in Chapel Hill, USA, he joined Siemens AG and later Bayer AG. Professor Michaelis has headed the Fraunhofer Institute for Ceramic Technologies and Systems (IKTS) since 2004. He is also the Professor of Inorganic Non-Metallic Materials at the Technical University of Dresden. He has received numerous national and international awards. In 2019, he was elected President of the German Ceramic Society (DKG e.V.) and the FDKG (Research Association of the DKG).

the tipping point comes, and costs have come down to a certain level of productivity, then we need to make sure the market stays here and does not migrate to China, as was the case with photovoltaics. This is why we need to prepare ourselves now for the risky times ahead when countries start undercutting each other on costs, which incidentally also happens as a result of subsidies.

Ponikwar: That's a very interesting point. Electrolysis systems obviously have to get even cheaper. The only way we can create – and retain – a truly sustainable market is if hydrogen, as an attractive energy source, is cost-competitive. But it can't be competitive if it costs 15 euros per kilo. We have to move into much lower price ranges. I believe we are already well on our way to doing this. With our advanced alkaline water electrolysis (AWE), we at thyssenkrupp nucera are already moving very strongly in the direction of series production. This is the only way to achieve further substantial cost reductions.

Immoor: But where do you draw the line before a ruinous price war?

Ponikwar: Good question. Let's go back to your comparison with photovoltaics, Professor Michaelis. Fortunately, the electrolysis plants we build are more complex than solar plants. I am more concerned about ending up with cut-throat competition, just as we have seen with wind turbines. The pursuit of higher, faster and cheaper is not necessarily sustainable or conducive to quality. We have to be careful not to get involved in a race to the bottom that ends up hurting the market instead of helping it.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

Immoor: The potential for electrolysis to produce green hydrogen is impressive. But what are the risks associated with electrolysis technologies?

Michaelis: I don't see too many risks with electrolysis as a whole. When I look at the raw materials used, I am more critical of PEM than alkaline water electrolysis. Proton exchange membrane (PEM) electrolysis uses a solid polymer electrolyte – the proton exchange membrane. PEM requires rare earths such as iridium and platinum as catalysts. These are two of the world's rarest and therefore most costly metals. There are no known alternatives to iridium in PEM electrolyzers.

Immoor: What about for the high-temperature electrolysis you are developing at Fraunhofer IKTS?

Michaelis: Yes, we should definitely not forget the third electrolysis technology: high-temperature electrolysis. This technology also only uses raw materials that are available in sufficient quantities.

Immoor: If we compare electrolysis processes, which one has the edge?

Ponikwar: AWE and PEM are the two technologies that have currently reached market maturity and have a wide range of applications. PEM technology is a relatively new technology compared to AWE and still experiencing some teething problems. But this will improve with time. In terms of efficiency – a very important performance parameter – both technologies are in a similar range. And we are at a point where we physically can't squeeze much more out of them.



Dr. Werner Ponikwar

Dr. Ponikwar began his career as Manager Controlling at Degussa AG. He has worked in various positions and locations, including Finance and Controlling, Project Management, Business Development and Marketing. In 2006, he joined Arthur D. Little as a strategy consultant. In 2008, he joined Linde AG, where he held various management positions in engineering and industrial gases. From 2017 to 2021, Dr. Ponikwar was CEO/Managing Director of Linde Hydrogen Fuel Tech GmbH. Since July 2022 he has been the CEO of thyssenkrupp nucera AG & Co. KGaA. Dr. Ponikwar studied at Ludwig Maximilian University in Munich and holds a Ph.D. in chemistry.

Michaelis: AWE is based on chlor-alkali production, which has existed for more than 100 years, and involves huge plants and a very high level of technological sophistication. There is no alternative to these for hydrogen production as they are currently the only plants offering the necessary scaling. In contrast, I don't know why you would need PEM. The efficiencies are very similar, with the dynamics of these large plants actually secondary. But PEM has several disadvantages, such as critical raw materials and a lifespan issue. In my opinion, everything PEM can do, AWE can do too, or even better.

Immoor: What about high-temperature electrolysis, where solid oxide electrolyzer cells (SOECs) are used?

Ponikwar: Even though the development of high-temperature electrolysis is still at an early stage, it already offers significant advantages. The efficiency is significantly higher than with AWE or PEM – provided that the very high temperature can be achieved.

Immoor: How can it be achieved?

Ponikwar: Ideally, excess heat is available that can be fed to the high-temperature electrolyzer. It can then be brought to the necessary temperature to operate the electrolyzer effectively with a high level of efficiency. If you can achieve this, then the system is unbeatable in terms of pure logic and physics. It will clearly be more cost-effective because you can essentially produce significantly more hydrogen with the same power and the same number of electrons.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

Immoor: What else is standing in the way?

Ponikwar: There are still issues, as replicating the load profile with high-temperature electrolysis is a tremendous challenge. You have to maintain very constant high temperatures in order to ultimately achieve the very high level of efficiency. Is this possible? Yes, I think it is.

Michaelis: High-temperature electrolysis is a very exciting area. Water can already turn to steam at just 100 degrees. Using steam, you can increase the efficiency of converting electricity to hydrogen by about 30 percent. That alone is a key unique feature as well as a considerable advantage. The second advantage, I mentioned earlier, is the co-electrolysis capability, which means you can not only turn water into hydrogen but also reduce CO₂ to CO.

Immoor: What are the advantages?

Michaelis: Everywhere enriched CO₂ is available, you can produce synthesis gas straight away with this fascinating technology. This gas is used in the petrochemical industry to manufacture all kinds of important materials. And let's not forget: We will need carbon in the future. Carbons are essential for numerous chemical products and processes. When we can no longer get it from fossil fuels, high-temperature electrolysis to produce synthesis gas will be a very important way out. And many processes are already running on synthesis gas. The third key unique feature of high-tempera-

ture electrolysis is that it is completely reversible. You can also run the system in fuel cell and electrolysis mode.

Immoor: Will it replace AWE?

Michaelis: I'm sure that AWE is here to stay. But if we want real disruption with electrolysis systems and higher efficiency, coupled with chemical processes, etc., then high-temperature electrolysis has incredible appeal and will prevail as the second technology.

Immoor: Why aren't we already using it?

Michaelis: So far, there has not been a market for this type of electrolysis technology. The demand for green hydrogen is only just beginning. And far fewer people are working on high-temperature electrolysis than on PEM. Why is that? There are higher barriers to entry. I can assemble a PEM in my kitchen with a bit of purchased Nafion and platinum wire. With high-temperature electrolysis, you need years of know-how to produce the ceramics, for example. Once you overcome the entry hurdles, the technology requires much less critical materials and has a much simpler manufacturing process.

Ponikwar: High-temperature electrolysis is a bit like the Swiss army knife of electrolysis ...

Michaelis: ... but requires tremendous know-how.

[Read the long version of the interview here](#)

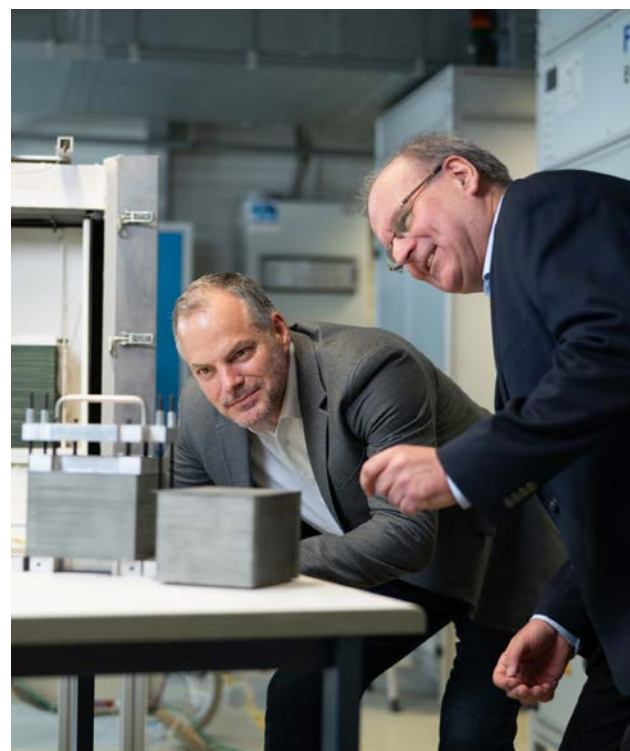
[Videostatement from Professor Alexander Michaelis](#)

[Videostatement from Dr. Werner Ponikwar](#)



“The SOEC systems allow the use of waste heat in the electrolysis process. This facilitates power (electricity)-heat coupling with high efficiency advantages. That's why I'm a big fan of high-temperature electrolysis.”

Prof. Michaelis



- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

“We shape the new era.”

Ladies and Gentlemen,

Undeniably one of the most significant highlights of the 2022/2023 fiscal year was our successful initial public offering on July 7, 2023. With this listing, we have opened up a new chapter in our corporate history. The “moon landing”, as I have dubbed going public, in allusion to the IPO’s project name “Apollo”, has been a success. thyssenkrupp nucera shares have also been a member of the SDAX index since September 18, 2023.

This great achievement would not have been possible without the skill and dedication of our employees. For this reason, as the Management Board, we wish to thank all of our colleagues for their outstanding efforts. We would also like to thank you, Ladies and Gentlemen, for your trust in our company.

Our growth strategy is essential for our entry into a new era, but there is still more to be done. The strong dynamics of our markets require that we keep pace with our transformation efforts – and we have every intention of doing so.

Production capacity utilization remains high

Around the world, governments and companies are taking steps to use the climate-friendly energy carrier green hydrogen across the board and as part of a sustainable energy system. Here too, a new era is beginning. A growing number of companies in energy-intensive industries such as steel, chemicals and refineries are opting for a green transformation.



Dr. Werner Ponikwar
CEO

These pioneers are sending an important signal by consistently driving forward the defossilization in their industries that is urgently required to prevent climate change – and at the necessary rapid pace. To minimize their carbon footprint, they need strong partners at their side providing innovative, reliable solutions, such as those from thyssenkrupp nucera.

As a result, we saw tremendous growth in the demand for our very reliable alkaline water electrolysis technology for the highly efficient production of green hydrogen on an industrial scale in the 2022/2023 reporting year. Global, real production capacities for electrolysis systems were increasingly utilized and could not keep pace with the market’s accelerating growth. Within just a few months, three companies decided to sign agreements with us to reserve production capacity for manufacturing our water electrolyzers. These types of agreements bring down delivery times for customers and improve the predictability and feasibility of their projects – giving them a decisive competitive advantage.

H2 Green Steel was the first company in early 2023 to reserve capacity for the production of over 35 of our standardized 20 megawatt (MW) scalum® modules and has since signed a binding agreement for delivery. The Swedish company is using water electrolyzers with a capacity of over 700 megawatts for one of the largest integrated green steel plants in Europe.

Finland’s Neste reserved production capacity for six scalum® modules, with a plan to use our water electrolyzers to turn the Porvoo refinery into the most sustainable refinery in Europe. Neste has also secured the supply of modules with a total output in the high three-digit megawatt range for a project in North America.

In addition to these reservations, we at thyssenkrupp nucera signed binding agreements with other companies worldwide for electrolysis capacity of over 3 gigawatts, equivalent to the production of over 150 scalum® modules. These reference projects underscore thyssenkrupp nucera’s position as one of the world’s leading technology providers to industrial companies, spanning from the multi-hundred megawatt to gigawatt power range.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

Scaling of the business model progressing as planned

The challenges of the green transformation need to be mastered both organizationally and operationally, not only by our customers but also by ourselves. With our significant organizational ramp-up, we achieved major milestones this past fiscal year. We also significantly increased our staff numbers by 33% and now have 675 employees worldwide. This was crucial as the knowledge, experience and innovative strength of our teams are the bedrock of thyssenkrupp nucera's positioning in the new green hydrogen growth market.

Our staff numbers will continue to grow and, as a desirable employer, we are committed to offering our employees challenging tasks in a modern, attractive office environment. In line with this commitment, on March 9, 2023 we laid the foundation stone for our new headquarters at Stadtkrone Ost in Dortmund. We are renting around 11,300 m² of office space in what will be known in the future as the "SKOffice".

We added the greatest number of staff during the reporting year in Germany, the USA and Italy. The U.S. Inflation Reduction Act (IRA) funding program created an excellent environment for our business model in North America to thrive. Next to the European market, the North American market is one of the core markets of our growth strategy. Our entry into a new era also encompasses our continued regional expansion. In line with this, we established a new subsidiary in India.

High electricity savings with chlor-alkali electrolysis

To meet the extremely high demand for green hydrogen, we also increased the operating cycle rate by producing higher volumes of the prefabricated scalum[®] modules. Our goal is to achieve a

planned annual production capacity of 5 gigawatts by 2025/2026 through series production. We are also well on track to achieve this target.

To this end, we are working intensively at our new assembly laboratory in Dortmund, Germany, to develop new state-of-the-art methods for the automated series production and assembly of cell elements for our water electrolysis. By simplifying the electrolyzer design, we can meet the demand for electrolyzers with capacities spanning from the multi-hundred megawatt to gigawatt power range more rapidly and make the energy that lies dormant in the green molecules available earlier and in the most efficient way possible. The first installations to produce green hydrogen with scalum[®] modules have already been delivered to customers on schedule.

thyssenkrupp nucera's success is also based on our roots as a market-leading technology provider for chlor-alkali electrolysis. In 2022/2023, we also helped our customers enter a new era by choosing us as their partner to install the latest generation of environmentally friendly chlor-alkali electrolysis solutions combined with significantly lower electricity consumption. One of these customers is OxyChem from the USA. This company is modernizing its chlor-alkali plants by converting from diaphragm electrolyzers to our latest generation of membrane e-BiTAC v7 electrolyzers.

Our innovative strength is also evident in our oxygen depolarized cathode electrolysis technology, which we have significantly modernized together with our longstanding partner and customer Covestro. The new Covestro plant reduces energy consumption by up to 25 percent and avoids up to 22,000 metric tons of CO₂ emissions. This is another example of the sustainability of our solutions.

And finally, we also defined a central ESG steering and governance concept in the reporting year for implementing our ESG strategy. The concept includes the introduction of sustainability reporting for the 2023/2024 fiscal year pursuant to the standards of the Global Reporting Initiative (GRI).

Solid platform for further growth

Ladies and Gentlemen, we are a world-leading supplier of water electrolysis technology for the production of green hydrogen, and we will continue to build on this position. This positive development was reflected in our business performance in 2022/2023. Our operating business performed very well. Our sales grew significantly – driven mainly by our green hydrogen business. The chlor-alkali electrolysis business also achieved strong growth, particularly in order intake.

Despite higher ramp-up costs for the Green Hydrogen business unit, we achieved high earnings before interest and taxes and net income. We also significantly increased our net cash position through the IPO. The positive development in our earnings, net assets and financial position provides us a solid platform for our growth program and further corporate development.

thyssenkrupp nucera continues to focus on strong growth and is making upfront investments in its organizational and capacity expansion. The growth outlook is particularly good in both the green hydrogen and chlor-alkali markets. The green hydrogen market is only just beginning to unfold its enormous potential. Support programs are helping to ensure that the lightest of elements becomes the heavyweight of a sustainable energy supply around the globe. At the same time, we are doing the necessary homework to make the most of this rapid growth, particularly by increasing the production rate and further scaling our business.

Our technology is compelling – for both our long-established customers and for new customers. We will continue to drive our growth forward as "We shape the new era".

Dr. Werner Ponikwar
CEO

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

With expertise and innovative strength

The management of thyssenkrupp nucera

Dr. Werner Ponikwar CEO

- Communications / ESG & Governmental Affairs
- Strategy & M&A
- Legal & Compliance / Board Office
- Internal Audit
- Human Resources & HSE
- Business Development / Sales
- Engineering
- Module & Cell Fabrication

Dr. Arno Pfannschmidt CFO

- Controlling, Accounting & Risk
- Finance
- Information Technology
- Investor Relations
- Commercial Operations / Tax
- Project Risk Control & QM
- Project Execution / Procurement

Fulvio Federico CTO

- Innovation Center
- IP Management
- Technology Service
- Product Management



Dr. Arno Pfannschmidt
CFO

Dr. Werner Ponikwar
CEO

Fulvio Federico
CTO

01 _ About us

02 _ Combined Management
Report

03 _ Consolidated
Financial Statements

04 _ Further information

Our Commitment to Sustainability and Responsible Business

We at thyssenkrupp nucera believe that a responsible and sustainable approach to business is not only essential for the protection of our planet and the well-being of our society but is a key driver of our short-, medium- and long-term corporate value. We are aware that transparent, data-driven reporting will enhance our credibility and reputation among all stakeholders and is part of our environmental and social responsibility.

During the past 2022/2023 fiscal year, we have worked intensely on our sustainability strategy. With our electrolysis technology for the production of green hydrogen, we are a key enabler of the decarbonization of global industries. Our product is both an opportunity and a challenge because, without green hydrogen, there would be no sustainable energy transition. We are convinced that a new era of clean energy is impossible without sustainability being a driving force in all areas of a company, be it production, products, customer relations, supply chains, or employees.

At thyssenkrupp nucera, we see it as our duty to achieve a balance between economic, ecological, and social value creation, even in our own company with its more than 50-year history. Our sustainability efforts are embodied in our ambitious targets, in our integration of sustainability throughout our company, and in our

creation of strategic management processes to achieve our sustainability targets. All these efforts support us in translating sustainability into profitable growth.

Our guiding principles

Our ESG strategy is firmly rooted in our core values, guiding us to operate in a manner that upholds the ethical standards of our Code of Conduct, minimizes our environmental footprint, and contributes meaningfully to society and the environment. Through transparency, innovation, and collaboration, we have widely integrated these principles. This is how our ESG strategy contributes to the SDGs (Sustainable Development Goals of the United Nations) that have the greatest relevance for us.

Most relevant SDGs



Affordable and Clean Energy



Decent Work and Economic Growth



Industry, Innovation and Infrastructure



Sustainable Cities and Communities



Partnerships for the Goals

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

A strategy contributing to SDGs ...



Affordable & clean energy

- thyssenkrupp nucera's mission is to advance the widespread adoption of green hydrogen, the only zero carbon fuel



Decent work & economic growth

- Aspiration is to be the employer of choice, generating high-skilled, high quality employment and training opportunities



Industry, innovation & infrastructure

- Through engineering know-how and design of hydrogen production facilities, thyssenkrupp nucera is helping to decarbonise industrial processes



Sustainable cities and communities

- With its electrolysers, thyssenkrupp nucera is helping to build the future sustainable cities, such as Neom in Saudi Arabia



Partnerships for the goals

- thyssenkrupp nucera has positioned itself at the center of global coalitions, such as the Hydrogen Council and H2Global, to scale the hydrogen economy



... underpinned by robust sustainability commitments

1 Commitment to calculate and report greenhouse gas emissions

2 Commitment to employee health & safety

3 Commitment to responsible procurement practices

4 Commitment to strong governance standards, including diversity, transparency and accountability

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Embedding our sustainability goals in the areas of environmental, social and responsible corporate governance in our core corporate management processes is our utmost priority. The aim is to ensure effective measurement, control and, ultimately, external ESG reporting, while reducing thyssenkrupp nucera’s Scope 1 and Scope 2 footprint to zero in the long term.

Some of the key measures we are taking include continuously reducing emissions throughout the product lifecycle, beginning with product development and production to recycling; ensuring employee health and safety; using responsible sourcing practices across the supplier network; and enforcing strong governance standards, which includes diversity, transparency, and accountability.

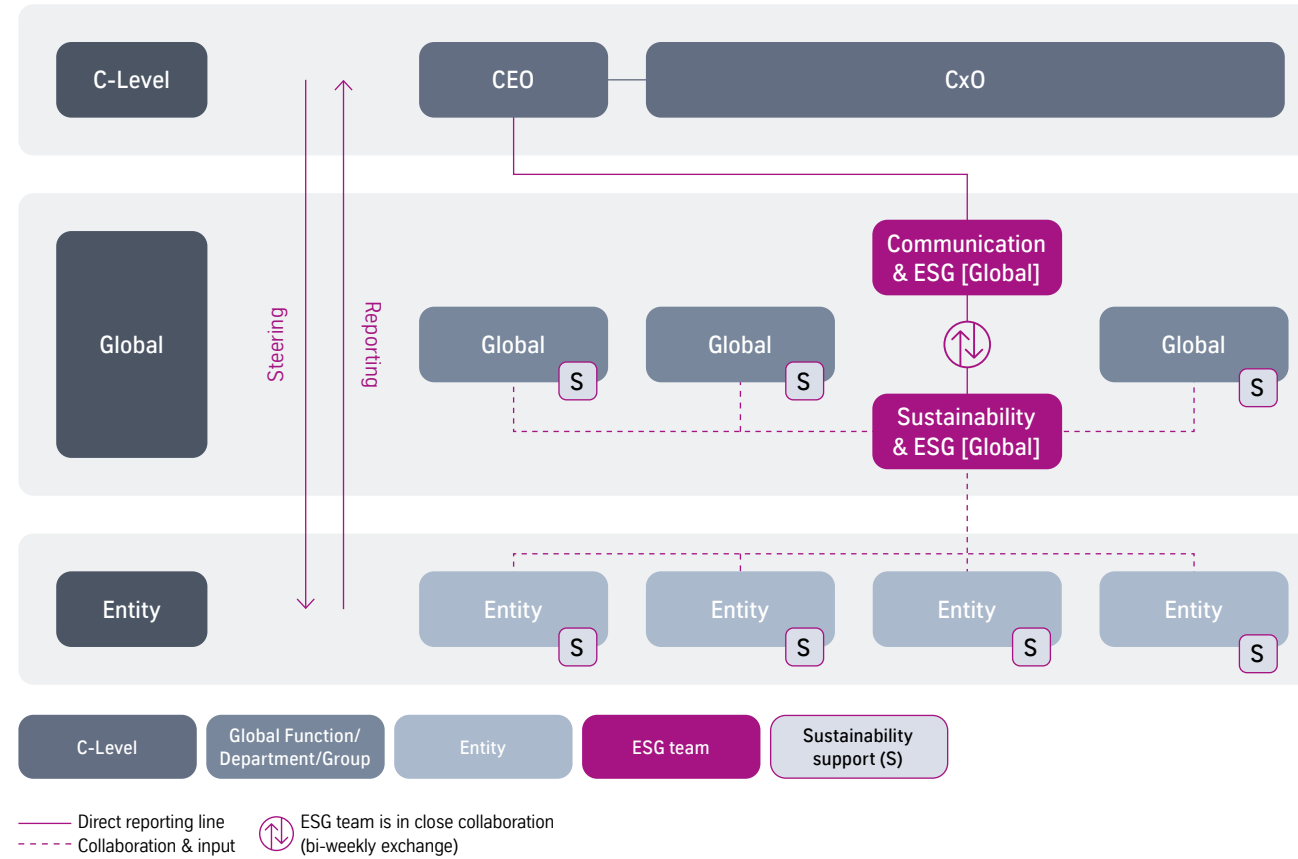
A holistic approach

Recognizing the interconnectedness of environmental, social, and governance factors, our ESG strategy is holistic. We understand that long-term success requires not only financial performance but also a positive influence on the environment, a commitment to social equity, and robust governance practices.

By addressing these dimensions in unison, we are working to build a resilient and sustainable future for our company and stakeholders. Sound governance is the bedrock of our success. Our board composition reflects diverse expertise, ensuring robust oversight and strategic decision-making. We actively engage with shareholders, valuing their perspectives and feedback as integral to our journey toward sustained growth.

Our commitment starts with anchoring sustainability in the organizational structure. The ESG team consists of experts in the areas of strategy, reporting and implementation. We are also including more perspectives in our decisions throughout the journey. Therefore, we have established a cross-functional ESG expert team within our company’s operations.

Our ESG organization – Globally led, locally supported



- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

Our ESG governance structure includes the position of Global Head of Communications & ESG, who reports directly to the CEO and manages the development of the sustainability strategy and internal and external reporting. The Head of Communications & ESG is also responsible for sustainability strategy operationalization and reporting. On the other hand, our global and local departments and groups responsible for operations are tracking and reporting progress to the global ESG team. With this structure, we ensure both centralized management and the analysis of global data sets close to the executive board level and, at the same time, ensure functional orientation in the broad implementation of strategic measures. Top-down and bottom-up coordination of the sustainability strategy is carried out by two committees: the strategic ESG

Committee and the operational Sustainability Committee. The strategic committee is responsible for working on relevant issues across divisions, identifying synergy effects, monitoring progress and making fundamental decisions regarding strategic measures.

The global ESG Team acts as the essential link between sustainability strategy and its operationalization. Therefore, the operative sustainability committee is responsible for regular exchange at the entity level, the monitoring of uniform execution of guidelines and policies, and the practical implementation of measures.

Additionally, we are conducting regular energy audits to identify areas where energy is being wasted and to determine potential energy-saving opportunities. Once a year, an internal audit will be conducted by internal auditors, and every two years, external professionals will audit our energy management system. Speaking of energy management systems, we received an ISO 50001 certification for energy management in our German office, which covers approximately 60% of our workforce and demonstrates a commitment to efficient energy practices.

Moreover, we have developed a comprehensive energy efficiency plan that outlines specific goals, targets, and strategies for reducing energy consumption. This plan involves input from various departments within the organization, e.g., HSE and Facility Management, as well as our regions worldwide. Our goal is to reduce the energy consumption by 5% per employee per year.

To reach our goals, we have invested in energy-efficient technologies and equipment, such as LED lighting and replaced outdated or inefficient equipment with newer, more efficient alternatives. Additionally, in our German office, we have installed occupancy sensors to automatically control lighting systems based on occupancy. Our German office is run by 100% green power from external sources, and we aim to purchase green alternatives for the other locations where we operate. Moreover, we have established energy conservation policies and integrated them into the company's overall sustainability strategy. As an employee activation measure, we provide guidelines and training to encourage them to save energy with measures such as turning off lights and equipment when not in use.

Responsibility for the environment

Our investments in renewable energy sources, energy-efficient technologies and sustainable practices in the supply chain are evidence of our commitment to combating climate change and promoting ecological balance.

Therefore, we have implemented an Environment Management System according to ISO 14001, which covers approximately 85% of our workforce in our German, Italian and Chinese offices to systematically manage environmental aspects and impacts. Moreover, our efforts to reduce CO₂ emissions are reflected in transitioning the company's leased vehicles fleet to electric vehicles. At our German headquarters, we have implemented an Electric Vehicles policy. As part of our new policy, we are phasing out vehicles that are powered by fossil fuels, and only electric vehicles will be ordered. In addition, in some regions we are subsidizing employee's public transportation to encourage employees to use mass transit for commuting.

Our investments in renewable energy sources, energy-efficient technologies, and sustainable supply chain practices are clear indicators of our dedication to combatting climate change and promoting environmental well-being.



01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Social responsibility

Our social responsibility goes beyond our business activities. We are committed to creating a diverse and inclusive work environment that fosters a culture of respect and collaboration. As part of our commitment, we actively seek to identify, nurture, and promote talented women within the organization. Therefore, we have set the target to fill 25% of leadership positions with women by 2028. We define leadership positions at levels 1 and 2 below the Management Board with disciplinary function.

Through employee development programs and health and safety initiatives, we aim to have a positive impact on the lives of our employees, our customers and society in general. For example, we have developed a comprehensive health and safety policy that outlines our commitment to providing a safe workplace. It sets out the general principles of organization-wide, strategic significance for health, safety, environment, energy and quality.

The policy is addressed directly to every employee within the organization and serves as a guideline and framework for quality, health, safety, and environment. It is through this policy that we have established the key health and safety management practices in our company. We provide employees with adequate health and safety training, covering topics such as emergency procedures and proper equipment use. We ensure ongoing education and training for new and existing employees and develop and regularly review emergency response plans, including procedures for evacuation, first aid, and communication during emergencies.

Assessing the need for personal protective equipment, providing employees with the necessary equipment to protect them from workplace hazards and training them on the proper use, care, and maintenance of PPE is another crucial procedure within our company. Moreover, we develop and enforce safety requirements for contractors working on-site and ensure that contractors are aware of and comply with our health and safety policy.

We regularly examine and audit our system. The Integrated Management System shall fulfill the requirements of the respective international standards. Therefore, we perform internal and external audits to assess the effectiveness of our health and safety management system according to ISO 45001. We have established a system for reporting accidents, incidents, near misses, and hazards. We investigate incidents carefully to determine their root causes and implement corrective actions to prevent recurrence.

To promote employees' physical and mental well-being, we implement health promotion and wellness programs, which include fresh fruit boxes every week, gym memberships, and fitness programs.

We also aim to have a positive impact on society, which is why we have held a number of charitable activities during the year. For example, we launched a small challenge in the run-up to Christmas 2022. The campaign raised a total of EUR 3,000, of which EUR 1,500 was donated to the food bank "Die Tafel" and EUR 1,500 to the SOS Children's Village in Dortmund.

Another important event this year for us and our planet was held on April 22: Earth Day. This year's motto "Invest in our planet" highlighted the importance of dedicating our time, resources, and energy to solving climate change and other environmental issues. We joined this worldwide environmental movement and planted 500 trees in the global South in cooperation with "Grow My Tree".

The year 2023 was unfortunately overshadowed by a major tragedy, namely, the earthquake that impacted Turkey and Syria. We pledged our support through the thyssenkrupp fundraising campaign by making an immediate donation of EUR 10,000 to the German aid alliance "Aktion Deutschland hilft".

Lastly, we supported the local community in Germany by donating office furniture that was no longer in use to the humanitarian aid agency "Sozialkaufhaus Diakonie". The agency employs and trains longtime jobless people in the retail sector. Through this

training they are reacquainted with the structure of everyday life as well as a regular work routine and are given meaningful tasks. The goods sold go through a sustainable cycle of use in the spirit of value creation.

The road ahead

We recognize that challenges persist, but we view them as opportunities to innovate, collaborate, and create positive change. During the development of a sustainability strategy, we focused on a previously prepared materiality assessment (double materiality analysis), in which we included our relevant stakeholders to gain a better understanding of the ESG topics to focus on in our sustainability strategy. Moreover, we defined action fields, ambition levels, targets and key performance indicators (KPIs) and derived first measures to operationalize the sustainability strategy. In the upcoming 2023/2024 fiscal year, we will publish our continuous efforts in an ESG report in accordance with the GRI standards.

We extend our gratitude to our stakeholders for joining us on this journey toward a more sustainable future. Together, we will continue to build a better tomorrow, one responsible step at a time.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Report of the Supervisory Board

Dear Shareholders,

We have an extraordinary year behind us. This is the first Supervisory Board report in the history of thyssenkrupp nucera AG & Co. KGaA as a listed company, following our successful IPO on July 7, 2023. Before I report to you in detail on the work of the Supervisory Board and its committees in the 2022/2023 fiscal year, I would first like to take a brief look back at the year and the wide range of topics we dealt with.

The 2022/2023 fiscal year was another year marked by macroeconomic challenges and an initially difficult capital market environment. With the successful IPO in the summer of 2023, thyssenkrupp nucera made a statement recognized around the world and ushered in a new era in the truest sense of the word. Thanks to the added financial leeway, thyssenkrupp nucera is now well equipped for growth along its defined strategic priorities.

This achievement has truly been a team effort involving the entire thyssenkrupp nucera organization, for which I would like to express my sincere thanks on behalf of the Supervisory Board. I would also like to thank our strong joint venture partner De Nora, our anchor investors, and all our shareholders for the trust they have placed in us.

In addition to the extensive preparations for the IPO, the work of the Supervisory Board and the committees included further developing our corporate governance framework and making strategic decisions. Examples include the Supervisory Board's proposal to appoint KMPG as the new auditor, which was resolved by the Annual General Meeting on January 26, 2023. The Supervisory

Board also defined a competency matrix to supplement the competency profile adopted last year. [See page 27.](#) In addition, the Supervisory Board carried out a self-assessment of the effectiveness of its work based on an extensive questionnaire and a discussion at a meeting held in September 2023.

In March 2023, there was a reorganization of the management team. Denis Krude resigned from his position as Chief Operating Officer by mutual agreement and left the company. In May and

June, Supervisory Board members Martina Merz, Dr. Stefan Schmitt, and Matteo Lodrini resigned from their positions on the Supervisory Board. Joining the Supervisory Board were Miguel Ángel López Borrego, Dr. Sebastian Lochen and Massimiliano Moi. With their appointments, we have welcomed proven experts for the topics of growth, strategy, corporate governance and finance. The Management Board also enhanced thyssenkrupp nucera's expertise for the long term by making numerous appointments in all areas of the company.

Dr. Volkmar Dinstuhl,
Chair of the Supervisory Board



01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Cooperation between the Management Board and the Supervisory Board

As the company's General Partner, thyssenkrupp nucera Management AG, represented by its Management Board (in the following referred to as "Management Board"), is fully supervised, advised and supported by the members of the Supervisory Board. In the 2022/2023 fiscal year, the Supervisory Board performed the duties incumbent upon it in accordance with the law, the Articles of Association and the Rules of Procedure and took into account the recommendations of the German Corporate Governance Code (GCGC) with the exception of one recommendation: In preparing for the IPO, for process reasons, the Supervisory Board's Audit Committee decided to apply the deadlines under the German Securities Trading Act only to the first quarterly financial reporting following the IPO (the third quarter of the fiscal year), in contrast to the recommendations of the GCGC.

The Management Board has fulfilled its duty to provide information. It informed us regularly, promptly and comprehensively in written and verbal form about all issues relevant to the company relating to strategic development, operational planning for the year, business development, internal audit, the risk situation, risk development and compliance. The members of the Supervisory Board had sufficient opportunity in the committees and in plenary sessions to critically examine the reports and resolution proposals submitted by the Management Board and to make their own suggestions. We thoroughly discussed all business transactions of significance to the company based on written and verbal Management Board reports and reviewed them for their plausibility.

On the topic of the IPO, next to the Management Board, the Supervisory Board chairman, in particular, worked closely with banks and investors, discussed the IPO's framework and debated and passed resolutions together with all of the relevant shareholder representatives.

Furthermore, the chairs of the Supervisory Board and its committees maintained a close and regular exchange of information and ideas with the Management Board between meetings and kept themselves informed of significant developments. Important findings were reported no later than the following Supervisory Board or committee meetings.

In the past fiscal year, there were no conflicts of interest involving members of the Management Board or Supervisory Board that would have required immediate disclosure to the Supervisory Board.

In fulfilling its duties, thyssenkrupp nucera provides organizational support to the members of the Supervisory Board in training and development measures, which they are generally responsible for themselves. In addition, new Supervisory Board members are familiarized with thyssenkrupp nucera's business model, the Group's structures and special topics as part of their onboarding.

The members of the Management Board took part in Supervisory Board and/or committee meetings, however, the Supervisory Board also met regularly without the Management Board.

Meetings of the Supervisory Board

The Supervisory Board held four ordinary meetings in the reporting year, as well as one extraordinary meeting on July 5, 2023. Of these five meetings, four were held as video conferences and, in the case of one meeting, most of the members attended in person. The range of topics dealt with by the Supervisory Board included the current business situation, earnings performance and the company's strategic development.

The Supervisory Board also reviewed the annual financial statements for the 2021/2022 fiscal year and all related resolutions. In

addition, the Supervisory Board resolved to propose to the Annual General Meeting to elect KPMG as the new auditor. Further, the Supervisory Board adopted the competency matrix as a supplement to the competency profile.

In the 2022/2023 fiscal year, the Supervisory Board regularly discussed the current business situation, earnings performance and strategic development.

The Supervisory Board dealt in detail with the corporate and investment planning for the 2022/2023 fiscal year and the planning up to 2029/2030. The Supervisory Board also discussed and resolved amendments to the Articles of Association and adopted the revised competency matrix for the members of the Supervisory Board and the declaration of compliance with the GCGC.

At its extraordinary meeting on July 5, 2023, the Supervisory Board resolved an amendment to the Articles of Association of thyssenkrupp nucera AG & Co. KGaA concerning the IPO.

In the context of the Management Board's reports on the company's situation and the implementation of the growth strategy, which played an important role in all meetings, significant time was also dedicated to discussions on strategy development, the execution of core projects, and the short- and medium-term earnings targets.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Meetings of the committees

The primary task of the three Supervisory Board committees is to prepare decisions and topics for the plenary meetings. Individual decision-making powers have been delegated to the committees by the Supervisory Board to the extent permitted by law. During the reporting year, the chairs of the committees reported regularly and

in detail to the Supervisory Board on the work of the committees. The committee chairs were also in close contact with the members of their committees outside of meetings in order to discuss particularly important issues.

The **Audit Committee** held four meetings in the 2022/2023 fiscal year. All meetings were held virtually. In addition to the members

of the Management Board, particularly the Chief Financial Officer, representatives of the auditor also attended each meeting. The representatives attending the meetings until December 13, 2022 were from PWC and, as of February 20, 2023, KPMG. Both auditors have declared to the Audit Committee that there are no circumstances that would give reason to question their independence. Prof. Dr. Franca Ruhwedel, Chair of the Audit Committee, also

Attendance at the meetings of the Supervisory Board of thyssenkrupp nucera AG & Co. KGaA and its committees in the 2022/2023 fiscal year

	Supervisory Board meetings			Committee meetings					
	Meeting held ¹	Meetings attended	Attendance in %	Audit Committee			Related-Party Transactions Committee		
				Meeting held	Meetings attended	Attendance in %	Meeting held	Meetings attended	Attendance in %
Dr. Volkmar Dinstuhl, Chair of the Supervisory Board	5	5	100	4	4	100			
Dr. Klaus Keysberg	5	5	100	4	4	100			
Dr. Stefan Schmitt ²	3	3	100 ²						
Jennifer Cooper	5	5	100						
Martina Merz ³	3	2	66.67 ³						
Dr. Arnd Köfler	5	1	20				1	1	100
Michael Höllermann	5	5	100						
Paolo Dellachá, Deputy Chair of the Supervisory Board	5	5	100						
Matteo Lodrini ⁴	3	3	100 ⁴	3	3	100 ⁴			
Dr. Robert Scannell	5	5	100				1	1	100
Prof. Dr. Franca Ruhwedel, Chair of the Audit and RPT committees	5	5	100	4	4	100	1	1	100
Markus Fuhrmann	5	5	100				1	1	100
Massimiliano Moi ⁵	2	2	100 ⁵	1	1	100 ⁵			
Miguel Ángel López Borrego ⁶	2	2	100 ⁶						
Dr. Sebastian Lochen ⁷	2	2	100 ⁷						

¹ Four ordinary meetings and one extraordinary meeting.

² Member of the Supervisory Board until June 19, 2023.

³ Member of the Supervisory Board until May 31, 2023.

⁴ Member of the Supervisory Board until May 19, 2023.

⁵ Appointment to the Supervisory Board at the extraordinary general meeting on June 9, 2023.

⁶ Appointment to the Supervisory Board at the extraordinary general meeting on June 9, 2023.

⁷ Appointment to the Supervisory Board at the extraordinary general meeting on June 20, 2023.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

regularly exchanged information with the auditors between meetings. The auditors reported to the Audit Committee on the results of their audit at the respective meetings.

The relevant function heads were also available to provide reports and answer questions on individual agenda items at the committee meetings. The committee's work focused on the audit of the annual and consolidated financial statements for 2021/2022 and the preparation of the Supervisory Board's resolution on these items. With regard to the cooperation with KPMG, the committee decided on the catalog of non-audit services that may be provided by the auditor and the budget for the provision of non-audit services for the 2023/2024 financial year. Other focal points were the regular review of the financial business development, the audit of the effectiveness of the compliance management system, the risk management, and internal auditing. In addition, the Audit Committee regularly dealt with issues that resulted in a subsequent resolution by the Supervisory Board, including recommending KPMG as the new auditor to the Supervisory Board.

The Audit Committee also discussed the quality of the audit of the financial statements. Other regular discussion topics included the further development of sustainability reporting, the IT landscape, cyber security, and internal auditing.

The **Related Party Transactions Committee** met once virtually in the 2022/2023 financial year. At its inaugural meeting, the committee discussed different topics, including the general process for reviewing related-party transactions.

There was no need for a meeting of the **Nomination Committee** in the 2022/2023 reporting year.

Audit of the parent-company and consolidated financial statements and dependency report

KPMG AG Wirtschaftsprüfungsgesellschaft, elected by the Annual General Meeting on January 26, 2023 to audit the 2022/2023 fiscal year financial statements, audited the financial statements for the fiscal year from October 1, 2022 to September 30, 2023 prepared by the Management Board in accordance with the German Commercial Code (HGB) and the management report on thyssenkrupp nucera AG & Co. KGaA, which is combined with the management report on the thyssenkrupp nucera group. The auditor issued an unqualified audit opinion. In accordance with Art. 315e of the German Commercial Code (HGB), the consolidated financial statements of thyssenkrupp nucera AG & Co. KGaA and the management report on the thyssenkrupp nucera group were prepared on the basis of International Financial Reporting Standards (IFRS) as applicable in the European Union. The consolidated financial statements and the combined management report were also given an unqualified audit opinion by KPMG.

The auditor also determined that the Management Board has established an appropriate information and monitoring system that is suitable in its design and operation for the early detection of developments that could jeopardize the continued existence of the company.

The financial statement documents, the dependency report and the audit reports for fiscal year 2022/2023 were discussed in

detail at the meetings of the Audit Committee on December 12 and 18, 2023 and the Supervisory Board on December 13 and 18, 2023. The auditor reported on the key audit findings, as well as the findings concerning the accounting process and risk early warning system and was available to answer further questions and provide information. The chair of the Audit Committee reported in depth at the full Supervisory Board meeting on the Audit Committee's examination of the parent-company and consolidated financial statements as well as the dependency report.

On December 18, 2023, the auditor added the following certificate to the dependency report: Following our audit and judgment, performed in keeping with our professional duties, we hereby confirm that: 1. the statements as to fact made in the report are accurate, 2. the performance by the company under the legal transactions set out in the report was not excessive, 3. no circumstances regarding the measures set out in the report give rise to an assessment substantially different from that of the management board. The Audit Committee and the Supervisory Board concur with the assessment of the auditor.

The Supervisory Board examined the parent-company and consolidated financial statements, the combined management report, the dependency report and the compensation report pursuant to § 162 AktG and, as a consequence of the conclusive result of its audit, raised no objections. The parent-company and consolidated financial statements were approved.

December 18, 2023

Dr. Volkmar Dinstuhl
Chair of the Supervisory Board

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Members of the Supervisory Board



Jennifer Cooper

- Senior Project Manager Mergers & Acquisitions thyssenkrupp AG



Paolo Dellachá

Deputy Chair

- CEO De Nora
- Member of the Nomination Committee



Dr. Volkmar Dinstuhl

Chair

- CEO of business segment Multi Tracks of thyssenkrupp AG
- Member of the Audit Committee and Nomination Committee



Markus Fuhrmann

- CEO GROPYUS AG
- Member of the Related-Party Transactions Committee and Nomination Committee



Michael Höllermann

- CEO thyssenkrupp Industrial Solutions AG
- Member of the Executive Board and Chief Human Resources Officer of the Decarbon Technologies business segment of the thyssenkrupp Group



Dr. Klaus Keysberg

- CFO thyssenkrupp AG
- Member of the Audit Committee and Nomination Committee



Dr. Arnd Köfler

- CTO thyssenkrupp Steel Europe AG
- Member of the Related-Party Transactions Committee



Sebastian Lochen

- Group General Counsel, Head of Legal & Compliance, Chief Compliance Officer, thyssenkrupp AG
- Member of the Supervisory Board since June 20, 2023



Miguel Ángel López Borrego

- CEO thyssenkrupp AG
- Member of the Supervisory Board since June 9, 2023



Massimiliano Moi

- CFO De Nora
- Member of the Audit Committee
- Member of the Supervisory Board since June 9, 2023



Prof. Dr. Franca Ruhwedel

- Professor for Finance & Accounting at Rhine-Waal University
- Member of the Audit Committee and Related-Party Transactions Committee



Dr. Robert Scannell

- Chief regional officer EMEA-Region De Nora
- Managing Director De Nora Germany
- Member of the Related-Party Transactions Committee

Memberships in committees are indicated by a grey bar.

Resigned from the Supervisory Board:

Dr. Stefan Schmitt (until June 19, 2023), Martina Merz (until May 31, 2023), Matteo Lodrini (until May 19, 2023)

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Competency Profile & Qualifications Matrix

Experience & Qualifications	Cooper	Dellachá	Dinstuhl	Fuhrmann	Höllermann	Keysberg	Köfler	Lochen	López	Moi	Ruhwedel	Scannell
General international management												
Industry-/sector-specific expertise of thyssenkrupp nucera												
Industry-/sector-specific expertise beyond thyssenkrupp nucera												
Leadership/governance of listed companies												
Corporate strategy/development, growth/scale-up, M&A and portfolio management												
Change management, transformation												
IT, innovation and digitalization												
Financial and capital markets experience												
Accounting and auditing												
Legal, compliance and corporate governance												
Marketing and sales												
Talent management, HR development and leadership												
Sustainability/ESG												

Diversity

	Cooper	Dellachá	Dinstuhl	Fuhrmann	Höllermann	Keysberg	Köfler	Lochen	López	Moi	Ruhwedel	Scannell
Year of joining Supervisory Board	2022	2022	2022	2022	2022	2022	2022	2023	2023	2023	2022	2022
Gender	Female	Male	Male	Male	Male	Male	Male	Male	Male	Male	Female	Male
Year of birth	1967	1968	1972	1980	1964	1964	1967	1976	1965	1968	1973	1959
Nationality	German & British	Italian	German	Austrian	German	German	German	German	Spanish	Italian	German	Irish
Professional background	Economics	Engineering	Economics	Biotechnology and Genetics	Engineering	Business Administration	Engineering	Law	Business Administration	Finance	Finance & Accounting	Electro-chemistry

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

thyssenkrupp nucera on the capital market

Performance of thyssenkrupp nucera shares

On July 7, 2023, thyssenkrupp nucera shares began trading in the Prime Standard on the Frankfurt Stock Exchange. With the IPO, a total of 30,262,250 shares (including over-allotments) were placed at an issue price of EUR 20 per share. This number includes 26,315,000 newly issued shares from a capital increase against cash contributions carried out on July 5, 2023.

The total number of shares issued (no par value ordinary bearer shares) therefore amounted to 126,315,000. thyssenkrupp nucera has been listed in the SDAX since September 18, making it one of the most important small caps on the German stock market. The SDAX index comprises 70 of the largest, most liquid companies in terms of free float market capitalization below the MDAX.

In their first few days of trading, thyssenkrupp nucera shares posted excellent performance, reaching a year-to-date high on July 12, 2023 of EUR 24.02, or around 20% above their issue price. From mid-July 2023 to the beginning of September 2023, the shares traded in a range of EUR 21.00 to EUR 23.00. Over the course of September, thyssenkrupp nucera shares were caught up in the general downtrend on the capital markets, which was particularly severe in the hydrogen sector. The shares reached a low for the reporting year of EUR 17.96 on September 26.

From the date of the IPO on July 7, 2023 to the end of the 2022/2023 fiscal year on September 30, 2023, thyssenkrupp nucera shares recorded an overall decline of around 7%. The shares outperformed the Solactive Hydrogen Economy Index NTR benchmark index, which was around 11% below its initial value. The SDAX fell by 2% over the same period, performing slightly better than thyssenkrupp nucera shares.

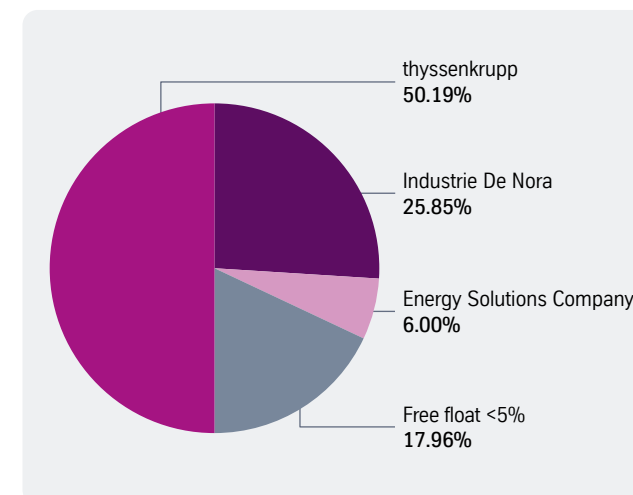
Shareholder structure of thyssenkrupp nucera AG & Co. KGaA

The shareholder structure as of September 30, 2023 presented below is based on the voting rights notifications received by thyssenkrupp nucera under the German Securities Trading Act (WpHG). The percentages derived from the notifications relate to the number of voting rights based on ordinary shares of thyssenkrupp nucera AG & Co. KGaA.

The largest shareholders are thyssenkrupp (50.19%), Industrie De Nora (25.85%) and Energy Solutions Company (6.00%).

The free float voting rights (as defined by Deutsche Börse) as of the reporting date amounted to 17.96% and was spread among a large number of domestic and international investors. The voting rights notifications from the 2022/2023 fiscal year disclosed that the largest free float shareholders were BNP Paribas (3.36%) and Norges Bank (3.00%).

Shareholder structure



01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Dividend and dividend policy

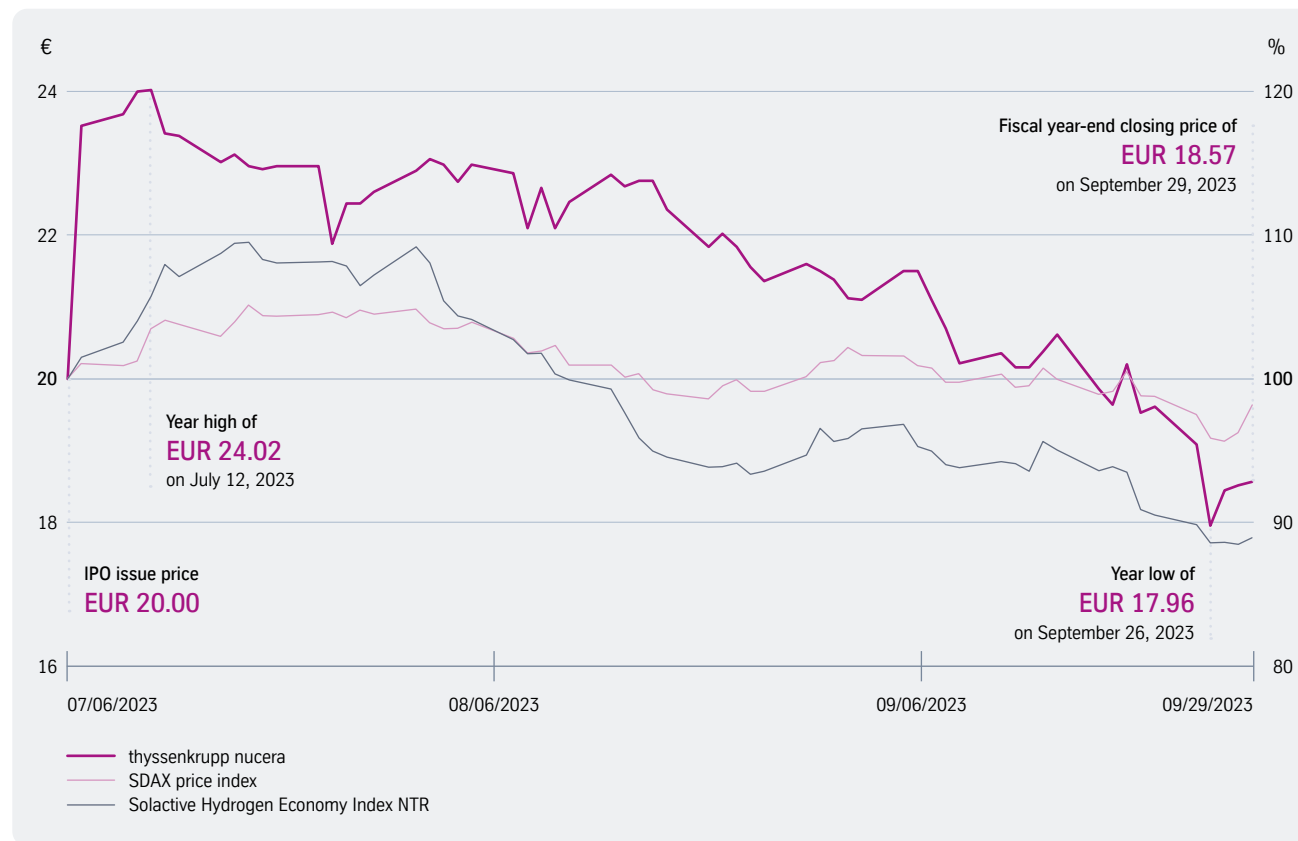
Due to the reported net loss of thyssenkrupp nucera AG & Co. KGaA for the 2022/2023 fiscal year of EUR 8.1 million, the distribution of a dividend cannot be proposed to the Annual General Meeting. The dividend policy remains unchanged. thyssenkrupp nucera intends to retain any future earnings and does not anticipate declaring or paying any cash dividends in the foreseeable future.

Analyst recommendations

At the end of the 2022/2023 fiscal year, ten analysts at international banks and brokerage houses were covering and evaluating the shares of thyssenkrupp nucera AG & Co. KGaA. Nine analysts recommended the shares as “buy”, while one analyst rated them as “hold”, or “neutral”. The median target price as of the reporting date was EUR 28.85.



thyssenkrupp nucera share price performance



thyssenkrupp nucera shares

Share class	No-par value ordinary bearer shares
Year high (July 12, 2023)	EUR 24.02
Year low (September 26, 2023)	EUR 17.96
Year-end closing price (September 29, 2023)	EUR 18.57
Market capitalization (September 29, 2023)	EUR 2.346 billion
Share capital	EUR 126,315,000
No. of issued shares	126,315,000
ISIN	DE000NCA0001
WKN	NCA000
Ticker symbol	NCH2
Exchange	Frankfurt Stock Exchange
Market segment	Regulated market (Prime Standard)

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

Shaping the energy future with ...

innovations

A sustainable, climate-friendly energy mix demands bold, forward-thinking solutions. thyssenkrupp nucera develops these solutions – again and again. In our over 50-year history, we have repeatedly demonstrated our ability to continuously evolve our business. Now customers can benefit from our products to meet the enormous demand for green hydrogen. Our new standardized 20 MW scalum® module is a milestone in this process.

300 cells
form the powerful
scalum® module with
a system output of
20 megawatts

Launch of the “NCAlab”:
Facilitating even greater
advances in
automating the
electrolysis cell assembly
process

56 new patents
and 6 registrations streng-
thened our patent portfolio
in the 2022/2023 fiscal year
alone, protecting our new
products and technologies

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

Trend towards modernizing chlor-alkali systems

Customers are increasingly using our eco-efficient solutions for chlor-alkali electrolysis

7x
larger
hydrogen market
by the year 2050

15%
increase
in R&D headcount
in just one year

High innovation combined with thyssenkrupp nucera's consistent customer focus ensures our customers have access to innovative products and services at competitive conditions. We conduct in-depth research and development work to help shape the trends in the electrolysis market. This includes developing and testing technologies for the large-scale production of electrolyzers, focusing on stack and cell development, as well as optimizing and automating production and assembly.

We continued to make progress in cell assembly automation as part of the H2Giga BMBF-funded sub-project "Install AWE". Advances are necessary to expand the supply chain from over 1 gigawatt to 5 gigawatts so that we can meet the growing demand for electrolysis plants for the more cost-effective production of green hydrogen. A development laboratory in Dortmund will provide important insights into the automation of the assembly process, the series production of cells, and the manufacture of modules on a gigawatt scale.

In the chlor-alkali sector, thyssenkrupp nucera has focused on advancing the environmentally friendly and energy-saving membrane electrolysis process. Our focus is to bring down the investment and operating costs of our current BM and BiTAC® technologies. In addition to design improvements, the qualification of improved coatings and membranes has led, in particular, to lower operating costs. These advances support our customers to achieve their goal of saving energy.

HLT2plus
Commissioning of new test facility
at the Carbon2Chem® site in Duisburg to drive further innovation in the AWE sector

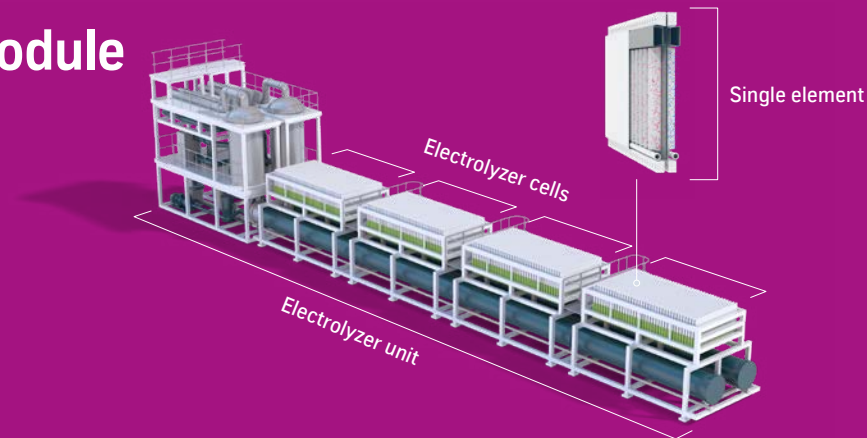
Key advantages of alkaline water electrolysis

- + Standardization and series production at GW scale while ensuring quality, timely delivery and cost efficiency – already a reality today
- + Reduction of complexity and risks through standardization



Binding contracts signed for **>3 gigawatts** of electrolysis capacity

20 MW scalum® module with high standardization



- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

Combined Management Report

- 33 _ 1. Fundamentals of the thyssenkrupp nucera Group
 - 33 1.1 Organization, structure, and management
 - 36 1.2 Company profile and products
 - 39 1.3 Goals and strategy
 - 41 1.4 Management system
 - 42 1.5 Research and development

- 46 _ 2. Economic situation
 - 46 2.1 Economic environment
 - 48 2.2 Sector environment
 - 50 2.3 Overview of business performance
 - 50 2.4 Overall statement on business development and the economic situation
 - 51 2.5 Net assets, financial position, and results of operations
 - 59 2.6 Segment reporting

- 63 _ 3. Employees

- 66 _ 4. Outlook

- 67 _ 5. Opportunity and risk report
 - 67 5.1 Objectives of governance systems
 - 67 5.2 Risk management system
 - 68 5.3 Internal control system
 - 69 5.4 Quality management system
 - 69 5.5 Risk management and control system in the accounting process
 - 69 5.6 Overview of the risk landscape
 - 71 5.7 Overview of opportunities
 - 72 5.8 Overall risk assessment
 - 72 5.9 Statement by the Management Board on the effectiveness of the governance systems

- 73 _ 6. Takeover-related disclosures

- 76 _ 7. Corporate governance statement

- 83 _ 8. Non-financial statement and non-financial Group statement

About this report

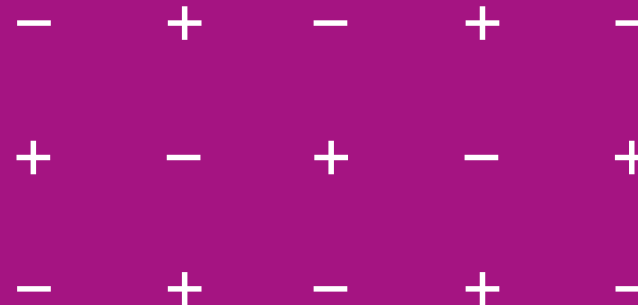
This combined management report 2022/2023 concerns both the thyssenkrupp nucera Group and thyssenkrupp nucera AG & Co. KGaA. In it, we report on the business performance, including the business results, as well as the situation and expected development of the thyssenkrupp nucera Group and thyssenkrupp nucera AG & Co. KGaA.

The information on thyssenkrupp nucera AG & Co. KGaA is contained in the economic report as a separate section featuring disclosures in accordance with the German Commercial Code (HGB). Due to the influence of the subsidiaries, the statements about the thyssenkrupp nucera Group that pertain to segment developments also apply to thyssenkrupp nucera AG & Co. KGaA. The reporting follows the internal management system of the thyssenkrupp nucera Group.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the annual financial statements have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the Stock Corporation Act (AktG). thyssenkrupp nucera AG & Co. KGaA is considered a "large company" as per the definition of Section 267 (3) HGB.

thyssenkrupp nucera AG & Co. KGaA and its subsidiaries are included in the consolidated financial statements of thyssenkrupp AG, Duisburg and Essen, Germany. The thyssenkrupp nucera Group belongs as at September 30, 2023 to the Multi Tracks business segment within thyssenkrupp Group.

In the combined management report, figures are given in millions of euros with one decimal place. This may result in rounding differences and discrepancies in the percentages.



- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

1. Fundamentals of the thyssenkrupp nucera Group

1.1 Organization, structure, and management Overview of AG & Co. KGaA structure and governance

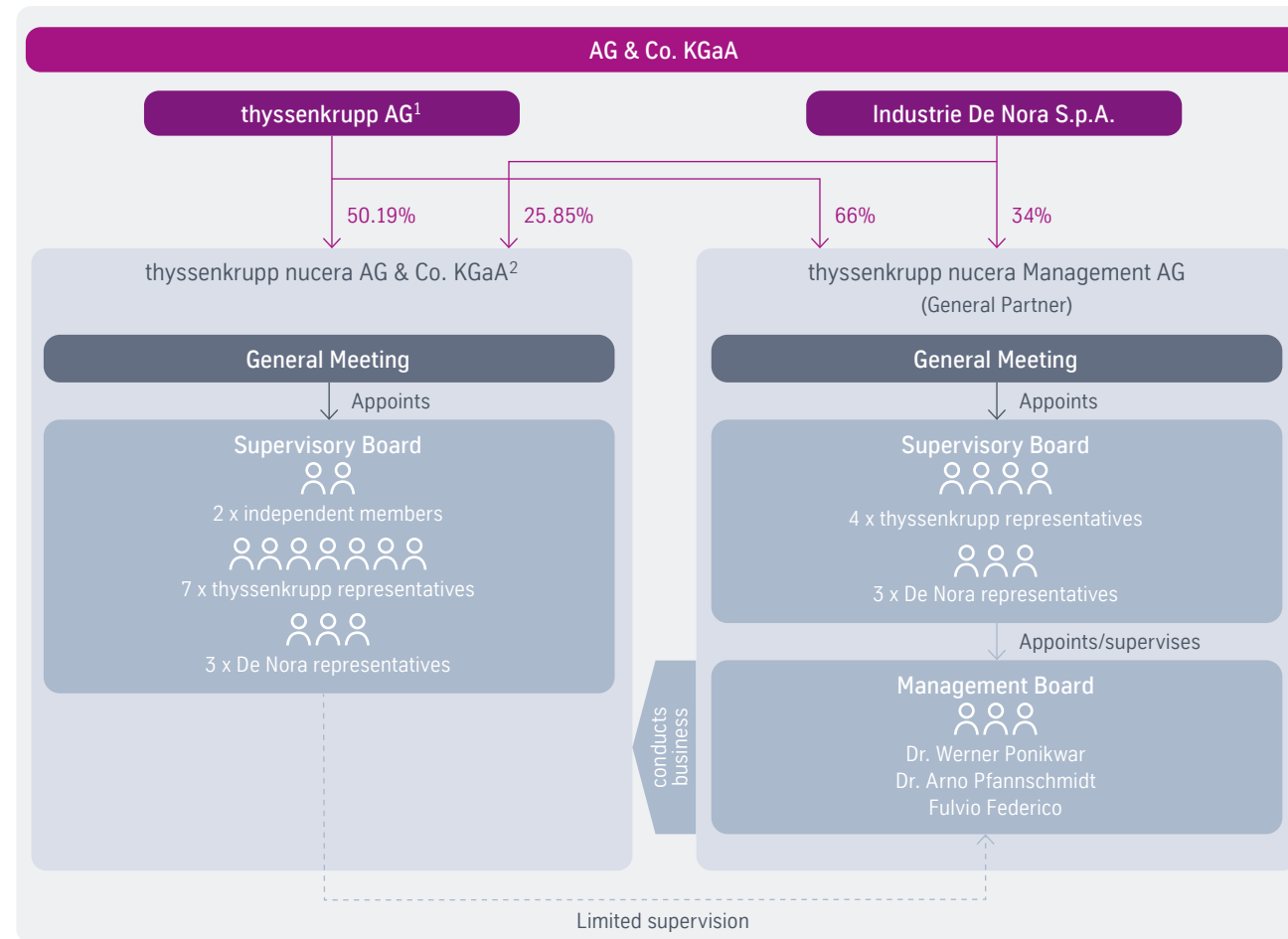
Legal structure

thyssenkrupp nucera AG & Co. KGaA (formerly thyssenkrupp Uhde Chlorine Engineers GmbH) is legally formed as a partnership limited by shares (KGaA) under German law, headquartered in Dortmund, Germany, and entered into the commercial register of the District Court of Dortmund under the number HRB 33774. It is the parent company of the thyssenkrupp nucera Group.

The General Partner of thyssenkrupp nucera AG & Co. KGaA is thyssenkrupp nucera Management AG (“General Partner”), which is a stock corporation incorporated in Germany and subject to German law. It is also headquartered in Dortmund, Germany, and entered into the commercial register of the District Court of Dortmund under the number HRB 33591. thyssenkrupp nucera Management AG is a 66%-owned subsidiary of thyssenkrupp Projekt 1 GmbH, Essen, which in turn is an indirect 100% subsidiary of thyssenkrupp AG. Industrie De Nora S.p.A., Milan, Italy, holds a 34% interest in thyssenkrupp nucera Management AG.

The General Partner is solely entrusted with the management of the company, including all extraordinary management measures. As General Partner, its activities for the company are always conducted through its Management Board, which is responsible for managing and representing the General Partner and indirectly thyssenkrupp nucera AG & Co. KGaA vis-à-vis third parties. The appointment of Management Board members is the responsibility of the Supervisory Board of the General Partner. The Management Board of thyssenkrupp Nucera Management AG (hereinafter referred to as the “Management Board”) has prepared this combined management report.

The shares of thyssenkrupp nucera AG & Co. KGaA were admitted to trading on the Regulated Market of the Frankfurt Stock Exchange (the “Frankfurt Stock Exchange”) on July 7, 2023 and at the same time to the Prime Standard sub-segment of the Regulated Market,



¹ The full chain of subsidiaries can be found in the diagram entitled “Shareholding structure” on page 34.

² As a result of a capital increase carried out on July 5, 2023, the total number of shares rose to 126,315,000. Since the IPO on July 7, 2023, a total of 30,262,250 shares, or 23.96% of the shares in thyssenkrupp nucera AG & Co. KGaA, have been held by other shareholders. See also the explanations in the chapter entitled “thyssenkrupp nucera on the capital market”.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

which requires additional post-admission obligations. With the IPO, the company's share capital was increased from EUR 100,000,000 to EUR 126,315,000.

Prior to the IPO and the capital increase, 66% of the shares in thyssenkrupp nucera AG & Co. KGaA were held by thyssenkrupp AG and 34% by De Nora. thyssenkrupp AG and De Nora now hold 50.19% and 25.85%, respectively. Since the IPO, the remaining 23.96% of thyssenkrupp nucera AG & Co. KGaA shares have been held by other shareholders.

The following were the members of the Management Board as of September 30, 2023:

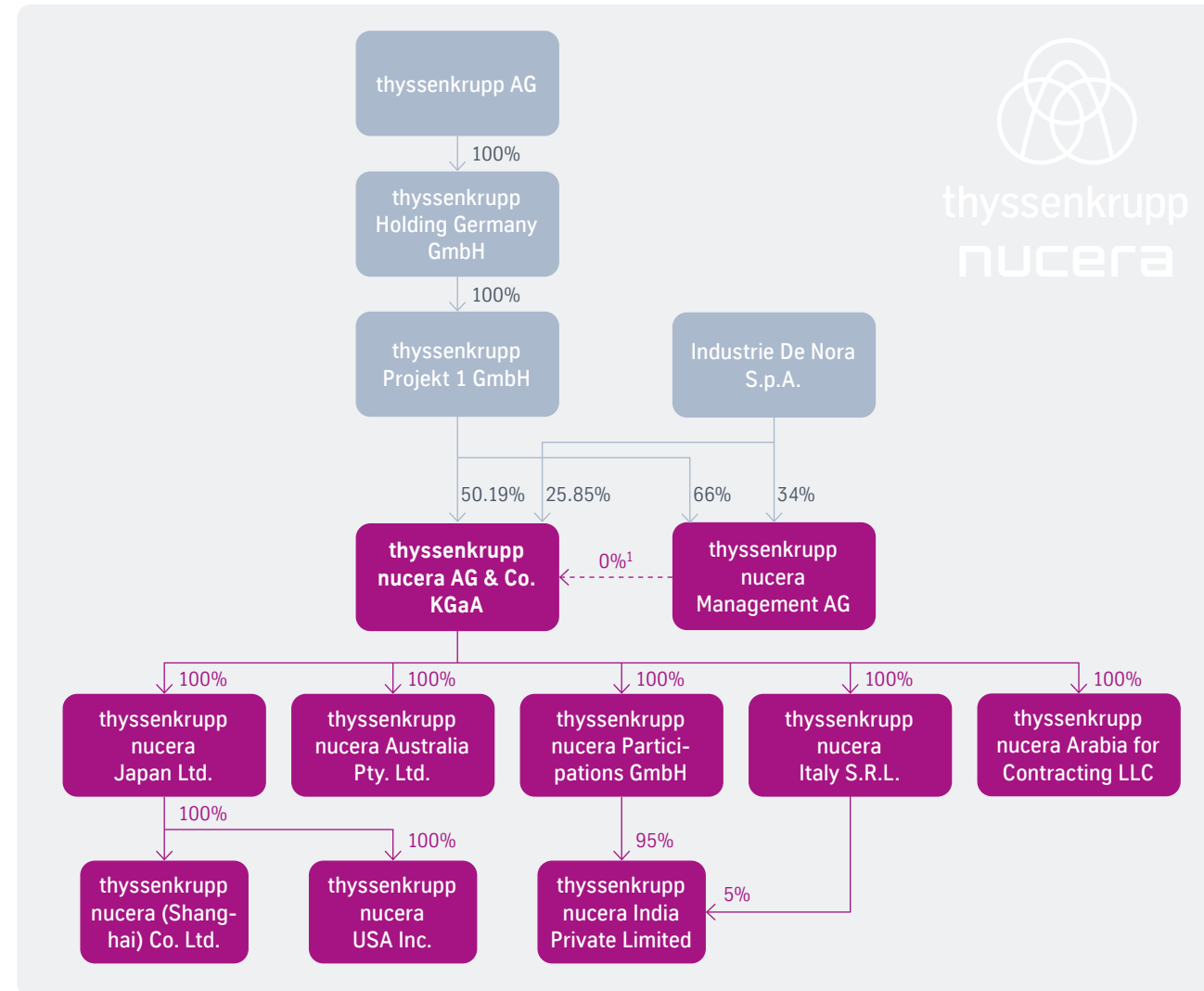
- Dr. Werner Ponikwar (CEO, Chief Executive Officer, Chairman of the Management Board)
- Dr. Arno Pfannschmidt (CFO, Chief Financial Officer)
- Fulvio Federico (CTO, Chief Technology Officer)

History and shareholding structure

In 2013, the Electrolysis division of the future thyssenkrupp Industrial Solutions AG (tkIS), Essen, Germany (at that time, under the name thyssenkrupp Uhde GmbH, Dortmund) became a legally independent company. On April 1, 2015, the electrolysis activities of Industrie De Nora S.p.A. were transferred to the company, and the company's name changed to thyssenkrupp Uhde Chlorine Engineers GmbH. thyssenkrupp Industrial Solutions AG initially held 66% of the shares, and Industrie De Nora S.p.A. 34%. On September 30, 2021, thyssenkrupp Projekt 1 GmbH acquired the shares of thyssenkrupp Industrial Solutions AG.

On February 2, 2022, the shareholders' meeting of thyssenkrupp Uhde Chlorine Engineers GmbH resolved to change the company's legal form to a partnership limited by shares pursuant to Articles 190 et seq., 226, 238 et seq. of the German Transformation Act (Umwandlungsgesetz – UmwG). Upon this change, the company was renamed thyssenkrupp nucera AG & Co. KGaA to mark a new era in the hydrogen business. The change in the company's

Shareholding structure



¹ The General Partner has no interest in the issued or outstanding share capital of the Company, has not made a capital contribution to the Company, does not hold any shares in the Company and, therefore, will not participate in its assets or its profits or losses.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

name and legal form was entered into the commercial register of the District Court of Dortmund on February 18, 2022.

thyssenkrupp nucera Management AG became the Company's General Partner. As General Partner, it does not hold any share in the capital of thyssenkrupp nucera AG & Co. KGaA, nor is it entitled or obliged to make a contribution. It also does not participate in the profit and loss, assets, or hidden reserves of the company.

On June 12, 2023, thyssenkrupp AG and thyssenkrupp nucera AG & Co. KGaA ("thyssenkrupp nucera") announced their intention to float the shares of thyssenkrupp nucera on the stock exchange ("Intention to Float"). On July 5, 2023, thyssenkrupp AG and Industrie De Nora S.p.A., together with thyssenkrupp nucera, set the final offer price for the shares of thyssenkrupp nucera at EUR 20.00 per share. A total of 30,262,250 shares (including over-allotments) were placed with investors, 26,315,000 of which were new shares. With the IPO, BNP Paribas Asset Management UK Limited (BNPP) acquired 4,250,000 shares and Energy Solutions Company (ESC), a wholly owned subsidiary of the Public Investment Fund (PIF), Saudi Arabia, acquired 7,578,900 shares.

On July 7, 2023, thyssenkrupp nucera shares (ticker symbol NCH2) began trading on the Regulated Market of the Frankfurt Stock Exchange (Prime Standard). The International Securities Identification Number (ISIN) for the shares is DE000NCA0001, and the securities identification number (WKN) is NCA000. On September 18, 2023, the shares of thyssenkrupp nucera AG & Co. KGaA joined the SDAX index, which comprises the 70 largest, most liquid companies below the MDAX.

Serving customers on-site worldwide

The business activities of the thyssenkrupp nucera Group are grouped into the following five segments, corresponding to the subsidiaries' business activities:

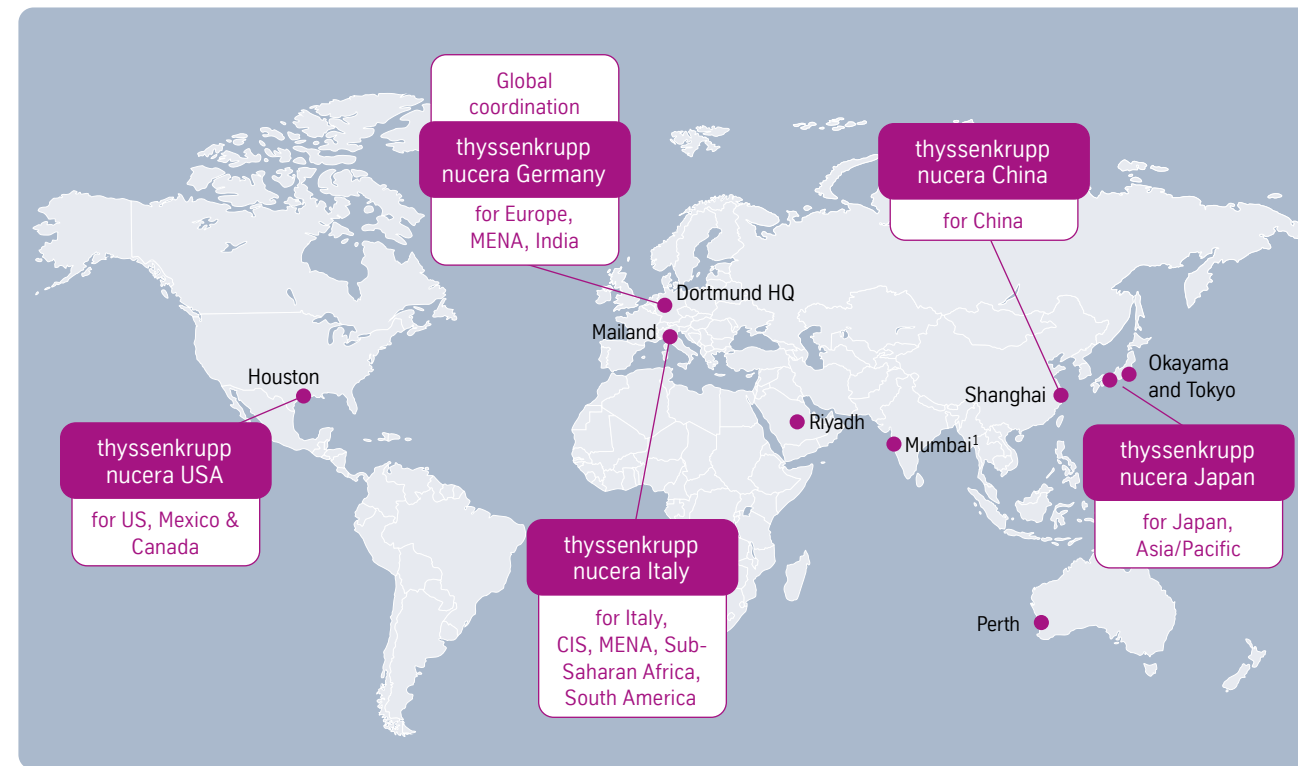
- Germany – Dortmund (Headquarters): Responsible for global coordination and, above all, business in Europe

- Italy – Milan: Responsible foremost for business in Italy, Turkey, South America, the Commonwealth of Independent States (CIS), and sub-Saharan Africa
- Japan – Tokyo: Responsible for business in Japan and the Asia-Pacific region
- China – Shanghai: Responsible for business in China
- RoW (Rest of the World): Responsible for the business activities of the subsidiaries in the US (Houston), Australia (Perth), Saudi Arabia (Riyadh), and India (Mumbai)

The segments carry the business responsibility for their work and are in charge of managing corporate activities.

After reinforcing our organization in the prior year with the establishment of new offices in Australia and Saudi Arabia, we opened an office in India in the reporting year, which is based in Mumbai.

Local presence in all major markets



● thyssenkrupp nucera locations
¹ Newly established office

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

1.2 Company profile and products

thyssenkrupp nucera provides technologies for electrolysis plants to companies. Our competitive strength is founded on over 50 years of experience in this sophisticated technology area and our high innovation.

Our business activities focus on chlor-alkali electrolysis (“CA”) and alkaline water electrolysis (“AWE”) technologies. Our technology expertise specialises in the development, engineering, purchasing, procurement and commissioning, as well as in the licensing of high-performance electrolysis technologies. Additionally, we offer design and selected construction services for electrolysis plants, together with selected partners. Through our technology service, we support our customers throughout the entire life cycle of their installed plants with capacities.

Proven CA expertise provides technology foundation for AWE business expansion

At the heart of the thyssenkrupp nucera Group’s business model is the application of our decades of experience in the industrial CA electrolysis value chain, as well as the know-how of our employees and strategic partners. This expertise allows us to offer high-quality AWE technologies and project services for plants to help meet the rapidly growing global demand for green hydrogen.

thyssenkrupp nucera has been an established player in the CA electrolysis technology market for decades. Our CA business engages in almost all aspects of the value chain for industrial-scale electrolysis. thyssenkrupp nucera Group also procures and supplies materials for our strategic partner Industrie De Nora for the contract manufacturing of CA electrolysis bipolar elements and half shells.

thyssenkrupp nucera Group’s CA electrolysis technologies include the following:

- **BM2.7 single-element family (BM2.7)**

Our current bipolar membrane (BM) 2.7v6 plus single-element offers customers optimized design features. The BM 2.7v6 plus single-element is ongoing, with new generations offering backward compatibility to allow existing systems to be easily upgraded to the latest developments.

- **BiTAC® filter press**

The BiTAC® bipolar ion-exchange membrane process electrolyzer offers specific advantages, including rapid remembraning of the complete electrolyzer in the event of maintenance. The BiTAC® family is continuously developed and all generations are also backward compatible.

- **NaCl-ODC electrolysis**

Our NaCl-ODC electrolysis technology (oxygen depolarized cathode) reduces the energy consumption for the production of caustic soda and chlorine. This energy savings is made possible because no hydrogen is produced during the NaCl-ODC process. This is a significant advantage to customers who have no use for hydrogen.

Our HCl electrolysis technology:

HCl (hydrochloric acid) is a by-product of chlorine use in many processes. HCl electrolysis from thyssenkrupp nucera is an effective process that converts the hydrochloric acid produced – but often not required – back into chlorine, thereby recycling it. This is one example of how we are promoting the sustainable use of resources.

- **HCl-ODC electrolysis**

Our ODC (oxygen depolarized cathode) process reduces energy consumption compared with conventional processes. This results in a reduction of indirect carbon dioxide emissions during production. Hydrogen is not produced in the HCl-ODC process.

- **HCl diaphragm electrolysis**

With HCl diaphragm technology, aqueous HCl acid is fed into the electrolyzer, producing chlorine on the anode side and hydrogen on the cathode side. The cell elements of the electrolyzer consist of a bipolar graphite electrode separated by a special diaphragm. This diaphragm is permeable and allows both the chloride ions and the cationic hydrogen ions to pass through.

thyssenkrupp nucera’s services include not only supporting customers on-site during a plant’s installation and commissioning but also advising customers on the handling and use of CA products. In addition, we provide technological services through our service business.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Technologies for chlorine production*

 <div data-bbox="353 343 984 518" style="background-color: #800080; color: white; padding: 5px; text-align: center;"> <p>BM single-element</p> <ul style="list-style-type: none"> • Orbia Polymer Solutions Marl/Germany (Commissioning: 2007) • Capacity per year: 236kt NaOH; 210kt Cl₂ • Installed base: 60 MW </div>	 <div data-bbox="1334 343 1965 518" style="background-color: #800080; color: white; padding: 5px; text-align: center;"> <p>BiTAC® filter press</p> <ul style="list-style-type: none"> • Ningxia Risheng/China (Commissioning: 2018 & 2019) • Capacity per year: 320kt NaOH; 298kt Cl₂ • Installed base: 81 MW </div>
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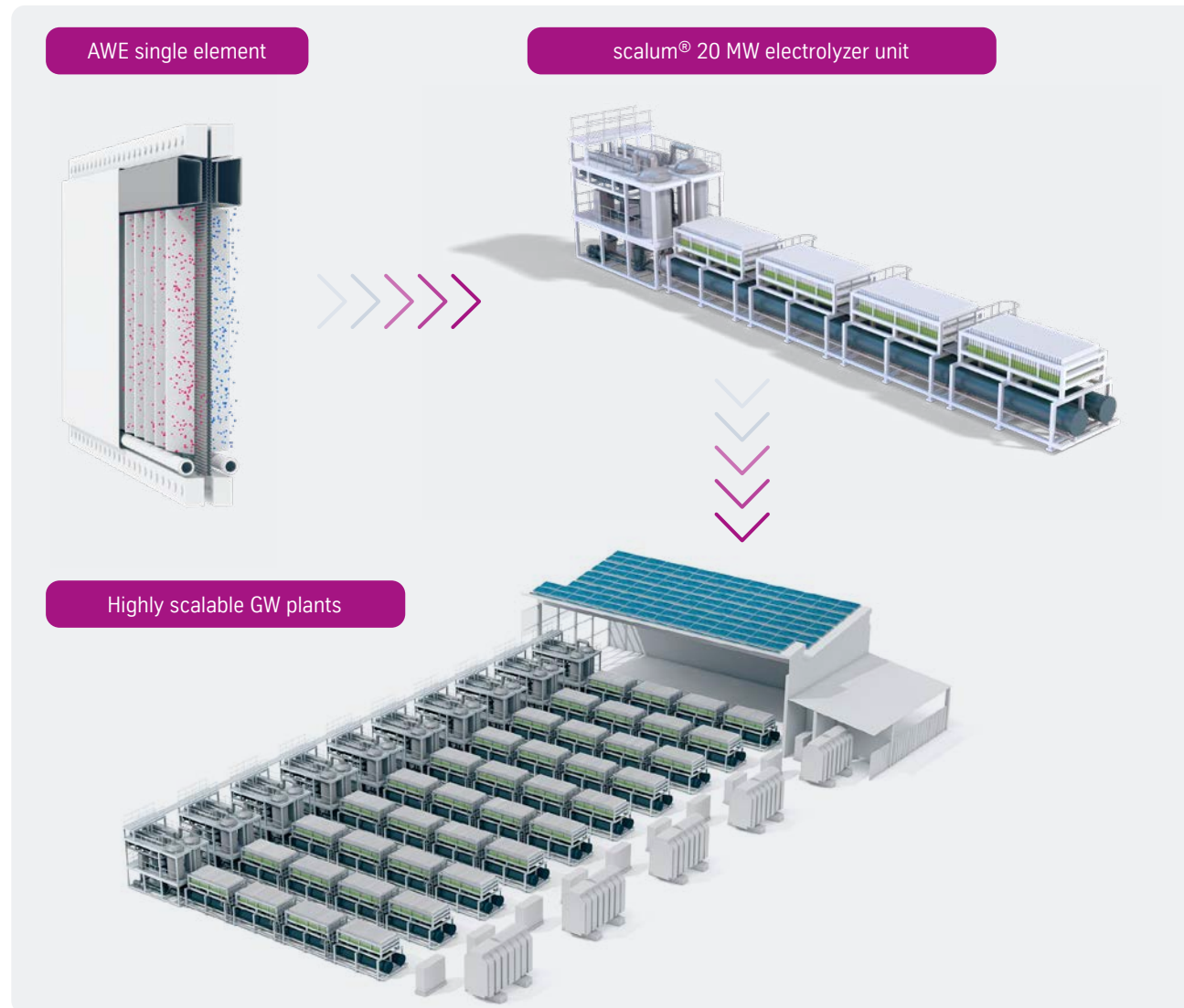
Energy-saving technologies for chlorine production and recovery*

 <div data-bbox="353 991 984 1166" style="background-color: #800080; color: white; padding: 5px; text-align: center;"> <p>HCl-ODC (Cl₂ recovery)</p> <ul style="list-style-type: none"> • Xinjiang Juli/China (Commissioning: 2020) • Capacity per year: 130kt Cl₂ • Installed base: 20 MW </div>	 <div data-bbox="1334 991 1965 1166" style="background-color: #800080; color: white; padding: 5px; text-align: center;"> <p>NaCl-ODC</p> <ul style="list-style-type: none"> • Covestro Uerdingen/Germany (Commissioning: 2011) • Capacity per year: 20kt Cl₂ • Installed base: 3,5 Megawatt </div>
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* The content of this diagram was not included in the audit of the combined management report by the auditor.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

thyssenkrupp nucera offers an efficient and highly scalable module concept



Standardized 20 MW scalum® module for industrial-scale water electrolysis

thyssenkrupp nucera's innovations make it possible for our customers to produce green hydrogen on an industrial scale using alkaline water electrolysis technology. By substituting climate-friendly hydrogen for fossil fuels such as coal, companies can minimize their carbon emissions and help decarbonize the industry as a whole for a better carbon footprint.

thyssenkrupp nucera is also striving to be a leader in alkaline water electrolysis (AWE).

To meet the demand for large-scale hydrogen production, we have developed the standardized scalum® electrolysis module, which is available with capacities from a multi-hundred megawatt to gigawatt range. Currently we are planning and installing a number of AWE projects in the megawatt and gigawatt ranges.

The thyssenkrupp nucera Group advises customers on the installation of the technology on-site and during the commissioning of the water electrolysis plant. The Group's broad customer spectrum covering the industrial and energy sectors worldwide includes refinery operators, energy supply companies, steel manufacturers and project developers, as well as the power-to-X markets, where electricity is converted into other, largely chemical energy sources that can be used for electricity storage, as fuels, or as raw materials for the chemical industry.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

As part of our “single source” strategy, we also offer sales and services throughout the plant’s life cycle, including the maintenance of elements (recoating, replacement of diaphragms, membranes and seals, dismantling and assembly).

thyssenkrupp nucera’s 20 MW scalum® module for alkaline water electrolysis is a standardized solution for the production of green hydrogen. It offers a high current density with optimized space requirements. The prefabricated AWE units can be easily transported, installed and interconnected to achieve the desired plant capacity up to a multi-hundred megawatt and even gigawatt range.

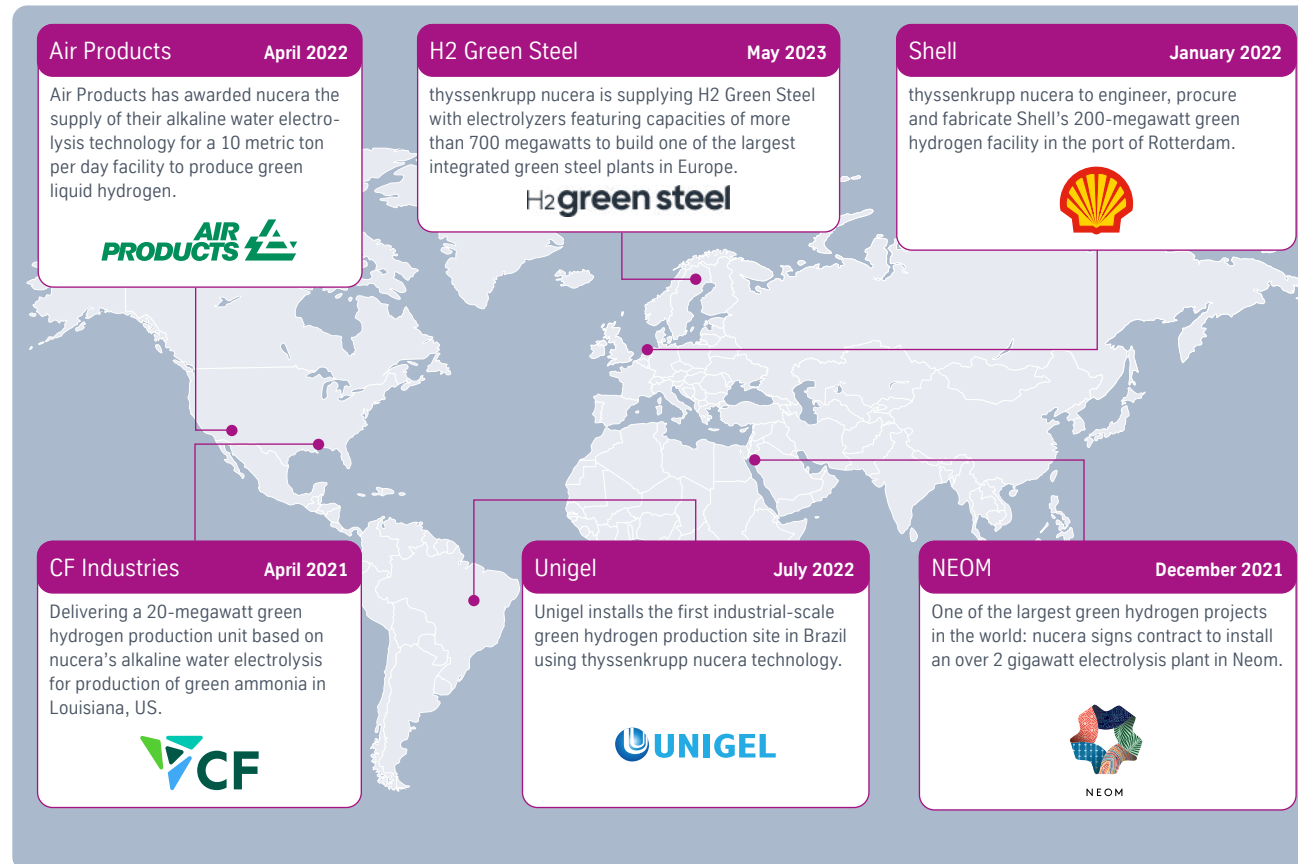
1.3 Goals and strategy

thyssenkrupp nucera has set a goal to consolidate its market position in chlor-alkali electrolysis (CA) and become the leading technology provider for alkaline water electrolysis (AWE) for green hydrogen production. Building on a solid foundation of more than 50 years of technology and business experience in CA electrolysis, we are rigorously expanding the AWE business as a core element of our growth strategy.

Our aim is to serve all of the relevant markets for green hydrogen by 2030. thyssenkrupp nucera’s focus regions in the short term are North America and Europe. Both offer tremendous market opportunities additionally supported by state funding for specific projects. The Ukraine conflict prompted countries to diversify energy source providers and increase the resilience of energy supply. This has led to higher demand for climate-friendly green hydrogen as an alternative to fossil fuels such as coal and natural gas.

In the CA business, thyssenkrupp nucera continues to be positioned as an integrated plant engineering company handling global orders. The growth in the PVC industry leads to the expectation of higher demand for chlorine. Aluminum production is the largest segment by application for caustic soda in the chlor-alkali market. Demand for caustic soda is anticipated to grow steadily in line with global GDP, driven in part by global population growth and increasing needs for infrastructure.

Central projects in the area of alkaline water electrolysis



- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

Automation and standardization of scalum® module production

Based on decades of experience with CA electrolysis technology, thyssenkrupp nucera is systematically expanding its business model for AWE technology with the standardized 20 MW AWE scalum® module. We are positioning ourselves as an EPF (Engineering, Procurement, Fabrication) provider with an added broad range of after-sales and digital services.

We have implemented a series of measures to optimize AWE technology and enhance the stability and longevity of our modules in operation. The high automation of cell production and accelerated standardization of modules are expected to improve cost efficiency even further and enable series production of several gigawatts per year in the future.

thyssenkrupp nucera will also continue to systematically develop the AWE technology platform. The focus of development will be on reducing the investment and operating costs of water electrolysis plants for our customers by continuously improving the design and suitability for large-scale production. We are also intensifying our collaboration with partners in various technical areas to enhance quality and reduce the use of precious metals in our electrolyzers.

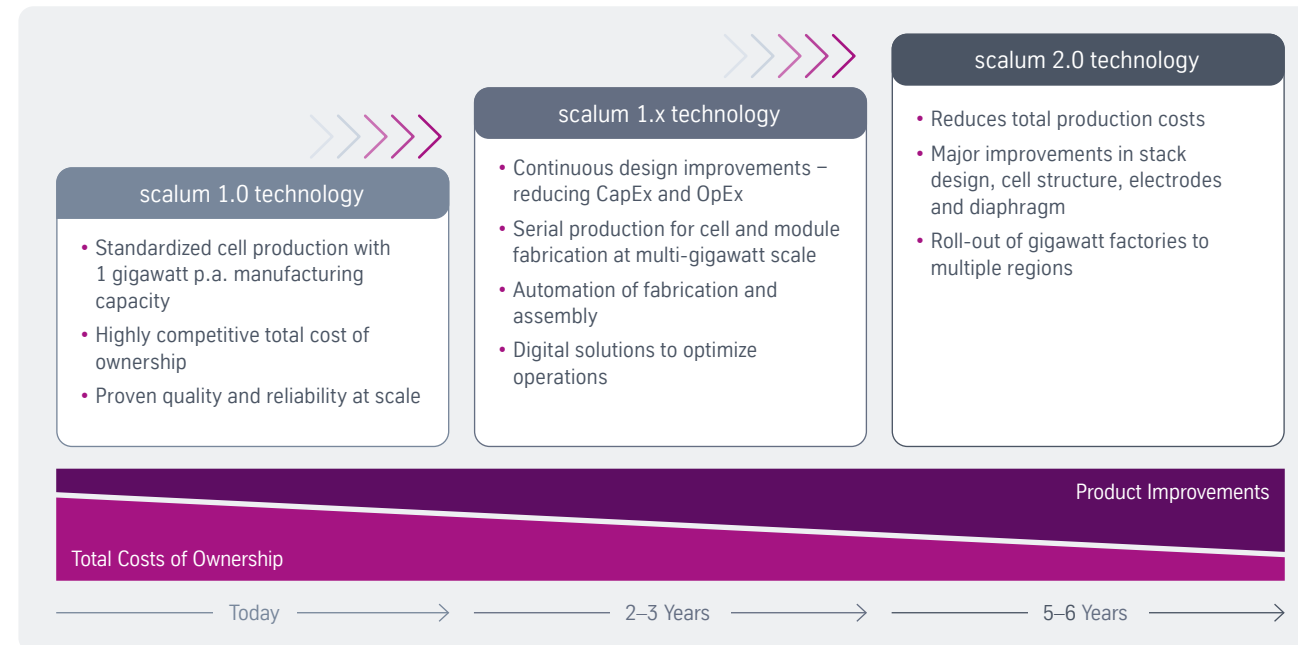
In addition, we plan to develop a next-generation AWE technology by making major improvements to stack design, the cell structure, the electrodes and the separator. In the continual assessment of our portfolio, we are also exploring and evaluating alternative and emerging technologies to find those compatible with our own growth trajectory.

Automation and digitalization are tremendously important to us at all levels of our business. In these areas, we are developing solutions to not only increase the automation of our cell assembly but also to ensure the safe and reliable operation of our AWE modules and digital products to optimize our customers' plant operations. We intend to offer these solutions as part of our service business. This is also an area where we are benefiting from the expertise we have built up in the CA business.

We are consistently focusing our production strategy on the relevant hydrogen markets and their tremendous growth rates. This focus will enable us to provide global series production of our electrolysis systems that meets the needs of our customers with accelerated project schedules.

At thyssenkrupp nucera, we are automating the assembly process and series production of cells and modules for global, market-driven multi-gigawatt production, with an initial capacity of 5 gigawatts per year. We are using our 20 MW scalum® modules to bring down construction and assembly work, reduce the overall investment risk, and significantly shorten project schedules. These initiatives are examples of how we aim to further consolidate and expand thyssenkrupp nucera's position in the growing green hydrogen market.

Strategic roadmap for disruptive next-generation architecture will deliver superior performance*



* The content of this diagram was not included in the audit of the combined management report by the auditor.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

1.4 Management system

The Management Board of the thyssenkrupp nucera Group sets the Group's strategic agenda, makes important decisions with the management of the subsidiaries, and monitors the achievement of the subsidiaries' targets. The key performance indicators applied group-wide form the basis for the operational and strategic management decisions at thyssenkrupp nucera. Financial performance indicators are used to set targets and measure the company's success on an ongoing basis based on expected/actual comparisons.

The forecast for the following year is based on a rolling three-year plan. The planning approach is bottom-up and derived from the plans of the individual Group companies, which are prepared by the respective managing directors in cooperation with the Management Board.

These individual plans already include expectations for general business development in the planning year. The actual results are compared to the forecasts on an ongoing basis as part of central monthly reporting at thyssenkrupp nucera. The expectations for key performance indicators for the current fiscal year are also updated monthly and fully revised at least once annually.

The most significant key financial performance indicators for managing the company's performance as defined by DRS 20 are sales and EBIT. These indicators are also applied to the internal management of the Group's segments. thyssenkrupp nucera considers order intake, which is an indicator of future sales, and EBITDA to be additional financial performance indicators.

Sales

Sales are generated from the sale of CA and AWE equipment and a range of related services. Sales are recognized over a period of time or at a point in time, depending on when the transfer of control to the customer takes place.

EBIT

EBIT provides information on the profitability of the units under consideration. It includes all components of the income statement relating to operating performance and thereby excludes interest, taxes, and financial income (expenses). It therefore corresponds to the subtotal "income from operations".

Order intake

Order intake represents customer orders contractually agreed to by the Group with its customers within a fiscal year or an interim period, as well as subsequent changes to these projects, including new construction projects and services.

EBITDA

A further key financial performance indicator is EBITDA. This indicator was added as a performance criterion as part of the variable remuneration. EBITDA reflects the operating performance of thyssenkrupp nucera and enables a comparison with companies with different fixed asset structures and the resulting depreciation and amortization. The key indicator reflects the income from operations, excluding depreciation and amortization of fixed assets, interest and taxes and the financial income/(expense), net.

Most important financial performance indicators



01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

1.5 Research and development

The underlying foundation of our entrepreneurial strength is our market- and customer-oriented research and development (R&D) activities, where we also work together closely with partners. It is our aim to increase the efficiency of our research and development through internal initiatives in addition to external collaborations with strategic partners in the fields of industry and science. As a partner of large, publicly funded consortia, we also collaborate with research institutions, universities, and companies along the value chain in projects such as INSTALL AWE, Element ONE, Prometheus, and NextH2.

One example of this is our collaboration with Industrie De Nora S.p.A., Italy, and Covestro, Germany. Together, we have developed NaCl-ODC technology for the energy-efficient production of chlorine, featuring a new electrolysis cell design.

Carbon2Chem®: At the site of thyssenkrupp Steel Europe AG in Duisburg, we have been operating a pilot plant for alkaline water electrolysis with a capacity of 2 megawatts in cooperation with industry and science partners since 2018 as part of the Carbon2Chem® project. In this project, individual processes, from water electrolysis to the material use of CO₂ with the help of electrolytically produced hydrogen, are being brought together and tested under industrial conditions with actual metallurgical gases. Using this approach, we are able to test different modes of operation, including rapidly changing load profiles.

The flexibility of the plant is important to cope with the intermittent supply of renewable energies and participate in the dispatchable electricity markets.

The performance and capacity of the Carbon2Chem® plant achieved in the 2022/2023 reporting year were in line with expectations, and even exceeded expectations in terms of the water electrolysis plant's flexibility. Following the successful completion of the first phase of the project, the second phase was launched in the 2022/2023 reporting year, with the aim to demonstrate long-term stability.

Consolidating our market position in electrolysis design

Our R&D initiatives are centered on advancing our technologies:

- Improving single-element cell development in terms of both capital expenditures (CapEx) and operating expenditures (OpEx)
- Advancing stacking and modular design
- Maximizing long-term operation
- Optimizing and scaling the production process
- Enhancing and automating product assembly

The thyssenkrupp nucera covers the necessary R&D activities in the field of chlor-alkali electrolysis and alkaline water electrolysis:

- Basic research in the field of industrial electrochemistry and performance of analytical evaluations in cooperation with universities, research institutes, partners, and customers
- Design, calculations, and simulations in the fields of electrochemistry, electrochemical reactor design, transport phenomena, hydraulics, mechanical and electrical engineering, materials, and design techniques, including those related to the overall plant
- Design, construction, and operation of test facilities, from laboratory cells to full-scale prototypes and pilot plants, for scale-up and validation of technological improvements and new technologies
- Operability of electrolyzers and other plant components as well as their optimization in interaction with renewable energies
- Working closely with the customer with involvement in the areas of operating facilities and/or construction design

thyssenkrupp nucera's research facilities include numerous testing and pilot plants in Europe and Asia.

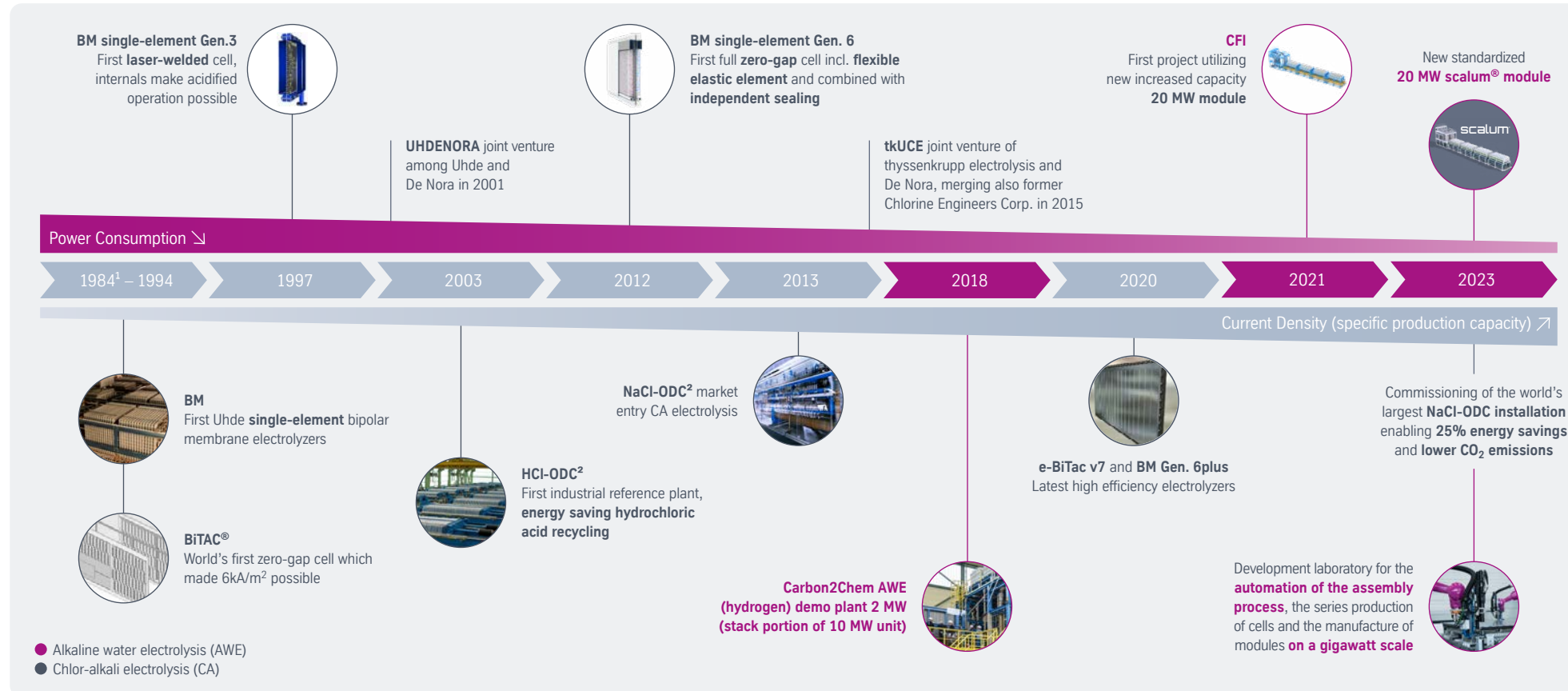
01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Over 30 years of innovation leadership in modern industrial electrolysis*



¹ Prior to this, extensive experience with mercury amalgam cells
² Joint development with Covestro and De Nora; ODC = oxygen depolarized cathode; HCl = hydrochloric acid
 NaCl = Sodium chloride development with De Nora advanced coatings and half-shells/bipolar elements manufacturing

* The content of this diagram was not included in the audit of the combined management report by the auditor.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

In the 2022/2023 fiscal year, the thyssenkrupp nucera Group spent EUR 19.4 million (previous year: EUR 16.0 million) on research and development, or approximately 20.8% more compared to the previous year. The self-funded R&D ratio before subsidies reached 3.0%, which was below the prior year's ratio of 4.2% due to the strong sales growth. As of the September 30, 2023 reporting date, 53 employees (previous year: 46) worked in research and development worldwide.

R&D at thyssenkrupp nucera

	2021/2022	2022/2023
R&D costs in EUR millions	16.0	19.4
R&D ratio in %	4.2	3.0
R&D employees	46	53

R&D investment in the 2022/2023 focused on the development of new products and technologies and adapting existing process expertise to new technical requirements, particularly in the AWE growth market. We intend to meet our customers' demand for capacities to produce green hydrogen on an industrial scale, achieve an attractive cost/performance ratio, undertake the necessary plant performance improvements, and further strengthen our competitive position.

Stronger focus on next-generation technology

The majority of R&D costs for the AWE business in the 2022/2023 fiscal year were dedicated to improving the components and processes for operating the 20 megawatt scalum® module with high power density at steady output efficiency. Advances were also made in automating cell production and scaling up the module as part of the **H₂Giga initiative** to be able to supply customers with electrolyzers with an output of up to 5 gigawatts per year.

thyssenkrupp nucera is the coordinator of **INSTALL AWE**, a subproject of the **H₂Giga** project, a funding program of the German Federal Ministry of Education and Research (BMBF) to implement the National Hydrogen Strategy. The project's focus is the fundamental research and testing of the production, use, and system integration of green hydrogen along the entire value chain. The goal of the scale-up project **INSTALL AWE** is the research and development of technologies for automated large-scale production of alkaline water electrolyzers and, thus, AWE industrialization.

We are also investigating broader R&D topics related to materials research, manufacturing technology, logistics, robotics, and digitization in an innovation pool with institutions, universities, and small specialized companies. The innovation pool provides the important cross-section for all subprojects to drive their own development by pooling scientific and technical expertise on the topic of series production of electrolysis plants in Germany.

Element ONE: At the Hydrogen Innovation Center of the Saudi Arabian NEOM megaproject, we are working on the development of a 20 megawatt water electrolysis module for the production of green hydrogen. The **Element ONE** project is also an important qualification milestone for the more than 2 gigawatt NEOM Green Hydrogen project at the NEOM site, making it one of the world's largest water electrolysis plants.

In the next step, we will apply further innovations to this 20 MW module that, until now, have only been tested on a pilot plant scale. In addition, we aim to test broader experimental conditions. Another focus is the integration of digital tools to increase the degree of automation and improve the integration of renewable energy sources into plant operation.

The next generation of technology

thyssenkrupp nucera made progress in R&D during the reporting year in designing an innovative next-generation plant architecture.

The next step will be to make further improvements to the design. To accomplish this, a new **HLT2plus** test unit commenced operation at the **Carbon2Chem®** site in Duisburg in the 2022/2023 fiscal year for the production of green hydrogen with alkaline water electrolysis. This additional unit is an essential part of our R&D strategy and marks a further expansion in our test field. Tests with short test durations will be carried out by this unit to help improve various design and operational aspects without interfering with long-term testing.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

We are also forging ahead with R&D work on the second generation of AWE technology. This is being developed in close collaboration with our customers and our strategic partner Industrie De Nora and should result in improvements to the total cost of ownership through advancements in module and stack design, cell structure, electrodes, and diaphragm separator. The plants with outputs in the gigawatt range are then to be installed in several regions worldwide.

R&D focus on environmentally friendly and energy-saving CA processes

In the CA business, thyssenkrupp nucera Group focused its R&D activities in the 2022/2023 reporting year on further developing the environmentally friendly and energy-saving membrane electrolysis process. The focus was on reducing the investment and operating costs of our current BM and BiTAC® technologies.

Design enhancements and the qualification of optimized coatings and membranes were achieved, which supports our customers in their drive to save energy.

Through our extensive testing, we have been able to advance our HCl-ODC and NaCl-ODC electrolysis technologies by expanding their application possibilities and reducing their energy consumption. We further optimized both technologies together with our partners and are continuing their development at our test centers in Gersthofen, Germany.

To safeguard our new products and technologies, we employ a patent strategy. During the past fiscal year, the thyssenkrupp nucera Group strengthened its patent portfolio by receiving approval for 54 patents and filing 6 applications, with further applications in preparation.

01 _ About us

02 _ Combined Management
Report

03 _ Consolidated
Financial Statements

04 _ Further information

2. Economic situation

2.1 Economic environment

The description of the economic environment takes into account relevant facts and events that were known at the time the consolidated financial statements were prepared and that influence future business development. The main source for the qualitative description of the past fiscal year and the outlook is the International Monetary Fund's "World Economic Outlook", October 2023 issue, while the figures presented are taken from S&P Global (Global Economy – October 2023). Other sources from German and international economic research institutes and organizations were also taken into account.

The global economic recovery continues to be hampered by a number of factors, including the ongoing conflict in Ukraine, high inflation rates, continued supply constraints and the persistent shortage of skilled labor in developed countries. These factors are affecting both investment and consumer confidence and negatively impacting global economic growth. Whereas global economic output rose year-on-year by 3.1% in 2022, weaker growth of only 2.6% is expected for 2023. The forecast for 2024 points to a further slowdown, with an expected global growth rate of just 2.3%. Industrialized countries are expected to record gross domestic product (GDP) growth of 1.6% in 2023, while only 1.2% is expected for 2024. Economic output in emerging markets, in contrast, is expected to increase by 3.8% in 2023 and by 4.2% in the following year.

The outlook for the global economy continues to be plagued with considerable uncertainty. Although the rise in the inflation rate is expected to level off, inflation remains high and continues to weigh on both investment activity and private consumption. Uncertainty about the future interest rate policies of central banks is a major negative factor.

Further developments also depend on a possible escalation in the Ukraine conflict, which could have a major impact on economic development, particularly in Western Europe. An escalation in geopolitical conflicts, such as the dispute between China and Taiwan, could have a major impact on the economy. Furthermore, the ongoing tension in the semiconductor market poses a high risk for several sectors. High energy and commodity prices, particularly in industrial regions, also pose significant risks to global economic growth. Natural disasters due to global climate change remain a potential threat in many regions and contribute to the uncertainty.

The economic upturn in the European Union, which has been driven primarily by the services sector, slowed noticeably over the course of 2023. After growth of 0.4% in the second quarter of 2023, the third quarter saw an increase of just 0.1% compared to the same period of the prior year. Weakness in energy-intensive sectors in particular has weighed on general economic developments. The lengthy period of high inflation and a rising shortage of skilled workers in many sectors of the economy pose a considerable risk to further development. The GDP growth forecast for 2023 as a whole is a mere 0.5%. The forecast for thyssenkrupp nucera's 2023/2024 fiscal year has marginally improved, based on the slightly higher expected growth of 0.8% for 2024.

Germany's economic output is currently expected to decline by 0.4% in 2023. This is a clear gap compared to forecasts for neighboring European countries. The German economy already contracted by 0.7% year-on-year in the third quarter of 2023, following a slight decline of 0.1% in the second quarter. The outlook continues to be weighed down by an increasing shortage of skilled workers, and persistently high inflation, which are all negatively impacting investment and consumer spending. The economy is expected to recover slightly in 2024, with growth forecast at 0.5%.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Global economic growth

	2022	2023 ¹	2024 ¹
World	3.1	2.6	2.3
US	1.9	2.5	1.6
Euro area	3.5	0.5	0.8
Germany	1.9	(0.4)	0.5
China	3.0	5.0	4.6
Japan	1.0	1.7	0.9
India	7.3	6.6	6.2
Middle East & North Africa	6.1	1.8	2.7
Latin America	4.0	1.8	1.5
Australia	3.7	1.3	1.5

¹ Forecast; Source: S&P Global Market Intelligence, Global Economy (October 2023)

Economic output in the US is expected to increase by 2.5% in 2023. In the third quarter of 2023, GDP grew by 3.0% year-on-year, following growth of 2.4% in the second quarter of 2023. The US economy and labor market were unexpectedly robust, particularly in the second half of 2023. This led to steady corporate investment and private consumer spending. The US Federal Reserve is expected to raise interest rates further, which could dampen future growth prospects. Economic growth of just 1.6% is currently forecast for 2024.

The economic outlook for China in 2023 continues to indicate economic growth of 5.0%, which is well below levels seen prior to the coronavirus pandemic. In the third quarter of 2023, the economic recovery remained slow, with growth of 4.4% compared to the same prior-year period and the second quarter of 2023, which still recorded growth of 6.3%. Weakening exports, a noticeable reluctance in consumer spending and the growing threat of a real estate crisis are slowing China's economic growth. Based on projected GDP growth of just 4.6% for 2024, there are also indications of a slight decline for the 2023/2024 fiscal year.

The Indian economy continues to demonstrate robust growth momentum, with GDP growth of 6.6% forecast for the year 2023 as a whole. In the third quarter of 2023, GDP recorded growth of 6.2% year-on-year, while the year-on-year increase in the second quarter was as high as 7.8%. Overall, the Indian economy proved to be resistant to negative influences, which were offset by positive developments in consumer spending and the service sector. Persistently high inflation and accompanying negative effects, such as sharply higher food prices, could have a negative impact on private consumption, as could declining demand for export goods due to the weak global economy. Nevertheless, GDP growth of 6.2% is still forecast for 2024.

Despite high prices, the Japanese economy continued its path to recovery in 2023, particularly as a result of accelerated wage increases, which led to higher consumer spending, and supportive fiscal and monetary policies. GDP growth in Japan was 1.0% in 2022, rising to 1.7% in 2023. In 2024, growth is expected to reach just 0.9%.¹

Growth in the Middle East and North Africa (MENA) is expected to fall sharply to 1.8% in 2023 after still achieving growth of 6.1% in 2022 due to the rise in oil prices. A renewed moderate increase to 2.7% is expected for 2024. The shocks to commodity prices have led to historically volatile trading conditions in the MENA region, which are expected to persist or even intensify from the ongoing geopolitical conflicts in the region.²

Australia is forecast to see a decline in retail activity and per capita income in 2023. Still there are signs that the country may be able to narrowly escape a recession. To promote growth and prosperity, both government and private measures will need to play a significant role. Economic growth is projected to rise from 1.3% in 2023 to 1.5% in 2024.³

The economies in South America have recovered from the effects of the global COVID-19 pandemic and reported economic growth of 4.0% in 2022. A restrictive monetary policy in response to high inflation and weaker demand for commodities from the cooling global economy is currently having a dampening effect on growth prospects. S&P Global expects GDP growth of 1.8% for 2023 and 1.5% for 2024.

¹ Qualitative description based on Daiwa's Institute of Research (Japan's Economy, September 2023); figures based on S&P Global (Global Economy – October 2023).

² Qualitative description based on World Bank (MENA Economic Update, October 2023); figures based on: S&P Global (Global Economy – October 2023).

³ Qualitative description based on Reserve Bank of Australia (Statement on Monetary Policy, August 2023); figures based on S&P Global (Global Economy – October 2023).

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

2.2 Sector environment

Mechanical and plant engineering: In the reporting year, the global economy managed to recover from the supply bottlenecks caused by the COVID-19 pandemic. At the same time, Germany is under pressure from the ongoing war in Ukraine, much weaker economic growth in China, exceptionally high inflation rates (particularly the high energy prices for energy-intensive industries) and the resulting countermeasures taken by central banks (higher key interest rates). These all had a negative impact on order intake in the mechanical and plant engineering sector during the 2022/2023 reporting year. Uncertainties about future geopolitical and economic conditions caused by factors such as the tensions between the US and China are also reducing the willingness to invest. Order intake for mechanical and plant engineering fell by 12% compared to the previous year.

The trend of declining order intake continued in the reporting year. Order backlogs and existing buffers for production and future sales are therefore gradually decreasing.

Chemical industry: In the 2022/2023 reporting year, the global chemical industry was significantly weaker than in the prior year, despite an easing in the coronavirus pandemic and a normalization of supply chains. After production increases of 7.2% in 2021 and 1.5% in the following year 2022, the production volume in 2023 is expected to be slightly below the previous year's level.

The war in Ukraine, its consequences for economic development, the resulting weaker industrial demand, and the sharp rise in energy and raw material costs starting in 2022 have led to lower production in all areas. Uncertainty over winter gas rationing and fears of recession and insolvency added to the pressure.

Chlor-alkali industry: While the consequences of the coronavirus pandemic increasingly dissipated over the course of the reporting period, the war in Ukraine that began in February 2022 exerted increasing pressure on the chlor-alkali industry. Severely restricted oil and gas supplies from Russia, in particular, drove gas and electricity prices to record highs.

Supply restrictions for products from regions affected by the war in Ukraine added to global inflationary pressures and increasingly impacted economic growth. In addition to the increasing pressure on industrial companies to decarbonize, chlor-alkali producers were looking for ways to reduce energy requirements, which can increase the demand for energy-efficient systems. Global demand for caustic soda and sodium hydroxide (NaOH), which is produced together with chlorine (Cl₂) during chlor-alkali electrolysis, reached a volume of around 79.2 million tons at the end of 2022. A slight increase to 80.3 million tons is forecast for 2023 as a whole. Caustic soda is used in various industries such as metallurgy and the production of aluminum, glass, soaps, detergents and textiles. At the end of 2022, demand for NaOH was offset by a supply of 99.2 million tons of sodium hydroxide.

Global installed production capacities of sodium hydroxide are expected to expand to 101.3 million tons in 2023 as a whole. A further slight increase to 103.4 million tons is expected for 2024.

At 54.1 million tons, around half (54.5%) of the global supply of sodium hydroxide in 2022 was located in the Northeast Asia region. The supply forecast for 2023 is 55.8 million tons. A further increase to 57.0 million tons is expected for 2024. In China alone, there was installed capacity of 42.5 million tons of NaOH in 2022, with chlor-alkali plants operating at an average capacity of 85%. A slight decline in capacity utilization to 82.6% is forecast for 2023 as economic momentum cools.

After global demand for chlorine (Cl₂) reached just under 75.2 million tons in 2022, the volume for 2023 is forecast to be slightly higher at 75.7 million tons, and global production capacity is estimated at 97.0 million tons. Global production capacity is expected to increase slightly to 98.9 million tons in 2024. Approximately two-thirds of chlorine production is used to manufacture materials such as polymers, resins and elastomers in the chemical industry, as well as for water treatment.

In the 2022/2023 reporting period, the eurozone economy was hit comparatively hard by the impact of the war in Ukraine. This was also reflected in the less dynamic development of the chlor-alkali market. After around 7.2 million tons of sodium hydroxide had been produced in Western Europe by the end of 2022, production is expected to be stable at 7.2 million tons for 2023. Western Europe had installed Cl₂ capacities of 10.7 million tons at the end of 2022. A slight increase in chlorine supply to around 10.8 million tons is expected for 2023.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Developments on the US chlor-alkali market in the 2022/2023 reporting year were largely influenced by the uncertainty surrounding the impact of the trade war between the United States and China. Plant capacity utilization averaged 81% in 2022. In contrast to China, demand for Cl₂ in the US was generally higher than demand for sodium hydroxide.

The driver of demand continued to be shale gas extraction in the region and the associated lower energy prices as well as the lower ethane/ethylene prices for the production of EDC (ethyl dimethylaminopropyl carbodiimide). The sharp rise in oil and gas prices in 2022 that resulted from the war in Ukraine increased the attractiveness of fracking.

Domestic demand for Cl₂ in North America in 2022 slightly exceeded the previous year's level at 11.3 million tons. A slight decline was again expected for 2023. The favorable electricity prices in the US give chlor-alkali producers operating there a price advantage.

Hydrogen industry: Developments on the hydrogen market in the 2022/2023 reporting period continued to be determined by the targeted energy transformation and the use of hydrogen as another strong energy pillar and drive decarbonization. The impact of the global energy crisis and the resulting objective for greater independence and resilience has provided a key driver for the development of alternative energy sources such as hydrogen. Momentum in the industry has remained very strong.

Gray hydrogen, which is not climate-neutral but is currently most frequently used, will be increasingly replaced by green hydrogen, which is produced using electricity from renewable sources. Gray hydrogen is a major source of carbon dioxide emissions because it is produced mainly by reforming natural gas and gasifying coal.

Total demand for hydrogen rose by around 3% to 95 million tons in 2022. According to IEA (Global Hydrogen Review – September 2023) the largest share came from the refinery sector (43%) and the use of ammonia (33%). Demand was rounded off by methanol synthesis (17%) and the iron and steel industries (6%). Steady growth is also expected for 2023.

The construction of the first green steel plant in northern Sweden was announced in the 2022/2023 reporting period. Consequently, there are two competing approaches: the conversion of existing steelworks, including supply via transported hydrogen and the construction of new steelworks close to renewably produced hydrogen.

The high demand for hydrogen in 2022 was largely met by hydrogen production from fossil fuels without carbon capture (84%). The remaining share was supplied by hydrogen production as a by-product of other processes and hydrogen production with low emissions, although this share was still below 1%.

Hydrogen storage is also needed for the transition from a gray to a green hydrogen economy. The world's first geological hydrogen storage facility commenced operation in April 2023.

The green hydrogen market is highly dynamic, as reflected by the number of projects in various stages of preparation. In its "Hydrogen Insight" report in May 2023, the Hydrogen Council listed almost 800 projects that are planned to be commissioned by 2030. In addition, around 250 further projects have been announced with planned commissioning dates after 2030 or not yet specified timelines.

Globally, the NEOM project in Saudi Arabia, with more than 2 GW of planned capacity, attracted attention in March 2023 with the successful conclusion of the financing agreements.

Following the announcement of the US Inflation Reduction Act (IRA) in August 2022, other governments have also pledged their support for the green transformation. The Act provides for new federal spending in the US to reduce carbon emissions, lower healthcare costs, fund the Internal Revenue Service, and increase taxpayer compliance. In February 2023, the European Union adapted two delegated acts in response to the IRA, defining renewable hydrogen and releasing IPCEI funding for hydrogen projects. Important Projects of Common European Interest (IPCEI) is an instrument developed by the European Commission to promote innovative and strategically important key technologies such as hydrogen technology.

In addition, the first auction by the European Hydrogen Bank has been announced for the end of 2023. In the first auction round of the EU Hydrogen Bank, EUR 800 million from EU funds are to flow to hydrogen producers as collateral. In May 2023, the Australian government announced a hydrogen funding program valued at approximately EUR 1.2 billion. India issued its national green hydrogen mission at the beginning of 2023, and several other countries have announced initiatives or are strengthened existing ones.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

2.3 Overview of business performance

Even though global economic growth continues to be hampered by numerous factors, including the Ukraine conflict and high inflation rates, demand for hydrogen as a reliable and independent alternative energy source increased significantly. This fueled positive demand momentum for our alkaline water electrolysis plants for the production of green hydrogen. This included the conclusion of a binding supply agreement with H2 Green Steel for water electrolyzers with a capacity of over 700 MW for use in one of the largest integrated green steel plants in Europe. In addition, another company secured the supply of our 20 MW scalum® electrolysis modules for a project in the high triple-digit megawatt range in North America.

Business performance in the chlor-alkali segment was also very positive in the 2022/2023 fiscal year. While sales remained at the previous year's level, order intake continued to increase, particularly from the US and Brazil. OxyChem is modernizing existing chlor-alkali plants by converting from the diaphragm to our latest-generation membrane e-BiTAC v7 electrolyzers, and Unipar is replacing their existing mercury and membrane plants with electrolyzers featuring our highly efficient BM2.7 technology.

We also made great progress in the past fiscal year in terms of our organizational ramp-up. We were able to increase our headcount at all locations and successfully floated our company on the stock market. In addition, we strengthened our position in India by opening an office in Mumbai in order to expand the chlor-alkali business and build up the growth area of green hydrogen.

2.4 Overall statement on business development and the economic situation

In the 2022/2023 reporting year, we made further progress with our growth strategy and successfully developed our operating business. Order intake was below the record level of the previous year, as expected. Whereas order intake in the CA division was higher year-on-year, new orders in the AWE division declined, particularly due to the NEOM project, the world's largest green hydrogen project to date. Order intake in a two-year comparison however shows tremendous growth.

We significantly increased our sales and EBIT. Sales in the alkaline water electrolysis segment increased six-fold compared to the prior year.

Earnings increased primarily as a result of the significantly higher sales in the AWE segment but also due to stronger new business in CA. Also contributing to stronger year-on-year figures was the fact that the prior year had been burdened by non-recurring negative effects in the mid-single-digit million euro range. These included costs in preparation for greater structural independence. Higher costs, for example, for expanding organizational capacity and further developing the AWE module, had a partially compensating effect in the 2022/2023 fiscal year.

With our successful IPO in July 2023, we further strengthened our already strong balance sheet and can continue to grow in line with our strategic priorities on a consistent and self-sustaining basis.

The management considers the thyssenkrupp nucera Group's net assets, financial position and results of operations to be positive overall and a solid basis for the company's further development.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

2.5 Earnings, financial position, and asset position

Earnings

thyssenkrupp nucera's order intake in the 2022/2023 fiscal year came in at EUR 613.4 million and thus 54.2% below the amount in the same period in 2021/2022 (EUR 1,339.6 million). This was attributable to the expected lower order intake in the area of alkaline water electrolysis (AWE) compared to the record level of the prior year, which had included the NEOM project. Order intake in the chlor-alkali electrolysis (CA) segment, in contrast was up on the previous year. Interest in our products was very high, particularly in North and South America.

We continued to acquire a variety of major projects in the reporting period. This included one of the largest green hydrogen projects in Europe to date: the planning and construction of an AWE plant with an installed capacity of more than 700 MW for the first large-scale green steel mill in Europe. Our partner H2 Green Steel is constructing this plant in northern Sweden. In the 2022/2023 reporting year, order intake in the AWE business equaled EUR 205.6 million after EUR 970.1 million in the previous year. This figure includes only a low double-digit million euro amount from the contract concluded with H2 Green Steel.

Major orders were also won in the CA area during the reporting year. Overall, order intake increased year-on-year by 10.4% to EUR 407.8 million (previous year: EUR 369.5 million). Order intake was exceptionally strong in the US and in the Italy segment, which handles most of the South American business.

Of the total order intake in the CA business, 54.2% (previous year: 37.7%) was attributable to the substantial growth in the New Build business and 45.8% (previous year: 62.3%) to the Service business, which was below the previous year's level. Growth momentum in the New Build business was especially strong in the USA and Italy. The Service business remained below the previous year's level in all regions except Japan.

Sales increased significantly by 70.4% to EUR 652.8 million (previous year: EUR 383.1 million). The New Build business with green hydrogen recorded particularly dynamic growth. In the 2022/2023 fiscal year, the Germany segment, with EUR 388.7 million (previous year: EUR 217.5 million), contributed the majority of sales (59.5% compared to 56.8% in the previous year), followed by China with 13.6% (previous year: 16.5%) and Italy with 12.3% (previous year: 7.6%).

In the AWE division, sales multiplied to EUR 323.2 million after EUR 50.7 million in the previous year. The sharp increase in sales was mainly due to the progress in the execution of New Build projects in the Netherlands and Saudi Arabia.

Sales in the CA division remained stable at a volume of EUR 329.6 million (previous year: EUR 332.4 million). In the New Build business, we achieved sales of EUR 110.2 million (previous year: EUR 98.6 million) and EUR 219.4 million (previous year: EUR 233.8 million) in the Service business.

Strong growth was recorded in both the New Build business in the Italy segment, which increased by 174.4% to EUR 33.2 million (previous year: EUR 12.1 million), and the Service business in the China segment, which grew by 98.1% to EUR 41.6 million (previous year: EUR 21.0 million). In Germany, the Service business fell significantly to EUR 78.5 million (previous year: EUR 136.6 million).

The gross margin increased from EUR 71.4 million to EUR 95.1 million. Against the backdrop of the current lower gross margins in the AWE business, the percentage gross margin fell from 18.6% to 14.6%.

Research and development expenses increased to EUR 19.4 million (previous year: EUR 16.0 million), mainly as a result of investing in research and development to improve the efficiency of the 20 MW AWE scalum® module.

The momentum and expansion in the alkaline water electrolysis business caused selling expenses to rise to EUR 19.7 million (previous year: EUR 15.5 million).

The spin-off of thyssenkrupp nucera and the subsequent establishment of independent administrative structures resulted in higher general and administrative expenses of EUR 36.9 million (previous year: EUR 28.4million). Setting up these structures was necessary to establish thyssenkrupp nucera as an independent company on the market.

Other income increased from EUR 3.7 million to EUR 6.8 million. Other expenses amounted to EUR 2.1 million after EUR 6.4 million in the 2021/2022 reporting period, which had still included fees for the use of the "thyssenkrupp" brand.

Earnings before interest and taxes (EBIT) amounted to EUR 23.8 million, exceeding the previous year's level by EUR 15.0 million. Higher sales in the AWE business, combined with an improved product mix and better project execution in both the CA and AWE product areas, had a positive impact on earnings. This increase was only partially offset by higher expenses for expanding organizational capacity to implement the growth strategy.

In addition to EBIT, financial result also improved due to higher interest income. As a result, earnings before taxes increased from EUR 10.6 million in the previous year to EUR 34.4 million in the reporting year. After taxes on income and earnings, net income amounted to EUR 22.5 million compared to EUR 6.0 million in the previous year. Earnings per share attributable to the shareholders of thyssenkrupp nucera increased accordingly from EUR 0.06 to EUR 0.21.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

thyssenkrupp nucera – Statement of profit and loss

In EUR millions	2021/2022	2022/2023
Sales	383.1	652.8
Cost of sales	(311.8)	(557.8)
Gross margin	71.4	95.1
Research and development cost	(16.0)	(19.4)
Selling expenses	(15.5)	(19.7)
General and administrative expenses	(28.4)	(36.9)
Other income	3.7	6.8
Other expenses	(6.4)	(2.1)
Income from operations	8.8	23.8
Finance income	3.1	13.8
Finance expenses	(1.3)	(3.2)
Financial income/(expense), net	1.8	10.6
Earnings before taxes	10.6	34.4
Taxes on income and earnings	(4.6)	(12.0)
Net income	6.0	22.5
Thereof:		
Attributable to thyssenkrupp nucera AG & KGaA stockholders	6.0	22.5
Earnings per share of the thyssenkrupp nucera Group (in euros) Basic/diluted	0.06	0.21
Weighted average number of shares outstanding (in millions) Basic/diluted	100.0	106.1

Asset position

Total assets compared to September 30, 2022 increased by EUR 603.5 million to EUR 1,144.9 million. Non-current assets amounted to EUR 87.3 million and were slightly higher compared to the previous year (EUR 79.2 million). The increase in non-current assets was largely attributable to the rise in deferred tax assets to EUR 18.1 million (previous year: EUR 10.0 million) due to tax-loss carryforwards in Germany.

Current assets rose significantly from EUR 462.2 million to EUR 1,057.6 million, triggered by several developments. These included an increase in cash and cash equivalents to EUR 767.0 million (previous year: EUR 27.3 million) resulting from the increase in capital due to the IPO and the termination of the cash pooling agreement with the thyssenkrupp AG. This increase was offset by the reduction in cash pool receivables of thyssenkrupp AG to EUR 0.0 million in the reporting year. The level of other financial assets reflects the favorable pre-financing of projects.

Other non-financial assets increased by EUR 54.7 million to EUR 100.4 million (previous year: EUR 45.7 million), primarily due to advance payments made to suppliers. The increase in inventories of EUR 30.4 million to EUR 107.7 million resulted from high material prices as well as from high order volumes and related strategic stockpiling. Particularly the rise in contract assets in the 2022/2023 reporting year resulted from the progress and completion of construction contracts. Trade accounts receivable had a reporting-date-related increase of EUR 12.9 million to EUR 48.8 million.

Equity reached EUR 744.8 million (previous year: EUR 211.4 million), resulting in an increase in the equity ratio from 39.0% to 65.0%. Equity was increased through total comprehensive income by 14.3 million (previous year: increase of EUR 10.3 million). There were no dividends paid (previous year: EUR 10.0 million). Other positive effects on equity resulted from the proceeds from the IPO of EUR 512.5 million.

Non-current liabilities increased mainly due to the increase in deferred tax liabilities.

Trade accounts payable increased from EUR 43.1 million to EUR 128.4 million, essentially as a result of the high level of inventories. In addition, the company's subordinate liability for the pension obligations of the Management Board and the transfer of employees from the thyssenkrupp Group resulted in a slight increase in current pension obligations by EUR 0.4 million from EUR 3.4 million to EUR 3.8 million. The increasing order volume and associated risks from the project business caused other current provisions to rise from EUR 33.2 million to EUR 35.4 million. Contractual obligations decreased year-on-year to EUR 185.2 million (previous year: EUR 209.0 million). This resulted from the progress made on our long-term construction contracts. Other non-financial liabilities decreased from EUR 13.4 million to EUR 12.2 million.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

thyssenkrupp nucera – Statement of Financial Position

In EUR millions	Sept. 30, 2022	Sept. 30, 2023
Assets		
Property, plant and equipment	8.4	10.2
Intangible assets	0.9	0.6
Other intangible assets	57.4	54.8
Other financial assets	0.5	0.3
Other non-financial assets	2.0	3.4
Deferred tax assets	10.0	18.1
Non-current assets	79.2	87.3
Inventories	77.3	107.7
Trade accounts receivable	35.9	48.8
Contract assets	10.5	29.8
Other financial assets	256.0	3.0
Other non-financial assets	54.7	100.4
Current income tax assets	0.5	0.9
Cash and cash equivalents	27.3	767.0
Current assets	462.2	1,057.6
Total assets	541.4	1,144.9

In EUR millions	Sept. 30, 2022	Sept. 30, 2023
Equity and Liabilities		
Subscribed capital	100.0	126.3
Capital reserve	17.0	509.7
Retained earnings	88.8	111.3
Accumulated other comprehensive income	5.6	(2.6)
Equity attributable to thyssenkrupp nucera AG & KGaA equity holders	211.4	744.8
Accrued pension and similar obligations	6.8	7.0
Accruals for other long-term employee benefits	0.2	0.3
Other accrued liabilities	1.8	1.3
Deferred tax liabilities	7.4	10.2
Financial debt	1.8	2.2
Non-current liabilities	17.9	22.1
Provisions for short-term employee benefits	3.4	3.8
Other accrued liabilities	33.2	35.4
Current income tax liabilities	3.2	6.8
Financial liabilities	2.4	2.4
Trade accounts payable	43.1	128.4
Other financial liabilities	4.4	4.0
Contractual liabilities	209.0	185.2
Other non-financial liabilities	13.4	12.2
Current liabilities	312.1	378.2
Equity and Liabilities	330.0	400.2
Total equity and liabilities	541.4	1,144.9

Financial position

Principles and objectives of financial management

Prior to the IPO, thyssenkrupp AG was generally responsible for financing the thyssenkrupp nucera Group. With the IPO, thyssenkrupp nucera AG & Co. KGaA took over this function. Multi-year financial planning and monthly rolling liquidity planning with a planning period of up to one year form the basis for financing. The Group has surplus liquidity, which resulted in the reporting year from the proceeds received from the IPO and the repayment of the cash pool balance following the IPO.

thyssenkrupp nucera’s liquidity was ensured by thyssenkrupp AG until the IPO. Liquidity surpluses were largely invested as cash pool balances with the thyssenkrupp Group. Participation in the thyssenkrupp Group’s cash pool ended in June 2023, and the cash pool balance at that time of EUR 264 million was paid out accordingly to thyssenkrupp nucera.

Within the framework of centralized financing, thyssenkrupp nucera strives to strengthen its negotiating position with banks and other market participants and to invest capital at the best possible conditions.

Net financial assets and available liquidity

Net financial assets are calculated as the balance of recognized cash, cash equivalents and time deposits, and in the prior year also included cash pool balances with the thyssenkrupp Group, as well as short-term debt instruments and non-current and current financial liabilities. As of September 30, 2023, thyssenkrupp nucera reported net financial assets of EUR 761.3 million (previous year: EUR 274.8 million). thyssenkrupp nucera’s available liquidity as of September 30, 2023 amounted to EUR 767.0 million (previous year: EUR 27.3 million) and comprised cash and cash equivalents of EUR 767.0 million.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

See also the accompanying explanation in the notes to the consolidated financial statements.

thyssenkrupp nucera Group's financing and liquidity were ensured at all times during the reporting year.

Analysis of the cash flow statement

The cash and cash equivalents shown in the statement of cash flows correspond to the "Cash and cash equivalents" line item on the statement of financial position.

Operating cash flow

In the reporting year, operating cash flow from continuing operations was negative at EUR –14.2 million, reflecting a deterioration compared to the previous year (EUR 87.1 million). The primary reasons for this development were the sharp rise in inventories, increased trade accounts receivable and progress on projects that did not lead to cash inflows in the same period. Compensatory effects resulted primarily from the significant increase in trade accounts payable.

Cash flow from investing activities

Cash flow from investing activities amounted to EUR 243.3 million in the reporting year and was largely influenced by the withdrawal of cash pool balances from the thyssenkrupp Group (previous year: EUR –63.3 million).

Cash flow from financing activities

After cash outflows from financing activities of EUR –7.0 million in the previous year, the cash inflow from financing activities in the 2022/2023 fiscal year amounted to EUR 515.4 million. This increase resulted mainly from the proceeds from the IPO.

Free cash flow

In the reporting year, free cash flow from continuing operations was clearly positive at EUR 229.1 million (previous year: EUR 23.8 million). The driving factor behind the increase was the payment of the cash pool holdings, which is a one-off effect.

thyssenkrupp nucera – Statement of cash flows

In EUR millions	Sept. 30, 2022	Sept. 30, 2023
Net income/(loss)	6.0	22.5
Adjustments to reconcile net income/(loss) to operating cash flows:		
Deferred tax expense/(income)	(4.2)	(1.1)
Depreciation, amortization and impairment of non-current assets	3.4	4.9
(Gain)/loss on disposal of non-current assets	0.0	(0.1)
Changes in assets and liabilities, net of changes in the scope of consolidation and other non-cash changes:		
– Inventories	(15.9)	(33.9)
– Trade accounts receivable	2.9	(14.4)
– Contract assets	5.6	(19.9)
– Accrued pension and similar obligations	1.6	1.2
– Other accrued liabilities	9.4	2.8
– Trade accounts payable	6.1	88.3
– Contract Liabilities	93.6	(17.6)
– Other assets/liabilities not related to investing or financing activities	(21.5)	(46.8)
Operating cash flow	87.1	(14.2)

In EUR millions	Sept. 30, 2022	Sept. 30, 2023
Investments in property, plant and equipment (including advance payments)	(1.0)	(3.8)
Investments in intangible assets (including advance payments)	(0.2)	(0.2)
Proceeds from disposals of property, plant and equipment, intangible assets and non-current assets	0.2	0.1
Cash pool withdrawals (deposits)	(62.4)	247.2
Cash flow from investing activities	(63.3)	243.3
Repayment of lease liabilities	(2.3)	(3.3)
Deposits of shareholder	5.4	532.5
Cost of capital procurement		(13.8)
Payment of dividends to shareholder	(10.0)	0.0
Cash flow from financing activities	(7.0)	515.4
Net increase/(decrease) in cash and cash equivalents	16.8	744.6
Effect of exchange rate changes on cash and cash equivalents	(1.1)	(5.0)
Cash and cash equivalents at the beginning of the reporting period	11.7	27.3
Cash and cash equivalents at the end of the reporting period	27.3	767.0
Additional information regarding income tax amounts included in operating cash flow:		
Net taxes on income and earnings	(8.2)	(9.6)
Interest received	1.1	10.9
Interest paid	(0.1)	(0.2)

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Annual financial statements of thyssenkrupp nucera AG & Co. KGaA

thyssenkrupp nucera AG & Co. KGaA is the parent company of the thyssenkrupp nucera Group. The Management Board of thyssenkrupp nucera Management AG is responsible for managing the company and the Group and particularly for determining the strategy and resource allocation, the development of executives, and financial management. The annual financial statements of thyssenkrupp nucera AG & Co. KGaA are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The separate financial statements are used to determine the unappropriated net profit and, thereby, the potential dividend payout.

The analysis of the net assets, financial position and results of operations are based on the key figures under commercial law and explained in more detail below. The statement of profit and loss prepared in accordance with commercial law is presented using the nature of expense method. The most significant IFRS figures used for internal reporting are also presented, when necessary, for an understanding of the net assets, financial position and results of operations. This is due to the fact that the financial performance indicators are calculated in accordance with International Financial Reporting Standards (IFRS) as a result of integration into the thyssenkrupp Group's management system. As with the thyssenkrupp nucera Group, the most significant performance indicators are sales and EBIT.

The following key aspects of the performance indicators and internal reporting must be taken into account in comparison to the presentation under commercial law:

- The timing of sales recognition, as the percentage-of-completion method is applied if the requirements are met in accordance with IFRS 15, which is also customary in plant construction
- The focus on EBIT, which is applied uniformly throughout the Group and does not include components such as income from investments, step-up amortization under commercial law or the thyssenkrupp brand fee
- The presentation of the statement of profit or loss using the cost of sales method

Reconciliation Sales HGB – IFRS*

In EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Sales German GAAP	128.8	124.6
IFRS15 Adjustment	107.3	294.3
Sales IFRS	236.1	419.0

Reconciliation EBIT HGB – IFRS*

In EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
EBIT German GAAP	(15.4)	(29.5)
IFRS15 Adjustment	107.3	294.3
Cost of sales	(99.1)	(275.9)
Selling expenses	0.0	(0.5)
General and administrative expenses	(3.2)	(9.6)
Research and development cost	0.1	0.0
Other income	5.8	16.1
EBIT IFRS	(4.5)	(5.1)

*Limited comparability of the previous year with the current financial year due to the use of thyssenkrupp nucera IFRS figures

Earnings

In the 2022/2023 fiscal year, thyssenkrupp nucera AG & Co. KGaA recorded a net loss of EUR 8.1 million, following a net loss in the previous year of EUR 5.6 million.

Order intake at thyssenkrupp nucera AG & Co. KGaA amounted to EUR 180.8 million in the 2022/2023 fiscal year and was therefore below the record level of the same period in 2021/2022 (EUR 1,051.5 million), as expected. This was due particularly to the NEOM project in the prior year period, which is the world's largest green hydrogen project to date. The order intake for CA technology amounted to EUR 58.7 million (previous year: EUR 98.9 million), while order intake for AWE technology amounted to EUR 122.1 million (previous year: EUR 926.2 million). The development of order intake was therefore in line with the forecast in the last management report, which assumed a "significant decline", particularly due to lower AWE orders.

Sales (under HGB accounting) declined to EUR 124.6 million (previous year: EUR 128.8 million). The Service business accounted for EUR 107.4 million (previous year: EUR 124.8 million). The sales regions that were the main contributors were Germany with EUR 25.1 million (previous year: EUR 41.0 million), other EU countries with EUR 26.6 million (previous year: EUR 16.3 million), the rest of Europe with EUR 1.4 million (previous year: EUR 2.4 million), Asia with EUR 54.3 million (previous year: EUR 57.9 million) and North America with EUR 17.2 million (previous year: EUR 11.0 million).

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Work-in-progress increased by EUR 273.2 million (previous year: EUR 96.4 million). The cost of materials rose to EUR 344.6 million (previous year: EUR 177.7 million). Personnel expenses rose in the 2022/2023 fiscal year to EUR 39.2 million (previous year: EUR 30.5 million) due to new hires in connection with the expansion of our growing AWE business and the creation of central administrative functions.

Other operating income increased to EUR 10.5 million (previous year: EUR 3.4 million). The main reason was the partial reversal of provisions for subsequent production costs and grants received for research activities. The write-off of hidden reserves disclosed during the legal spin-off in 2013 totaling EUR 185.3 million amounted to EUR –7.1 million in the reporting year (previous year: EUR 7.1 million). Other operating expenses increased to EUR –46.5 million (previous year: EUR –28.5 million), mainly due to higher provisions for follow-on costs, external services, and consultancy costs.

In the 2022/2023 fiscal year, thyssenkrupp nucera AG & Co. KGaA received EUR 17.1 million (previous year: EUR 11.9 million) in dividend income from its direct subsidiaries. A positive interest result was generated in the 2022/2023 fiscal year due to higher bank balances after the IPO and higher interest income from increased market interest rates. Finance expenses for guaranteed commissions had the opposite effect. Earnings before taxes amounted to EUR –5.5 million (previous year: EUR –5.7 million). The net loss fell to EUR –8.1 million (previous year: EUR –5.6 million).

In terms of IFRS key figures, sales increased by EUR 182.9 million to EUR 419.0 million compared to the previous year. While sales from the Service business decreased, there was a significant increase in sales in the New Build business, which was mainly due to the progress made in the processing of major orders in the field of alkaline water electrolysis. Overall, the sales development was in line with the forecast for the 2022/2023 fiscal year, which had assumed a “higher” level of sales.

The EBIT according to IFRS decreased by EUR –0.6 million to EUR –5.1 million. Although a higher gross margin was achieved according to IFRS due to the higher sales, the negative EBIT (IFRS) resulted from significantly higher expenses for research and development, sales and administration. These expenses were related to the organization’s preparations for the growing AWE business and the IPO. The EBIT (IFRS) achieved was in line with the forecast of a “slightly negative” EBIT (IFRS).

Asset position

Total assets increased by EUR 567.7 million compared to September 30, 2022 and amounted to EUR 926.9 million at the end of the September 30, 2023 reporting period.

On the assets side of the balance sheet, fixed assets decreased primarily due to the scheduled amortization of intangible assets in the amount of EUR 7.1 million (previous year: EUR 7.1 million) and the depreciation of property, plant and equipment of EUR 0.4 million (previous year: EUR 0.3 million). Financial assets include shares in subsidiaries and increased, largely due to the establishment of subsidiaries in Germany and India.

Current assets (after netting out advance payments received within inventories) recorded a considerable increase compared to September 30, 2022. The increase mainly related to cash and cash equivalents and other securities, which reflect the proceeds from the IPO. In contrast, other receivables and other assets decreased, as the cash pool balance previously reported under this item was paid out in the course of the IPO.

Equity was reduced by EUR 8.1 million (previous year: reduction of EUR 5.6 million) due to the net loss. No dividends were distributed in the 2022/2023 fiscal year (previous year: EUR 10.0 million). As a result of the contributions from the IPO, the capital reserve increased in the past fiscal year to EUR 630.1 million (previous year: EUR 130.1 million). Equity therefore amounted to EUR 749.2 million (previous year: EUR 230.9 million) at the end of the reporting period, resulting in an expansion in the equity ratio of 16.5 percentage points compared to the previous year to 80.8%.

The increase in provisions was primarily a result of the increase in other provisions. The main contributor was the recognition of provisions for outstanding invoices based on order volumes, which led to an increase in other provisions of EUR 23.5 million to EUR 58.4 million (previous year: EUR 34.9 million). Provisions for accrued pensions and similar obligations recorded only a minor change. A reduction in provisions for accrued pensions and similar obligations from the legal transfer of pension obligations for the Management Board to thyssenkrupp nucera Management AG was largely offset by the increase due to the transfer of employees from sister companies of the thyssenkrupp Group and their pension obligations.

01 _ About us

02 _ Combined Management
Report03 _ Consolidated
Financial Statements

04 _ Further information

Liabilities increased significantly overall in the reporting year. The increase in trade accounts payable of EUR 31.7 million to EUR 53.6 million resulted mainly from liabilities for material deliveries. Liabilities to affiliated companies amounted to EUR 57.3 million and were EUR 54.5 million higher than in the previous year (EUR 2.8 million). Advance payments received on orders trended in the opposite direction, falling by EUR 63.7 million.

As a result, the total equity and liabilities as of September 30, 2023 equaled EUR 926.9 million (previous year: EUR 359.2 million). Equity amounted to EUR 749.2 million (previous year: EUR 230.9 million), yielding a solid equity ratio of 80.8% (previous year: 64.3%), and continuing to significantly exceed fixed assets of EUR 184.0 million (previous year: EUR 179.6 million).

Financial position

The company itself is responsible for financing thyssenkrupp nucera AG & Co. KGaA. The most important source of liquidity is cash inflows from operating activities. No financing is received from third parties, such as banks.

thyssenkrupp nucera AG & Co. KGaA uses off-balance-sheet financing instruments, such as operating leases, specifically in the context of fleet management and real estate leasing. The reason for this approach is the low capital commitment compared to acquisition as well as the absence of residual value risk. The advantage of real estate leasing is the flexibility to react to any changes in the branch structures.

Financing and liquidity were ensured at all times during the reporting year.

Expectations for 2023/2024

We expect thyssenkrupp nucera AG & Co. KGaA to achieve a significant increase in sales (IFRS) in the mid double-digit percentage range compared to the previous year (2022/2023: EUR 419.0 million), to which the execution of already contractually agreed projects in the field of alkaline water electrolysis is expected to contribute. We expect EBIT (IFRS) to be negative in the high double-digit million euro range (2022/2023: EUR –5.1million). The decline in EBIT (IFRS) was due to the expansion of the currently lower-margin AWE segment as a result of planned increases in research and development costs as well as higher administrative and selling expenses for the implementation of the growth strategy and the ramp-up of the organizational structure.

Closing statement of the Dependency Report

We declare the following in accordance with Section 312 AktG: Concerning the legal transactions and measures listed in the report on relationships with affiliated companies, based on the circumstances known at that time, our company received appropriate consideration for each legal transaction carried out and was not placed at any disadvantage based on measures that were taken or not taken.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Condensed statement of financial position and statement of profit and loss of thyssenkrupp nucera AG & Co. KGaA

Statement of financial position

In EUR millions	Sept. 30, 2022	Sept. 30, 2023
Assets		
Fixed assets	179.6	184.0
Intangible assets	54.1	47.2
Property, plant and equipment	3.4	5.5
Financial assets	122.1	131.3
Current Assets	178.9	740.3
Inventories	0.0	51.6
Receivables and other assets	177.9	246.4
Cash, cash equivalents and time deposits	1.1	442.3
Prepaid expenses	0.6	2.6
Total assets	359.2	926.9

In EUR millions	Sept. 30, 2022	Sept. 30, 2023
Equity and Liabilities		
Equity	230.9	749.2
Subscribed capital	100.0	126.3
Capital reserve	130.1	630.1
Other retained earnings	6.4	6.4
Accumulated deficit	(5.6)	(13.7)
Provisions	39.2	66.0
Accrued pension and similar obligations	4.2	5.1
Steuerrückstellungen	0.1	2.5
Other accrued liabilities	34.9	58.4
Liabilities	89.1	111.6
Trade accounts payable	21.9	53.6
Other liabilities	67.1	58.0
Prepaid expenses	0.0	0.0
Total equity and liabilities	359.2	926.9

Statement of profit or loss

In EUR millions	2021/2022	2022/2023
Sales	128.8	124.6
Increase or decrease in inventories for work-in-progress	96.4	273.2
Other operating income	3.4	10.5
Cost of materials	(177.7)	(344.6)
Personnel expenses	(30.5)	(39.2)
Write-downs of financial assets and marketable securities	(7.4)	(7.5)
Other operating expenses	(28.5)	(46.5)
Income from investments	11.9	17.1
Interest result	(2.0)	6.9
Taxes on income and earnings	(0.1)	(2.6)
Net profit	(5.6)	(8.1)

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

2.6 Segment reporting

The Group has five geographic reporting segments, which are described in more detail below. These reporting segments reflect the Group's internal organizational and management structures, as well as the reporting lines to the Management Board. The Group's reporting segments are Germany, Italy, Japan, China and Rest of World (RoW).

Each segment is responsible for its own activities and operates largely independently within the Group. The segments bear overall responsibility for their own operating business and operating results. The managing directors of the legally independent units report directly to the Management Board of the thyssenkrupp nucera Group. The Management Board of the thyssenkrupp nucera Group regularly monitors the segments' operating results in order to assess their business performance and make decisions as to the resources to be allocated to each segment.

Segment Germany

The segment Germany serves mainly customers located in Europe and the Middle East and offers the entire product portfolio, from New Build CA as well as services and New Build AWE. It is responsible for expanding the product group New Build CA, research and development activities, identifying business opportunities in various markets and industries, and launching new products and product groups in the other segments. This segment also has the lead function for BM 2.7 single-element technology and centrally procures technology-related parts for other segments.

Segment Germany in figures

In EUR millions	2021/2022	2022/2023	% change
Order intake	1,051.5	180.8	(82.8)
External sales	216.9	388.7	79.2
Internal sales	18.7	30.2	61.5
Earnings before interest and taxes (EBIT)	(11.0)	(5.1)	53.3

Order intake

Order intake for segment Germany in the 2022/2023 reporting year was as expected and amounted to EUR 180.8 million. This was below the record level for the previous 2021/2022 reporting year (EUR 1,051.5 million), which was particularly affected by the NEOM project, the largest green hydrogen project in the world to date. The order intake for CA technology amounted to EUR 58.7 million (previous year: EUR 98.9 million), while order intake for AWE technology amounted to EUR 122.1 million (previous year: EUR 926.2 million).

Sales

External sales in segment Germany grew 79.2% to EUR 388.7 million (previous year: EUR 216.9 million). Broken down by electrolysis technology, Segment Germany's external sales in the 2022/2023 fiscal year were as follows:

In EUR millions	2021/2022	2022/2023
Chlor-alkali electrolysis (CAE)	172.4	96.4
Alkaline water electrolysis (AWE)	44.5	292.3

The main driver for the significant increase in sales in the AWE business was the progress made in completing projects in the Netherlands and Saudi Arabia. In the CA division, in contrast, sales in both the New Build and Services business declined.

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT) of segment Germany amounted to EUR –5.1 million, representing an increase compared to previous year's level of EUR –11.0 million, which was adversely impacted by a negative one-time effect in a mid-single-digit million euro amount related to preparations for greater structural independence and other factors. In the 2022/2023 reporting year, higher sales increased the gross profit in absolute terms, despite a falling percentage gross margin. This was largely offset by rising research and development costs as well as administrative and selling expenses.

Segment Italy

Segment Italy offers its New Build CA and Service products to a wide range of customers in a variety of regions, particularly the Middle East, Africa, South America and Asia. The segment mainly uses BM 2.7 single-element technology. The AWE New Build business is in development and grew significantly in the 2022/2023 reporting year, particularly in connection with projects in Brazil and Sweden.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Segment Italy in figures

In EUR millions	2021/2022	2022/2023	% change
Order intake	85.4	172.8	102.2
External sales	29.2	80.1	174.4
Internal sales	1.8	1.4	(23.3)
Earnings before interest and taxes (EBIT)	4.4	10.9	146.5

Order intake

Order intake in the Italy segment increased significantly by 102.2% to EUR 172.8 million in the 2022/2023 fiscal year (previous year: EUR 85.4 million). Order intake for CA technology reached EUR 99.7 million (previous year: EUR 84.1 million), while incoming orders for AWE technology amounted to EUR 73.1 million (previous year: EUR 1.4 million). The growth in order intake largely originated from New Build projects for both technologies in South America. The AWE business also benefited from an initial tranche in connection with the H2GS project in Sweden.

Sales

The external sales in segment Italy rose significantly by 174.4% from EUR 29.2 million to EUR 80.1 million. Both the New Build and Service business in the CA segment and the AWE business improved. Segment Italy's external sales broken down by electrolysis technology were as follows:

In EUR millions	2021/2022	2022/2023
Chlor-alkali electrolysis (CAE)	27.8	62.9
Alkaline water electrolysis (AWE)	1.4	17.2

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT) for segment Italy increased from EUR 4.4 million in the previous year to EUR 10.9 million in the reporting year as a result of the significantly higher sales volume. The gross margin declined in contrast as a result of the strong increase in the New Build business in both electrolysis technologies.

Segment Japan

Segment Japan offers its New Build CA and Service products primarily to customers in the Asia-Pacific region (APAC). The segment owns the BiTAC® filter press technology and centrally procures technology-related parts for the other segments. The New Build AWE business is currently in development.

Segment Japan in figures

In EUR millions	2021/2022	2022/2023	% change
Order intake	62.1	51.7	(16.8)
External sales	41.2	41.3	0.1
Internal sales	20.2	31.6	56.5
Earnings before interest and taxes (EBIT)	8.1	11.4	40.5

Order intake

Order intake for segment Japan amounted to EUR 51.7 million (EUR 62.1 million), or –16.8% compared to the prior year. Order intake for CA technology amounted to EUR 51.6 million (previous year: EUR 61.9 million), and order intake for AWE technology amounted to EUR 0.1 million (previous year: EUR 0.2 million). While fewer New Build projects were won in the CA segment, the volume of orders for Services increased.

Sales

The external sales of segment Japan in the 2022/2023 reporting year amounted to EUR 41.3 million, remaining at the prior year level (EUR 41.2 million). At the same time, upfront services for other segments rose sharply, particularly for chlor-alkali orders in Segment China. Segment Japan's external sales broken down by electrolysis technology were as follows:

In EUR millions	2021/2022	2022/2023
Chlor-alkali electrolysis (CAE)	41.1	41.0
Alkaline water electrolysis (AWE)	0.1	0.3

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT) for segment Japan rose by EUR 3.3 million from EUR 8.1 million to EUR 11.4 million. The increase stems from an increase in the gross margin.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Segment China

Segment China is clearly focused on customers in the local Chinese market and offers them New Build CA as well as services, whereby the focus is primarily on BiTAC® filter press technology. The New Build AWE business is currently in development.

The Chinese government's "Carbon Peak" and "Carbon Neutral" targets fueled the rapid development of the Chinese hydrogen market in the AWE sector. So far, eight gigawatts of projects have been announced in our addressable market.

Segment China in figures

In EUR millions	2021/2022	2022/2023	% change
Order intake	81.6	86.5	6.1
External sales	63.3	88.9	40.6
Internal sales	1.3	2.4	83.6
Earnings before interest and taxes (EBIT)	7.1	6.8	(4.1)

Order intake

Order intake for segment China increased by 6.1% from EUR 81.6 million in the previous year to EUR 86.5 million in the reporting year. The entire order intake was attributable to the CA area. The year-on-year increase was due to a stronger CA New Build business, while order intake for CA service projects declined slightly.

Sales

The external sales of segment China reached EUR 88.9 million compared to EUR 63.3 million in the previous year, amounting to an increase of 40.6%. Segment China's external sales broken down by electrolysis technology were as follows:

In EUR millions	2021/2022	2022/2023
Chlor-alkali electrolysis (CAE)	63.2	88.9
Alkaline water electrolysis (AWE)	0.1	0.0

The increase was mainly due to an increase in CA service projects.

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT) for segment China amounted to EUR 7.1 million and was close to the previous year's figure of EUR 6.8 million.

Segment RoW

The reporting segment segment RoW currently comprises the Group's legal entities in the US, Australia, Saudi Arabia and India. The business focuses primarily on customers in the US market as well as on those in a variety of other regions in the Americas, including Canada and Mexico. The segment mainly offers service products using both the BiTAC® filter press technology and the BM 2.7 single-element technology. The AWE business is in development and has a high priority.

For the green energy sector, especially for green hydrogen, green ammonia and green methanol, the laws passed in 2022 provide very high incentives for investments in green chemical projects in the North American market. Companies and investors are studying in detail the provisions of the Inflation Reduction Act (IRA), Infrastructure Act and Defense Production Act. They see these laws as an opportunity to obtain substantial financial support for investments in green energy projects. thyssenkrupp nucera USA is already receiving a vast number of inquiries for green hydrogen projects in the GW power range.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Segment RoW in figures

In EUR millions	2021/2022	2022/2023	% change
Order intake	85.4	121.6	42.4
External sales	32.6	53.8	65.0
Internal sales	0.3	0.5	78.4
Earnings before interest and taxes (EBIT)	1.6	(0.3)	(122.5)

Order intake

Order intake in the RoW segment increased significantly by 42.4% to EUR 121.6 million after a level of EUR 85.4 million in the prior year. Order intake for CA technology amounted to EUR 111.3 million (previous year: EUR 43.1 million), and order intake for AWE technology amounted to EUR 10.3 million (previous year: EUR 42.3 million). The increase in order intake is primarily attributable to a major New Build CA project with our partner OxyChem.

Sales

The external sales of the RoW segment were EUR 53.8 million, or 65.0% higher compared to the previous year's figure of EUR 32.6 million. Segment RoW's external sales broken down by electrolysis technology were as follows:

In EUR millions	2021/2022	2022/2023
Chlor-alkali electrolysis (CAE)	28.5	40.5
Alkaline water electrolysis (AWE)	4.0	13.3

The increase is attributable to a major CA service project and higher sales in the AWE segment.

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT) for segment RoW amounted to EUR –0.3 million, which was lower than the level in the previous 2021/2022 reporting year (EUR 1.6 million). The increase in sales was offset by the planned increase in structural and development costs for the implementation of the growth strategy.

[01 _ About us](#)[02 _ Combined Management Report](#)[03 _ Consolidated Financial Statements](#)[04 _ Further information](#)

3. Employees

thyssenkrupp nucera is a global, innovative high-tech company. Our success is founded on our employees, who are distinguished by their expertise and ingenuity, their personal commitment and social competence. Each employee plays a role in the company's success and has both the freedom and the obligation to make a contribution in line with our corporate culture, goals and values.

We believe it is our duty as an employer to give special attention to all human resources (HR) issues. This commitment includes continuously developing and offering an attractive work environment for our employees and providing the best talent in the industry. We want to empower our employees so they can perform at their very best and achieve the growth targets we have set ourselves with a highly qualified, motivated, and healthy workforce.

Change as an opportunity – Our new direction includes human resources

thyssenkrupp nucera's goal is to be a leading global supplier of electrolysis technologies. Our HR strategy ensures that our work is consistently aligned with our values and corporate strategy.

To achieve our goal, we are making the organization more agile and adaptable to future challenges, further promoting professional excellence and self-initiative, and significantly increasing our efficiency. Our HR organization supports our goal with effective processes and human resources initiatives.

Significant increase in the workforce

The focal points of HR activities in the 2022/2023 reporting year were recruitment, onboarding, the empowerment and retention of employees, and acquiring new talent.

The success of these initiatives was reflected in the growth of our workforce. At the end of the 2022/2023 reporting year (September 30, 2023), thyssenkrupp nucera employed 675 people worldwide, representing an increase over the prior year (September 30, 2022) of 166 people.

Number of employees

	2022 ¹	2023 ¹
Total	509	675
Germany	278	386
China	77	83
Italy	66	82
Japan	72	75
US	15	37
Australia	1	3
Saudi-Arabia	–	9

¹ Figures as of September 30

Hybrid work – soon internationally

We see the ever-changing working world as an opportunity to win new employees. To be able to offer them attractive work opportunities, we continued to develop the collaboration, processes, and work models in the 2022/2023 fiscal year along the lines of our business model. The acceleration of the digital transformation in

the work environment continues to be an important driver. Hybrid working, or alternating between remote and office work, has become a firmly established part of flexible employment and work schedule models. Consequently, in June 2023, we revised and aligned the "Hybrid work" collective employment agreement, concluded in 2022, to the current needs of thyssenkrupp nucera employees.

Our employees have been provided the ability to switch regularly between remote and office-based work, as long as the operating requirements for the respective activity allow this. We are also now setting up the framework to enable employees to work in a hybrid environment, even at our international locations. This is one way we continue to make an important contribution to a better work-life balance.

Managers – New alignment of HR tools

We also made strides in newly aligning the HR tools for our managers during the past 2022/2023 reporting year. The focus of this effort included recording the qualitative personnel requirements based on strategic HR planning and an optimized/digitalized process for annual employee appraisals, expanding our professional and interdisciplinary training landscape, introducing a new HR performance management system, harmonizing bonus structures, taking action on the employee survey results, and introducing and implementing hybrid work models for teams.

The offers and HR tools provided are geared towards making the changes and progress necessary to grow the company and strengthen the identification of managers and employees with thyssenkrupp nucera. Measures for improvement and further development are agreed between employees and managers outside of the day-to-day business within the scope of annual employee

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

appraisals. A portfolio of internal and external training and development opportunities (including e-learning, management training, 360° feedback, and mentoring) is available to employees and managers to identify and plan for their future development needs.

In the 2022/2023 reporting year, development continued on the remuneration systems for managers. In the future, the annual bonus will be part of an overarching HR performance management approach that combines the agreement and achievement of individual performance and development targets in one process. The new model also offers more scope to include the individual segments' specific success factors in the remuneration components linked to the company's success.

Diversity in leadership

Diversity in leadership has become a critical and transformative aspect of our organizational landscape. In recent years, there have been concerted efforts to break down traditional barriers, resulting, among other things, in a significant increase in the representation of women at the top of various departments and teams. This change is not just symbolic, but a strategic response to the realization that a diverse leadership structure is a driving force for innovation, adaptability and sustainable success.

In our efforts to create an inclusive work environment, we will continue to actively strive to identify, promote and support talented women within the company. We have therefore set ourselves a target to have women fill 25% of our management positions at our German entity by 2028. We define management positions as positions at levels 1 and 2 below the Management Board with a disciplinary management function. As of September 30, 2023, the proportion of women in the first (7.8%) and second (12.5%) management levels in Germany was lower than the proportion of women in the total workforce (25.1%). Accordingly, we have set a target of 25%.

Attracting qualified employees – Increasing our appeal as an employer

Our goal is to continue to broaden our appeal as an employer for highly qualified employees globally in the technology sector. Supporting this effort was the development of our own employer branding in the 2022/2023 fiscal year, which clearly defines our positioning and strategic direction. The catchy employer branding slogan, "new era is you", emphasizes our positioning in the market as an attractive employer as well as the chance to create something new and make a significant contribution when joining our company. We have implemented a wide array of initiatives for a continual improvement in satisfaction and, thereby, high employee loyalty, which will continue to simultaneously shape our strong culture.

Examples of these initiatives include launching an employee profit-sharing scheme, an "employees recruit employees" program, and thyssenkrupp nucera internal health campaigns, including vaccinations, preventive medical check-ups, and various leisure and sports activities. Flexible work models (flextime, hybrid work options), bicycle leasing and financial support for job tickets for public transportation, as well as e-charging stations, are also available. Other offers include a comprehensive onboarding program that features a "Welcome Day" and a "Bootcamp" with courses on self-organization, communication, hybrid work and intercultural awareness, as well as tours through Carbon2Chem® and a "Cultural Buddy".

The success of these initiatives was reflected by the low employee-initiated fluctuation rate for the 2022/2023 reporting year, which reached 3.9% after 4.4% in the previous year. The overall fluctuation rate also fell in the reporting year and amounted to 5.7% (previous year: 8.2%). At the same time, the average length of service within the Group fell from 9.8 to 8.5 years as a result of numerous new hires.

Key employee retention indicators

	2021/2022	2022/2023
Fluctuation rate in %	8.2	5.7
Employee initiated fluctuation rate in %	4.4	3.9
Average employee tenure in years ¹	9.8	8.5

¹ As of September 30

"Pulse Check" employee survey – A springboard for initiatives

We carried out our annual "Pulse Check" in the 2022/2023 fiscal year so that thyssenkrupp nucera could better align to employees' needs and continue to meet them in the best way possible. All employees were given the opportunity last summer to take part in the annual survey anonymously and provide their feedback online. These routine surveys focus on employee satisfaction and the success factors for mastering change in areas such as leadership, culture and communication. Since October 2023, four work groups have been working on measures for improvement based on the survey results. The groups discuss these measures with the Management Board and implement concrete solutions.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Healthy employees – Also a management responsibility

When it comes to occupational health and safety, thyssenkrupp nucera makes no compromise. Our global management to protect and promote health takes a holistic, long-term approach and is continuously updated. In the 2022/2023 reporting year, a key task was to assess potential health risks associated with business travel and assignments, with a primary focus on the particular risks in areas of increased climatic stress.

As in the previous year, health promotion was a core element of our efforts. Voluntary programs continued to include nutrition, exercise, stress management, addiction prevention and the avoidance of other non-work-related health risks.

We also continue to offer the voluntary employee medical screenings launched last year.

No compromise on occupational health and safety

In April 2023, on the World Day for Safety and Health at Work, the focus was on the ongoing development of our safety culture, which was promoted differently in each country. A key aspect was the sustainable establishment of behavior-based occupational safety through our ten golden rules of occupational safety (Our Golden Rules).

At thyssenkrupp nucera, all our actions are geared towards creating a safe working environment – this is one of our top priorities. Particularly important is the approach we take to a preventive safety culture. The management holds regular discussions (leadership talks) and conducts inspections (leadership walks) that enable us to identify and rectify any shortcomings.

We also record all workplace-related accidents and report the respective key indicators. The lost time incident rate (LTIR) fell to 1.0 in the past fiscal year compared to 1.3 in the previous year. A total of only one lost time accident occurred. The causes of the accident were analyzed, and appropriate actions were defined and carried out to prevent this and similar accidents in the future – because our goal is still zero accidents.

Absences due to illness fell slightly to 2.4% compared to 2.7% in the previous year. Absences during the reporting year included coronavirus infections and related illnesses.

Occupational safety is a top management priority at thyssenkrupp nucera. This entails ensuring that all of the relevant topics are discussed at regular board meetings.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

4. Outlook

General conditions and key assumptions

For the key macroeconomic assumptions and the expected economic conditions in the 2023/2024 fiscal year, particularly with regard to growth in the area of green hydrogen, please refer to the “Economic environment” and “Sector environment” sections in the chapter entitled “Economic situation”. For the corresponding opportunities and risks, see the “Opportunity and risk report” that follows.

The outlook for the global economy continues to be dominated by significant uncertainties concerning existing geopolitical risks, high inflation and key interest rates, making it difficult to assess future business development. The forecast is nevertheless based on the planning assumption that current macroeconomic conditions will not change significantly. This pertains particularly to the sometimes volatile raw material, energy and transportation prices and the reliability of supply chains. Changes in these factors can lead to corresponding volatility in sales and earnings.

For thyssenkrupp nucera, we can confirm that we will continue to focus our business activities on implementing our growth strategy and scaling our business in the 2023/2024 fiscal year. To achieve this, we will proceed with our organizational ramp-up and significantly increase the number of our employees worldwide. We will also expand our production and research capacities in the field of alkaline water electrolysis to meet the enormous demand for green hydrogen, as well as simplify the design of electrolyzers and make them more efficient.

Expectations for 2023/2024

In light of the economic conditions expected at the time of the forecast and the underlying assumptions, we consider the following outlook for the 2023/2024 fiscal year to be appropriate.

Sales

We expect a significant increase in sales in the mid double-digit percentage range compared to the past fiscal year (2022/2023: EUR 652.8 million). The execution of projects already contractually agreed to in the field of alkaline water electrolysis should make a significant growth contribution. At segment level, we expect Germany and Italy, in particular, to contribute to the increase in sales, as well as the US in the segment Rest of the World (RoW). The segments China and Japan, on the other hand, are expected to be slightly below the levels they achieved in the 2022/2023 fiscal year.

EBIT

For EBIT, we expect a negative figure in the mid double-digit million euro range (2022/2023: EUR 23.8 million), which should primarily result from the segment Germany. In contrast to that the Group's performance, EBIT for the segment Italy is expected to increase compared to the past financial year 2022/2023..

The decline in EBIT is primarily due to the expansion of the currently still lower-margin AWE business. This is a result of the planned increase in research and development costs as well as higher administrative and selling expenses for the implementation of the growth strategy and organizational development.

Overall, we therefore expect significant sales growth for the Group in the 2023/2024 fiscal year and, at the same time, a temporary sharp decline in EBIT as a result of necessary start-up costs. This will occur in accordance with the implementation of our growth strategy and the scaling of our business and should sustainably improve our profitability and competitiveness in the long term.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

5. Opportunity and risk report

5.1 Objectives of governance systems

thyssenkrupp nucera is integrated into the thyssenkrupp AG risk management system (RMS). This system encompasses all measures required to handle risks in a systematic, transparent manner. The objective and, simultaneously, the sub-processes of the RMS are the early identification, assessment, communication and management of risks and opportunities relevant to the achievement of company objectives. Through its integration with the controlling processes, the RMS forms an integral part of value-oriented corporate management and corporate governance that take a holistic view of opportunities and risks.

The internal control system (ICS) comprises all principles, procedures and measures introduced to ensure process security and efficiency, financial reporting reliability and compliance with laws and guidelines. In maintaining this system, thyssenkrupp nucera draws on the support of the continuously evolving processes and systems of thyssenkrupp AG. For the conception and design of the RMS and ICS, the company adhered to the generally accepted framework for the documentation, analysis and design of an appropriate governance system of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

thyssenkrupp nucera has taken organizational and procedural measures to ensure that both governance systems are implemented effectively. Measures include establishing dedicated functions and clearly defining responsibilities. The systems' effectiveness is checked regularly by means of internal reviews and audits. Additionally, an internal thyssenkrupp nucera Risk Committee is tasked with ensuring the balanced assessment and management of risks across locations and functions.

5.2 Risk management system

At thyssenkrupp nucera, we define risks as potential negative deviations from forecasts or targets resulting from future events or developments. The key overall risks within the thyssenkrupp nucera Group are efficiently managed with the support of our comprehensive, systematic risk management system and its structured processes.

Functional structure

thyssenkrupp nucera continues to apply the thyssenkrupp AG "Three Lines" risk management model. This model regulates the interaction between operational risk management (1st line), risk management methods and guidelines in corporate management (2nd line) and internal audit (3rd line). Compliance, tax and legal risks are fed centrally into the RMS by the corresponding Group functions of thyssenkrupp AG and updated by thyssenkrupp nucera. As part of the quarterly risk inventory and in line with standard risk management models, thyssenkrupp nucera is required to formulate risk management measures for the individual risks identified and assessed and to track their implementation on an ongoing basis.

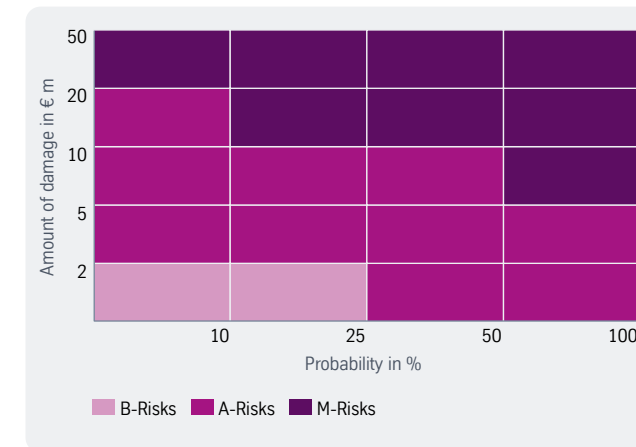
Risk identification

The identification of risks is aligned to organizational and operational responsibilities. The respective process owners and their subordinate teams are responsible for identifying risks and opportunities in their areas, supported by all-encompassing process expertise in quality and risk management.

Assessment method

For risk assessment, one of three risk classes (low or B risks; moderate or A risks; or material or M risks) is determined using defined threshold values and materiality limits for the probability of occurrence and loss amounts. The risks are each considered after taking risk mitigation measures into account.

Risk classes



From a regulatory standpoint, a material risk is defined as “a specific risk of such significance that it must be managed according to certain minimum criteria”. In addition to a quantitative assessment, the qualitative dimensions of each potential risk are also determined.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Measures

Measures in operational risk management are established in such a way that they have either an avoidance or a mitigating effect in order to reduce the extent of damage and/or the probability of occurrence. Risk is transferred to insurers, if necessary, by the thyssenkrupp AG Risk and Insurance function in compliance with the Group's policy and the binding standards laid down therein.

Monitoring

The effectiveness of risk mitigation measures taken is also reviewed as part of the quarterly risk assessment. If measures are deemed insufficient or do not have the intended effect, additional measures are defined and then implemented. In addition, internal audits and independent project and process audits ensure that monitoring is objective.

Reporting

Individual earnings-related risks are updated and processed on a quarterly basis as part of the rolling risk inventory and reported to the Risk Committee, the Management Board and the Audit Committee. Background information is prepared and discussed as needed, particularly for significant risks.

5.3 Internal control system¹

The ICS, as the holistic aggregate of all systematically defined controls and monitoring activities, aims to ensure the security and efficiency of business processes, the reliability of financial reporting, and the compliance of all activities with laws and guidelines. An effective and efficient ICS is critical for successfully managing the risks in our business processes.

Functional structure

To ensure ICS effectiveness and efficiency, thyssenkrupp nucera employs a standardized risk control matrix and structured self-assessment process. Controls include key controls performed at least once a year due to the critical nature of the processes to be protected. Controls of other standardized activities follow cycles and are therefore carried out within a three-year period to safeguard less critical processes. Controls and monitoring activities are further optimized by thyssenkrupp nucera on a continuous basis and adapted to changing processes and systems.

Risk identification

The ICS identifies potential process risks in a similar manner to the RMS via the respective process owners and their teams. These risks are then recorded systematically and mapped against a reference model or a risk catalog of the risk control matrix.

Measures

In accordance with the processes and IT systems, measures are defined, for example, by means of semi-automated reporting and spot checks, in order to determine whether these business processes are set up and used in a robust, secure and efficient manner.

Control implementation

The controls are recorded, documented and evaluated in an ICS system used throughout the thyssenkrupp nucera Group. The results of the assessments are archived.

Monitoring and risk mitigation

If inaccuracies or potential weaknesses are identified during the ongoing monitoring of a business process, an evaluation and, if necessary, an escalation process is initiated in order to intensify the control measures and eliminate the weaknesses.

Reporting

The effectiveness of these process controls is reported to the Management Board and the Audit Committee once a year.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

¹ The disclosures in this section are not included in the audit of the combined management report by the auditor.

5.4 Quality management system

To supplement the RMS and ICS, in the 2022/2023 fiscal year, thyssenkrupp nucera successfully established the functionality of a holistically integrated quality management, occupational health and safety, environmental and energy management system by obtaining certification from TÜV Nord. The realignment and revision of the integrated management system in accordance with the ISO 9001, 14001 and 45001 standards were achieved with the Group's certification according to those standards. The Group certificate is planned to be successively extended in the 2023/2024 fiscal year to other companies within the thyssenkrupp nucera Group following additional local management system audits.

The energy management system was initially audited in accordance with ISO 50001 as an individual certification for Germany. Other business units in the thyssenkrupp nucera Group are integrated via global sustainability and energy targets. The manufacturing process and IT security of our scalum® module, which has an output of 20 megawatts, was ISO 22734 certified by TÜV Rheinland in the 2022/2023 fiscal year within the scope of the product certification for safety and integrity.

5.5 Risk management and control system in the accounting process

A variety of monitoring measures and controls in the accounting process help to ensure that the consolidated financial statements are prepared in accordance with regulations. A system based on standard software is used for consolidation to ensure a uniform approach, which at the same time minimizes the risk of misstatements in accounting and external reporting. By appropriately segregating duties and applying the double-checking principle, the risk of fraudulent behavior is reduced.

thyssenkrupp nucera has clearly defined the financial reporting sub-processes and assigned clear responsibilities. The central Controlling & Accounting function is responsible for preparing the

consolidated financial statements and specifying the binding content and deadline requirements for the other companies. All employees involved in the accounting process receive regular training.

As part of the consolidation process, we routinely back up our critical IT systems centrally to minimize data loss and system downtimes. Our backup approach also includes technical system checks, manual spot checks by experienced employees and tailored authorizations and access restrictions.

5.6 Overview of the risk landscape

The risks relevant to thyssenkrupp nucera can be summarized in the following categories, whereby the order of the risks does not reflect their level of materiality.

Business environment risks

Business environment risks and general external risks concern primarily those risks associated with future macroeconomic developments. Economic risks for our business arise when negative influences from the global economy, markets or industries of relevance for thyssenkrupp nucera occur and growth rates fall short of economic forecasts.

Recessionary concerns, persistently high inflation, rising interest rates, and slowing economic growth in many regions will continue to be accompanied by comparatively low sales and production levels in fiscal 2022/2023. Energy-intensive chemical companies and existing customers in Germany are suffering from high electricity prices and reducing or relocating their production, with related consequences for the service and spare parts business.

The wars in Ukraine and the Middle East harbor further geopolitical uncertainties and unpredictable energy prices, which have already led to further reductions in gross domestic product forecasts. It remains uncertain how these and many other global hotspots will develop.

Although the industry's supply constraints for precious metals, raw materials and primary products have been overcome for now, the planned increase in thyssenkrupp nucera's capacity could lead to bottlenecks in the next few years, particularly for iridium and nickel, which could slow down growth.

Growth could also be hindered if supply chain capacities that require long qualification processes for series production cannot be expanded quickly enough. The ability to recruit and train specialists in a timely manner to fulfill future orders could also be a growth-limiting factor, which we are mitigating by massively expanding our workforce.

Recurring floods and natural disasters due to global warming also constitute a growth risk. The same applies to a possible further slowdown of the Chinese economy in the medium term and the potential further escalation of tensions in Asia and the Middle East.

Risks also generally exist in financial terms, as debt has risen significantly in recent years in both numerous industrialized countries and many emerging economies. This restricts the scope available to use fiscal countermeasures to respond to further crises and market volatility. Numerous government aid measures to mitigate the effects of the pandemic have exacerbated this development. In addition, there are risks resulting from significantly higher energy, material, and raw material costs and related inflationary trends, as well as from the restrictive monetary policies of many central banks and uncertainties due to volatile exchange rates.

A development in Germany can be cited here as an example. In its ruling of November 15, 2023, the German Federal Constitutional Court declared that the second supplementary budget for 2021 was unconstitutional and void. With this second supplementary budget, the German government had planned to transfer credit authorizations amounting to EUR 60 billion to the Climate and Transformation Fund (KTF). It is still unclear whether the funding programs and climate subsidies that were to be financed via the KTF over the next few years will be scaled back accordingly or whether the funds planned will be raised in other ways. As the thyssenkrupp nucera Group operates worldwide, no negative effects on the

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Group's business activities are currently expected. However, due to the as yet unresolved financing situation of the KTF, isolated negative effects cannot be completely ruled out, particularly for projects in Germany.

In addition, there are risks due to significantly higher energy, material and commodity costs and the associated inflationary trends, the restrictive monetary policy of many central banks and uncertainties due to volatile exchange rates.

As of the September 30, 2023 reporting date, we consider the risks from the aforementioned external conditions to be moderate overall for our business model.

Technology and sector risks

As a technology developer, thyssenkrupp nucera is exposed to risks associated with the research and industrial development, performance, quality and long-term service life of its products. Long-term data are available for chlor-alkali technologies but not yet available to a comparable extent for alkaline water electrolysis due to the recent product launch.

Although we at thyssenkrupp nucera regularly test our products in test facilities, such testing can lead to delays, including those due to the failure of technology components. Technological risks particularly exist for orders that are the first of their kind ("first-of-its-kind orders"). In addition to new developments in the area of chlor-alkali electrolysis, technological risks and the resulting warranty and possible reputational risks primarily relate to alkaline water electrolysis. thyssenkrupp nucera takes extensive measures, particularly as part of its comprehensive research and development activities and ongoing quality assurance processes, to largely avoid or limit such risks. As of the reporting date, technological risks, particularly from "first-of-its-kind orders", are considered to be a significant risk.

A potential restriction or ban on perfluorinated and polyfluorinated alkyl compounds (PFAS) would have a significant impact on the business activities for hydrogen and chlor-alkali plants within the EU and is therefore considered to be another significant risk for the industry and our business model.

Performance risks

Performance risks for thyssenkrupp nucera arise, among others, from purchasing and the supply chain. Risks on the procurement side arise due to volatile raw material prices. If price escalation clauses have not been agreed to, it may not be possible to fully pass on price increases to customers or to pass them on only after a delay. We actively manage this risk for precious metals and raw materials by structuring customer contracts accordingly and taking measures to optimize our production processes.

In cases where thyssenkrupp nucera relies on a single supplier or a small number of suppliers for a precious metal, raw material, intermediate products or a service, the risk of supply disruptions increases. In addition to the risk of supply disruptions, a supplier of a key product or service may be able to exercise strong negotiating power over price, quality, guarantees or other terms and conditions and thereby affect ongoing projects.

Procurement risks for critical systems and components are proactively managed as part of business continuity planning. This includes potential sustainability risks in the supply chain and cyber security risks that could have a negative impact on operating activities.

From an operational perspective, there are additional risks related to the availability of transportation capacity, which could impact our cost structures due to the associated higher freight rates. We mitigate these risks through systematic supplier and logistics management. Overall, there was no increase in the risk of supply disruptions or price volatility for primary products in the final months of the 2022/2023 reporting year.

In order to avoid or minimize cost and/or schedule overruns for what are sometimes very complex large contracts with long project durations, we have established clearly defined process and approval steps from initiation to final contract fulfillment that are linked to a large number of regular and extensive reporting requirements.

We consider execution risks in the project calculation, taking into account the project-specific complexity, the technology used and past experience, and continuously monitor these risks during the project's execution. Experienced project managers, selected according to the complexity of the projects, are deployed for the project management. These performance risks are considered to be low to moderate on a stand-alone basis.

When carrying out ongoing major projects with new technology, we need to continue to demonstrate that thyssenkrupp nucera's systems and product technology can be delivered on time, in the specified quality and profitably. Project-specific execution risks, such as delays in the execution of projects, are recorded, continuously evaluated and communicated on a project-specific basis in addition to the RMS. They are part of the routine project discussions. Overall, we consider the project-specific execution risks to be moderate.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Financial risks

Financial risks are systematically reviewed and reduced within the scope of the thyssenkrupp nucera financial guidelines. The financial risks relevant to the thyssenkrupp nucera Group include default risks. In order to minimize default risks from operating activities and financial instruments, such transactions are concluded only with contractual partners who meet our internal minimum requirements. The minimum requirements for selecting contractual partners are defined by the credit risk management department. The creditworthiness information determined is subject to appropriate ongoing monitoring, which enables credit risk management to act at an early stage to minimize risk.

Outstanding receivables and default risks in the delivery and service business are monitored on an ongoing basis. In the plant construction and project business, it is also customary for customers to partially pre-finance projects. As of the reporting date, the default risk for thyssenkrupp nucera is considered to be moderate overall.

We use derivative financial instruments to limit market risks, particularly foreign exchange risks. To limit the risks arising from our numerous cash flows in different currencies, particularly in US dollars, we have standardized Group-wide guidelines for foreign exchange management and the use of financial instruments. All Group companies are generally required to hedge their foreign currency positions when they arise. For this purpose, they use derivative financial instruments entered into with the tk group's central hedging platform and with external banks. Translation risks, including valuation risks for balance sheet items resulting from the translation of foreign currency items, are generally not hedged. The economic foreign exchange risk is considered to be low due to the management policies adopted.

In addition, a downgrade of the thyssenkrupp Group's rating or an increase in the overall level of interest rates could increase the costs for guarantees that we regularly need to issue as part of our operating activities. This risk is also considered to be moderate for thyssenkrupp nucera.

Other risks

We mitigate the risk of potential legal violations using a compliance management system (CMS) that focuses on antitrust law, anti-corruption, data protection, money laundering prevention and foreign trade law (including sanctions law). The commitment to the compliance culture at thyssenkrupp nucera is anchored in the Code of Conduct and the Compliance Commitment. The thyssenkrupp nucera CMS comprises a separate compliance organization within the thyssenkrupp Group. In addition to comprehensive advice on the abovementioned core topics, guidelines, training (in-person and as eLearning), other guidelines and communications are central elements of prevention. Compliance is a key component of business processes. A whistleblowing system is available for employees and external third parties. Included in the CMS is the monitoring and addressing of compliance risks through the CMS.

Legal risks may also arise in the course of order processing. In specific cases, a provision is recognized for such risks in accordance with the provisions of the relevant accounting standards. As of the reporting date, the legal and compliance risks are considered to be low overall.

5.7 Overview of opportunities

At thyssenkrupp nucera, we define an opportunity as a possible positive deviation from the forecast or target as a result of future events or developments. Opportunity management encompasses all measures relating to the systematic and transparent handling of opportunities. Through its link to the strategy, planning and reporting processes, opportunity management is an important component of strategic and value-based corporate management. From our technologies in the area of alkaline water electrolysis, we continue to see major opportunities to benefit from the strong demand for green hydrogen production processes.

The H2Giga project "INSTALL AWE" focuses on the industrialization of alkaline water electrolysis, which is primarily used for large-scale industrial applications. thyssenkrupp nucera's modular, standardized 20 megawatt scalum® module is also advantageous in terms of economic aspects and climate protection. Essential for this ramp-up to series production is the core relationship with the co-shareholder Industrie De Nora, a globally recognized specialist in electrochemistry and high-quality supplier for cell manufacturing and coatings. This constellation creates opportunities for a sustainably successful positioning in the growing market for green hydrogen.

In the H2Giga innovation pool, which includes institutions, universities and small specialized companies offering scientific and technical expertise for large-scale series production, investigations of broader research and development topics are being carried out that also drive our own development forward and for which we receive government grants.

Market studies through the year 2050 show significant growth opportunities for green hydrogen, especially for the thyssenkrupp nucera Group, which is well-positioned to benefit against the background of global climate targets and the funding for climate-friendly technologies thanks to its decades of global experience in supplying very large electrolysis plants and its existing supply chain.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

EU and US funding programs, such as the Renewable Energy Directive (RED III) and the Inflation Reduction Act (IRA), could have a further positive impact on our technology for the climate-neutral use of green hydrogen for industrial applications, such as refinery processes, direct reduction processes for green steel and ammonia and methanol production, and accelerate upstream approval processes for customers and possibly partially offset currently still higher market launch costs.

Opportunities are also emerging from further conversion and modernization projects for existing chlor-alkali electrolysis plants in South America. Some of these plants still use mercury in certain processes, which will be banned in the future under the Minamata Convention.

The Indian company thyssenkrupp nucera India Private Limited, based in Mumbai, will add further sales and execution capacities in the future, among others, for the commissioning of electrolyzers, also outside of the emerging Indian market. This spin-off from the former thyssenkrupp Industrial Solutions India will strengthen the focus on the electrolysis business, which we expect to stimulate the service business in the medium term. thyssenkrupp nucera India will support the entire Group's global hydrogen and chlor-alkali businesses.

The expansion and a potential diversification of our technology portfolio open up further growth opportunities, enabling us to continue shaping and benefiting from the rapidly growing hydrogen market. In Germany, for example, an initiative of the German Federal Ministry for Economic Affairs and Climate Protection is combining various standardization initiatives from the industrial, scientific and social communities as part of the "Standardisation Roadmap for Hydrogen Technologies" to help shape them in a European and international context. The existence of predictable, transparent technical regulations that further standardize electrolysis technologies for green hydrogen production, thus making

them more scalable, presents an international competitive opportunity for thyssenkrupp nucera, as do regulations that facilitate faster, more robust business investments from customers.

Further opportunities arise from the permanent optimization of our business processes, business systems, methods of order processing, and quality assurance, as well as from the standardization and certification of our products. The lasting improvements we achieve in our cost structures and economies of scale open up opportunities to sustainably improve both our competitiveness and profitability and increase our resilience to exogenous price developments, particularly on the procurement side.

As an advocate for the energy transition and climate protection, our corporate purpose and clearly communicated sustainability strategy also present an opportunity for thyssenkrupp nucera to master the growing shortage of skilled workers in Germany and other regions, at least better than other industries.

5.8 Overall risk assessment

In the 2022/2023 fiscal year, a scheduled risk inventory was carried out on a quarterly basis. The risk reporting was submitted to the Management Board and the Audit Committee. No unscheduled ad hoc risk reports occurred. As of the reporting date, the aggregate of all individual risks identified throughout the Group, taking into account the effective measures planned and already taken, did not have any effect on thyssenkrupp nucera, either individually or in combination, that could jeopardize its continued existence. Specifically, the risk-bearing capacity was in line with operational planning and stable at all times. The Management Board of thyssenkrupp nucera is not aware of any circumstances that would indicate that the RMS of thyssenkrupp nucera is not appropriate and effective in all material respects.

5.9 Statement by the Management Board on the effectiveness of the governance systems¹

Taking into account the external and internal audits of the ICS, the RMS and the compliance management system conducted in the 2022/2023 fiscal year, no matters have arisen that would lead the thyssenkrupp nucera Management Board to conclude that these systems are not overall adequate and effective in all material respects. Based on findings made during external and internal audits and in order to meet the requirements from constant growth and a changing process landscape and to optimally utilize the supporting IT systems of the thyssenkrupp nucera Group, we make continuous improvements to our ICS, RMS and compliance management systems.

¹ The disclosures in this section are not included in the audit of the combined management report by the auditor.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

6. Takeover-related disclosures

This section contains the takeover-related disclosures as of September 30, 2023 that are required by Sections 289a and 315a HGB.

1. Composition of the subscribed capital, showing the rights and obligations associated with each class of shares and their proportion of the share capital

The subscribed capital (share capital) of thyssenkrupp nucera AG & Co. KGaA amounts to EUR 126,315,000.00 and is divided into 126,315,000 no-par value bearer shares.

Each share grants the same rights as well as one vote at the Annual General Meeting.

2. Restrictions affecting voting rights or the transfer of shares, even if they result from agreements between shareholders, insofar as the restrictions are known to the company's Management Board

thyssenkrupp AG and Industrie De Nora S.p.A. have consented in an agreement dated June 23, 2023 that, for a period of 180 days as of the date of the agreement, they will not offer, pledge, allocate, distribute, sell, enter into a sale agreement, sell an option or purchase agreement, acquire a put option, grant, transfer or otherwise directly or indirectly sell an option or purchase a right or warrant (including, but not limited to, the issue or sale of securities exchangeable for shares in the company) for shares of thyssenkrupp nucera AG & Co. KGaA.

Furthermore, thyssenkrupp AG and Industrie De Nora S.p.A. have agreed that, for a period of three years as of the date of July 7, 2023 (the first day the company's shares traded on the stock exchange), the two shareholders will not sell, transfer, pledge, assign or otherwise dispose of or encumber their shares in the company, with the exception of over-the-counter transactions and transactions with the consent of the other party to the agreement.

3. Direct or indirect shareholdings in capital that exceed 10 percent of the voting rights

As of September 30, 2023 and according to shareholders' voting rights notifications, thyssenkrupp AG, Duisburg and Essen, held an indirect interest of around 50.19%, and Industrie De Nora S.p.A., Milan, Italy, held a direct interest of around 25.85%.

4. Holders of shares with special rights conferring powers of control and a description of these special rights

No shares with special rights conferring powers of control were issued.

5. The type of voting right control if employees hold an interest in the capital and do not exercise their control rights directly

There is no control of voting right in the event that employees hold an interest in the capital of thyssenkrupp nucera AG & Co. KGaA and do not exercise their control rights directly.

6. Statutory requirements and provisions of the Articles of Association on the appointment and dismissal of members of the Management Board and on amendments to the Articles of Association

The appointment and dismissal of members of the Management Board of the General Partner thyssenkrupp nucera Management AG is the responsibility of its Supervisory Board and governed by Sections 84 and 85 AktG. In accordance with Article 7 (1) of the Articles of Association of thyssenkrupp nucera Management AG, the Management Board of thyssenkrupp nucera Management AG consists of at least three members.

7. Authorization of the Management Board to issue or buy back shares

By resolution of the Annual General Meeting of thyssenkrupp nucera AG & Co. KGaA on June 9, 2023, the General Partner was authorized, with the approval of the Supervisory Board, to increase the share capital by up to EUR 50,000,000.00 by issuing up to 50,000,000 new no-par value bearer shares against cash and/or non-cash contributions on one or more occasions until June 9, 2028 (Authorized Capital).

The dividend entitlement of new shares can be determined in deviation from Section 60 (2) AktG.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Shareholders are generally entitled to subscription rights. The new shares may also be acquired by a credit institution to be determined by the General Partner or a company operating in accordance with Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act (KWG) (financial institution) or a syndicate of such credit or financial institutions with the obligation to offer them to the company's shareholders for subscription.

With the approval of the Supervisory Board, the General Partner is authorized to exclude shareholders' subscription rights in the following cases:

- to offset any fractional amounts that result from the subscription ratio;
- in the case of capital increases against contributions in kind, particularly within the scope of business combinations or to acquire companies (also indirectly), operations, parts of companies, participations or other assets, including claims to the acquisition of assets and receivables against the company or its Group companies;
- to the extent as this is necessary to grant the holders or, in the case of registered securities, the creditors of the option or conversion rights or option or conversion obligations issued by the company or its group companies a subscription right to new shares to the extent to which they would be entitled as shareholders after exercising the option or conversion rights or after fulfilling an option or conversion obligation;

- in the case of cash capital increases, if the issue price of the new shares is not significantly lower than the stock market price of the shares already listed at the time of the final determination of the issue price – which should take place as close as possible to the placement of the shares – and the notional interest in the share capital attributable to the shares issued with the exclusion of subscription rights in accordance with Section 186 (3) sentence 4 AktG does not exceed a total of 10% of the share capital, either at the time this authorization becomes effective or at the time it is exercised. Insofar as other authorizations to issue or sell shares or to issue rights that enable or oblige the subscription of shares are exercised during the term of this authorization until it is exercised and the subscription right is excluded in accordance with or pursuant to Section 186 (3) sentence 4 AktG, this must be offset against the aforementioned 10% limit.

The total of the shares issued on the basis of the above authorizations with the exclusion of subscription rights in the event of capital increases against cash and/or non-cash contributions may not exceed a total of 10% of the share capital either at the time the respective authorization takes effect or at the time it is exercised. If other authorizations to issue or sell shares or to issue rights that enable or obligate the subscription of shares are exercised during the term of these authorizations until they are exercised and subscription rights are excluded, this must be offset against the aforementioned limit.

With the approval of the Supervisory Board, the General Partner is authorized to determine the further content of the share rights and the conditions of the share issue. The Supervisory Board is authorized to amend the wording of Article 5 (1) and (3) of the Articles of Association of thyssenkrupp nucera AG Co. KGaA in accordance with the respective utilization of the Authorized Capital and, if the Authorized Capital has not been utilized or not fully utilized by June 9, 2028, after the expiry of the authorization.

In addition, the share capital is conditionally increased by up to EUR 20,000,000.00 divided into up to 20,000,000 no-par value bearer shares (Conditional Capital). The Conditional Capital increase will only be exercised to the extent that the holders or creditors of option or conversion rights or those obliged to convert or exercise options from convertible bonds and/or bonds with warrants or combinations of these instruments issued or guaranteed by the company or a group company on the basis of the authorization of the General Partner by resolution of the Annual General Meeting on June 9, 2023 until June 8, 2028, exercise their option or conversion rights or fulfill conversion or option obligations or to the extent that the company exercises an option to grant shares in the company in whole or in part instead of paying the cash amount due, unless a cash settlement is granted or treasury shares or shares in another listed company are used to service them. The new shares will be issued at the option or conversion price to be determined in accordance with the aforementioned authorization resolution. The new shares participate in profits from the beginning of the financial year in which they are created. To the extent permitted by law, the General Partner may, with the approval of the Supervisory Board, determine the profit participation of new shares in deviation from Section 60 (2) AktG.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

With the approval of the Supervisory Board, the General Partner is authorized, to determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorized to amend the wording of Article 5 (1) and (4) of the Articles of Association of thyssenkrupp nucera AG & Co. KGaA in accordance with the respective utilization of the conditional capital and to amend it after the expiry of all option or conversion periods and to make all other related amendments to the Articles of Association that only affect the wording.

8. Material agreements that are subject to the condition of a change of control following a takeover bid and the resulting effects

- Certain brands of thyssenkrupp nucera are legally owned by thyssenkrupp AG. thyssenkrupp AG has a right of termination in the event of a change of control (this includes (1) a sale of all or substantially all of the assets of thyssenkrupp nucera, (2) a merger, consolidation, takeover or (3) any other event that causes thyssenkrupp AG to lose sole control of the company).
- thyssenkrupp nucera is dependent on the availability of sureties, bank guarantees, bonds or letters of credit for its projects as beneficiary. The total volume of these bilateral guarantee facilities exceeds EUR 500 million. These loan agreements contain a change of control clause which, after a discussion period, may entitle the bank concerned to terminate the agreements for the bilateral guarantee facilities if a change of control occurs.

9. Compensation agreements concluded with the members of the Management Board or with employees in the event of a takeover bid.

The service contracts of the members of the Management Board of the General Partner neither contain any commitments to benefits in the event of the premature termination of Management Board activities due to a change of control, nor have any such agreements been made with employees.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

7. Corporate governance statement

At thyssenkrupp nucera, corporate governance stands for responsible corporate management and supervision geared toward long-term value creation. Good corporate governance embraces all areas of the thyssenkrupp nucera Group. Both national regulations, such as the recommendations of the Government Commission on the German Corporate Governance Code, and international standards are complied with. In line with Principle 23 of the German Corporate Governance Code, the corporate governance statement, in accordance with Sections 289 f (1) sentence 2 and 315 d of the German Commercial Code (HGB), is the central instrument of corporate governance reporting. The Management Board and Supervisory Board jointly submit the corporate governance statement, and each is responsible for the sections of the statement corresponding to them.

Declaration of conformity in accordance with Section 161 of the German Stock Corporation Act (AktG)

The Management Board of the General Partner and the Supervisory Board of thyssenkrupp nucera AG & Co. KGaA issued the following declaration in accordance with Section 161 (1) AktG, which was published on the Company's website on October 10, 2023. <https://thyssenkrupp-nucera.com/corporate-governance/declaration-of-conformity/>

Declaration by the Management Board of the General Partner of thyssenkrupp nucera AG & Co. KGaA, thyssenkrupp nucera Management AG, and the Supervisory Board of thyssenkrupp nucera AG & Co. KGaA on the German Corporate Governance Code pursuant to Section 161 AktG

The Management Board of the General Partner of thyssenkrupp nucera AG & Co. KGaA (the "Company"), thyssenkrupp nucera

Management AG, and the Supervisory Board of the Company declare in accordance with Section 161 AktG that all of the recommendations of the German Corporate Governance Code of the Government Commission of the German Corporate Governance Code in the version dated April 28, 2022 (the "Code"), as published by the German Federal Ministry of Justice in the Federal Gazette on June 27, 2022, have been complied with since the first admission for trading of the Company's shares on an organized market on July 7, 2023, with the exception of recommendation F.2 of the Code. According to recommendation F.2 of the Code, the mandatory interim financial information should be publicly accessible within 45 days of the end of the reporting period. The Company did not publish the interim financial reporting for the reporting period ending on June 30, 2023 within the stipulated period of 45 days, but only 60 days after the end of the reporting period due to the simultaneous preparations for the IPO at that time. The Company will comply going forward with all of the Code's recommendations.

Dortmund, September 2023

On behalf of the Management Board of the General Partner	On behalf of the Supervisory Board
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Dr. Werner Ponikwar

Dr. Volkmar Dinstuhl

Specific features of legal form of thyssenkrupp nucera AG & Co. KGaA

The Company is a partnership limited by shares (KGaA). A KGaA is a Company with its own legal identity (legal entity) in which at least one partner has unlimited liability to the Company's creditors (General Partner), and the other partners participate in the share capital

divided into shares without being personally liable for the Company's liabilities (limited shareholders, Section 278 [1] AktG).

In contrast to the procedure at an AG, the duties of the Management Board are performed by the sole General Partner, thyssenkrupp nucera Management AG, acting through its Management Board (Sections 278 [2], 283 AktG in conjunction with Article 8 of the Articles of Association). Where this statement refers to the Management Board, it is a reference to the Management Board of the General Partner.

The Annual General Meeting of a KGaA generally has the same rights as the Annual General Meeting of an AG. This means that, among other things, it decides on the appropriation of profits, the election and discharge of the members of the Supervisory Board, the election of the auditor, amendments to the Articles of Association, changes to the capital, as well as, depending on the legal form, the adoption of the Company's annual financial statements and the discharge of the General Partner.

Remuneration system and remuneration of the Management Board members

The current remuneration system for the Management Board members of thyssenkrupp nucera Management AG was adopted by the responsible Supervisory Board on February 25, 2022, in accordance with Sections 87 (1), 87a (1) AktG and was applied without restrictions to all Management Board members in office in the 2022/2023 fiscal year. This remuneration system is to be submitted for approval to the Annual General Meeting of thyssenkrupp nucera AG & Co. KGaA on February 7, 2024, in accordance with Section 120a (1) AktG, with the exception of purely editorial adjustments and a possible adjustment of the maximum remuneration.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

The remuneration report, including the auditor’s report, is published on our website. <https://thyssenkrupp-nucera.com/corporate-governance/#compensation-system>

The remuneration report in accordance with Section 162 AktG can be found in the chapter “Remuneration Report” in this Annual Report. The remuneration of Supervisory Board members is regulated in the Articles of Association of thyssenkrupp nucera AG & Co. KGaA and is to be submitted to the Annual General Meeting of thyssenkrupp nucera AG & Co. KGaA on February 7, 2024 for approval in accordance with Section 113 (1) AktG.

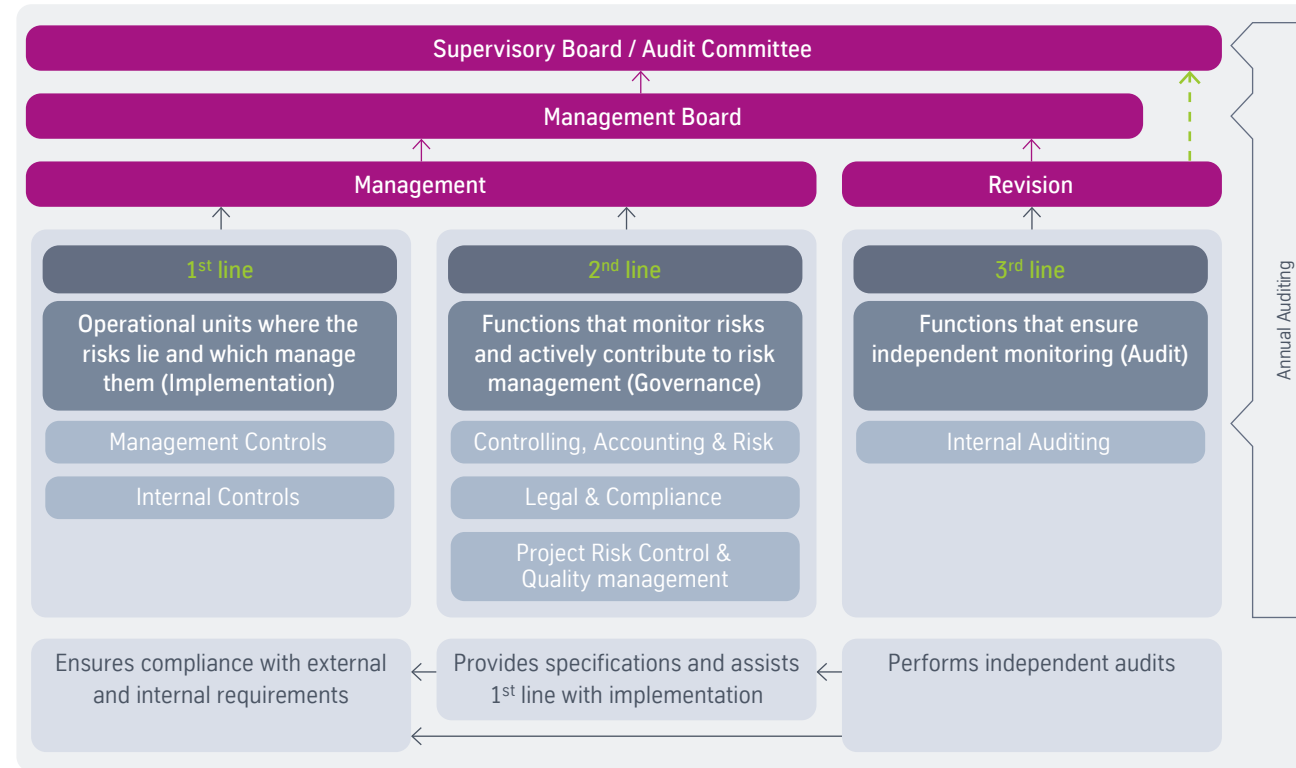
Key corporate governance principles and practices

thyssenkrupp nucera Code of Conduct

The thyssenkrupp nucera Code of Conduct sets out the concrete principles and fundamental rules for our actions, including our behavior towards business partners and the public. It provides employees, managers and the Management Board all with a framework for guidance on topics such as requirements for complying with the law, equal treatment and non-discrimination, cooperation with employee representatives, occupational health and safety, environmental and climate protection, data protection and information security. Requirements for suppliers are set out in the thyssenkrupp Supplier Code of Conduct.

All of these principles are implemented with the help of existing programs and management systems. thyssenkrupp nucera also pursues a strategy of sustainable and responsible business practices. We provide information on our all-encompassing sustainability agenda in our Annual Report (chapter “About us”).

GRC-Policy: Compliance in the Three Lines Model



Integrated governance, risk and compliance approach

Responsible risk management is part of corporate governance at thyssenkrupp nucera, as continuous and systematic management of business risks and opportunities is of fundamental importance for professional corporate governance. Group-wide risk management is based on an integrated governance, risk and compliance model (GRC model), which is anchored in the GRC policy and applies to the entire thyssenkrupp nucera Group.

As a conceptual framework, thyssenkrupp nucera uses what is known as “the three lines of defense model”, which is widely used internationally and has been adapted to the Group’s organization. This model illustrates the responsibilities for managing risks at thyssenkrupp nucera within each line of defense and how these are differentiated from each other within the GRC model.

Risks must be identified in the first line of defense and managed where they arise. Various risk management measures are available to reduce risks to an appropriate level. Systematic risk management in the operating units of the first line of defense should be strengthened as far as possible by automated internal controls in

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

the business processes. As this is not fully possible in every case, management must ensure the effectiveness of the internal control system through additional control measures.

The second line of defense encompasses functions such as Controlling, Accounting & Risk, Legal & Compliance and Project Risk Control & QM. These assume Group-wide governance tasks and set the framework for the design of the internal control system, the risk management system and compliance through binding internal regulations, among others, and support the first line of defense in managing risks. At the same time, these functions monitor and manage the Group's risks from an overarching perspective. The close integration of the internal control system with the risk management system and compliance ensures the highest possible degree of effective prevention and management of risks.

Key features of our internal risk management and internal control system can be found in the management report under Chapter 5 "Opportunity and risk report".

Compliance, as the entirety of Group-wide measures for adhering to the law and binding internal regulations, is an important management and monitoring task at thyssenkrupp nucera.

The Management Board of the General Partner of thyssenkrupp nucera AG & Co. KGaA has unequivocally expressed in the thyssenkrupp nucera Compliance Commitment that violations, particularly those related to the core compliance topics of antitrust law, anti-corruption, data protection, money laundering prevention and foreign trade law, will be met with "zero tolerance". thyssenkrupp nucera would rather forego a business opportunity than violate regulations. At the same time, the Compliance Commitment also expresses the positive underlying attitude of the Management Board towards compliance: for thyssenkrupp nucera, compliance is a question of mindset.

The Head of Legal & Compliance, who is responsible for managing the compliance program, reports to the Management Board member responsible for compliance.

More information on compliance at thyssenkrupp nucera can be found in the management report under Chapter 5 "Opportunity and risk report".

As the third line of defense, the Internal Auditing function conducts independent audits to monitor the regularity, reliability, appropriateness and efficiency of the processes and systems, as well as the effectiveness of the control systems of the other two lines of defense. Internal audits are carried out by the Corporate Internal Auditing function of thyssenkrupp AG based on a service contract and reported directly to the responsible member of the Management Board as well as regularly or, if required, via the Audit function to the Audit Committee.

The internal auditing function of thyssenkrupp AG commissioned by thyssenkrupp nucera for internal audits is subjected to an external quality assessment every five years. The last quality assessment was successfully completed in the first quarter of the 2020/2021 fiscal year.

The activities of the external auditor supplement the three lines of defense model.

Shareholders and the Annual General Meeting

The shareholders of thyssenkrupp nucera AG & Co. KGaA exercise their rights at the Company's Annual General Meeting. In contrast to a stock corporation however, the General Partner of the KGaA has a de facto veto right on key resolutions. The General Partner must also approve certain matters to be resolved by the Annual General Meeting, such as amendments to the Articles of Association, the dissolution of the Company, mergers, a change in the Company's legal form, intercompany agreements (e.g., control agreements or profit and loss transfer agreements) and other fundamental changes, including the adoption of the Company's annual financial statements.

At the Annual General Meeting, the shareholders resolve on the appropriation of net retained profit, the discharge of the Management Board and Supervisory Board and the election of the auditor.

Shareholders can generally exercise their voting rights at the Annual General Meeting either themselves, through an authorized representative of their choice, or through a proxy appointed by the Company who is bound by instructions. Depending on whether the Annual General Meeting is held virtually or in person, shareholders also have the option of casting their votes online on the Internet or to vote by mail. The entire Annual General Meeting can be followed live on the Company's website. All legally required documents and information on the Annual General Meeting are also promptly available to shareholders on the website.

Accounting and auditing policies

thyssenkrupp nucera prepares the financial statements of the thyssenkrupp nucera Group and the interim reports in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The separate financial statements of thyssenkrupp nucera AG & Co. KGaA, which are relevant for the dividend payment, are prepared in accordance with the provisions of the German Commercial Code (HGB).

In accordance with statutory regulations, the auditor is elected by the Annual General Meeting for one fiscal year at a time. At the Annual General Meeting on January 26, 2023, as proposed by the Supervisory Board, the Annual General Meeting elected KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Essen, (KPMG) as the auditor for the 2022/2023 fiscal year, including for the audit review of interim reports for the 2023/2024 fiscal year and for the audit of those interim reports for the 2023/2024 fiscal year that are prepared before the 2024 Annual General Meeting.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

KPMG has been the auditor and Group auditor of thyssenkrupp nucera AG & Co. KGaA since the 2022/2023 fiscal year. The appointment was made in 2023 following an external tender in accordance with the legal requirements. The obligation to externally rotate the auditor of the financial statements and consolidated financial statements in accordance with EU Regulation 537/2014 has applied to thyssenkrupp nucera AG & Co. KGaA since the IPO in the 2022/2023 fiscal year. Further information on this can be found in the Report of the Supervisory Board.

Since the 2022/2023 fiscal year, the signatory auditors for the separate financial statements of thyssenkrupp nucera AG & Co. KGaA and the financial statements of the thyssenkrupp nucera Group have been Charlotte Salzmänn and Jan Georgi. The legal requirements and rotation obligations are fulfilled.

Management Board

Composition and working practices of the Management Board

The Management Board of the General Partner manages the Company within the organizational structure it has resolved on under its own responsibility and in the interests of the Company, i.e., taking into account the interests of shareholders, employees and other groups associated with the Company with the aim of sustainable value creation. It ensures compliance with the legal requirements and binding internal Company regulations and works to ensure that they are observed by all companies in the thyssenkrupp nucera Group. The Management Board has established compliance and risk management systems that are appropriate and effective. Significant business transactions require the approval of the Supervisory Board of the General Partner; these are listed in its Articles of Association and Article 6 of the Management Board's Rules of Procedure.

The Management Board of the General Partner thyssenkrupp nucera Management AG must consist of at least three members. The age limit for the members of the Management Board has been set

at the relevant statutory retirement age for the respective Management Board member (or alternatively in an occupational pension scheme applicable to the Management Board member). The members of the Management Board are jointly responsible for the overall management of the Company; they decide on key management measures such as corporate strategy and corporate planning. The Chairman of the Management Board is responsible for coordinating all of the Management Board's departments and taking the lead in communication with the Supervisory Board; he also represents the Management Board. Further information on the individual members of the Management Board and their areas of responsibility (departments) can be found on the Company's website.

<https://thyssenkrupp-nucera.com/management/>

Supervisory Board

Composition and working practices of the Supervisory Board

The Supervisory Board of thyssenkrupp nucera AG & Co. KGaA advises the General Partner and supervises its Management Board in the management of the Company. The Supervisory Board of the General Partner decides on business transactions requiring its approval, determines the number of members of the Management Board in excess of the minimum number, appoints and dismisses the members of the Management Board and defines their areas of responsibility. As part of its activities, it deals with succession planning, which is also discussed by the Chairman of the Supervisory Board with the Management Board. This is how the Supervisory Board and the Management Board jointly ensure long-term succession planning. The Supervisory Board also regulates the remuneration of the members of the Management Board. Details on Management Board remuneration can be found in the remuneration report.

The Supervisory Board of thyssenkrupp nucera AG & Co. KGaA examines the annual and consolidated financial statements prepared by the Management Board together with the combined management report of thyssenkrupp nucera AG & Co. KGaA, approves the

annual financial statements and the consolidated financial statements and the combined management report. It examines the proposal on the appropriation of net retained profits and, together with the Management Board, submits it to the Annual General Meeting for approval. The Supervisory Board proposes the auditor for election at the Annual General Meeting based on the Audit Committee's reasoned recommendation. Following the corresponding resolution by the Annual General Meeting, the Audit Committee issues the audit mandate to the auditor and monitors the audit, including the independence, qualifications, rotation and efficiency of the auditor. Details on the activities of the Supervisory Board in the 2022/2023 financial year can be found in the Report of the Supervisory Board. The remuneration of the members of the Supervisory Board of thyssenkrupp nucera AG & Co. KGaA is regulated in Article 15 of the Articles of Association. It is to be submitted to the Annual General Meeting on February 7, 2024 for approval. The remuneration attributable to the individual members is presented in the remuneration report.

The composition of the Supervisory Board is determined in accordance with the German Stock Corporation Act.

The Chairman of the Supervisory Board is elected from among the members of the Supervisory Board in accordance with Sections 107 (1) and 278 (3) AktG and Article 10 (1) of the Articles of Association. The Chairman of the Supervisory Board is responsible for coordinating the work of the Supervisory Board and chairing the Supervisory Board meetings. Statements by the Supervisory Board to the public are made by the Chairman of the Supervisory Board. At thyssenkrupp nucera AG & Co. KGaA, at least one member of the Supervisory Board or the Audit Committee must have expertise in the field of accounting and another member in the field of auditing. All members of the Supervisory Board are subject to a statutory duty of confidentiality. Further information on the individual members of the Supervisory Board and its three committees can be found on the Company's website at <https://thyssenkrupp-nucera.com/management/#supervisory-board>.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Composition and working practices of the Supervisory Board committees

The Supervisory Board of thyssenkrupp nucera AG & Co. KGaA has formed a total of three committees. In accordance with recommendation D3 of the German Corporate Governance Code (GCGC), the chairpersons of the Supervisory Board and the Audit Committee are not identical.

The Audit Committee has four members: Prof. Dr. Franca Ruhwedel (Chair), Dr. Volkmar Dinstuhl, Dr. Klaus Keysberg, and Massimiliano Moi.

The Nomination Committee has four members: Dr. Volkmar Dinstuhl (Chair), Dr. Klaus Keysberg, Paolo Dellachà, and Markus Fuhrmann.

The Related-Party Transactions Committee consists of four members: Prof. Dr. Franca Ruhwedel (Chair), Dr. Arndt Köfler, Dr. Robert Scannell, and Markus Fuhrmann.

Details of their duties can be found in the Supervisory Board's Rules of Procedure. These, along with the current members, are published on the Company's website <https://thyssenkrupp-nucera.com/management/#supervisory-board>.

The chairs of the committees report regularly on the meetings of the committees and their activities at the Supervisory Board meetings. These activities consist mainly of the preparation of certain topics for discussion and resolution by the full Supervisory Board, unless the Supervisory Board has assigned the tasks to the committees conclusively. Preparatory and final tasks are regulated in the Supervisory Board's Rules of Procedure. Details on the activities of the committees and their working practices in the reporting year can be found in the Report of the Supervisory Board.

The Supervisory Board routinely assesses how effectively the Supervisory Board as a whole and its committees perform their duties. In addition to qualitative criteria that are determined by the

Supervisory Board, the assessment focuses above all on the procedures within the Supervisory Board and the flow of information between the committees and the full Supervisory Board and the timely and sufficient provision of information to the Supervisory Board and its committees. The last self-assessment was carried out in September 2023.

Avoidance of conflicts of interest

During the past fiscal year, there were no conflicts of interest involving members of the Management Board or Supervisory Board that would be required to be immediately disclosed to the Supervisory Board.

The rules on conflicts of interest are set out in Section 9 of the Rules of Procedure of the Supervisory Board and Section 3 of the Rules of Procedure of the Management Board and were complied with in full.

Mandates in statutory supervisory boards or comparable domestic and foreign supervisory bodies of commercial enterprises held by members of the Management Board and Supervisory Board are listed in the chapters of the same name under "Further information".

Related-party disclosures are presented in the notes to the financial statements of the thyssenkrupp nucera Group.

Directors' dealings

Members of the Management Board and Supervisory Board and persons closely related to them are obliged to disclose transactions in shares and debt instruments of thyssenkrupp nucera AG & Co. KGaA or related financial instruments if the value of the transactions reaches or exceeds EUR 20,000 within a calendar year. In the 2022/2023 fiscal year, a total of four transactions were reported to the Company. These transactions were published on the website and can be viewed there. The total number of shares in

thyssenkrupp nucera AG & Co. KGaA held by members of the Management Board and Supervisory Board amounted to less than 1% of the shares issued by the Company as of September 30, 2023.

Act on the Equal Participation of Women and Men in Executive Positions

In September 2023, the Supervisory Board of thyssenkrupp nucera AG & Co. KGaA set a Board composition target of 33% women on the Supervisory Board, to be achieved by September 30, 2027.

In December 2022, the Supervisory Board of thyssenkrupp nucera Management AG set a Board composition target of 28% women on the Supervisory Board and a target of 25% women for the Management Board of thyssenkrupp nucera Management AG, to be achieved by September 30, 2027.

The Management Board has set the target for the proportion of women at the first and second management levels below the Management Board of the General Partner at 25% in each case, to be achieved by September 30, 2028.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Diversity criteria for the composition of the Management Board and Supervisory Board of thyssenkrupp nucera AG & Co. KGaA

As a listed Company, thyssenkrupp nucera AG & Co. KGaA meets the diversity requirements, particularly those set out in the German Stock Corporation Act, the German Corporate Governance Code and the applicable accounting regulations. These include different requirements for the composition of the Management Board and Supervisory Board and are also taken into account by the diversity criteria adopted by the Supervisory Board. They also include the Supervisory Board's objectives for its composition and the skills profile of the Supervisory Board as a whole. For the proportion of women and the defined target figures, please refer to the previous section.

Management Board

The diversity criteria are geared towards achieving a sufficient diversity of opinion and knowledge on the Management Board. The evaluation, selection and appointment of candidates are carried out in accordance with the rules and generally accepted principles of non-discrimination. When selecting candidates for the Management Board, the Supervisory Board also takes other diversity criteria into account, such as the candidate's personality, expertise and experience, internationality, training and professional background, age, and gender.

Supervisory Board

The diversity criteria for the Supervisory Board are intended to ensure that its members have the necessary knowledge, skills and professional experience to properly perform their duties.

Diversity criteria such as age, gender, training and professional background were taken into account in the targets for the composition of the Supervisory Board and in the skills profile for the entire Supervisory Board.

The diversity criteria are implemented through the election of the members of the Supervisory Board. The election proposals to the Annual General Meeting of thyssenkrupp nucera AG & Co. KGaA should take into account the self-imposed targets and, at the same time, strive to fulfill the competence profile for the Board as a whole. This also applies to the reappointment of candidates to the Supervisory Board. The Nomination Committee takes diversity criteria into account when seeking candidates for the Supervisory Board.

In September 2022, the Supervisory Board adopted the existing objectives regarding its composition and the skills profile in accordance with the requirements of the currently valid version of the GCGC. The Supervisory Board also discussed the skills matrix associated with the skills profile in advance at its meeting in December 2022 and approved it at the meeting in February 2023. An update to the skills matrix was also made at the September 2023 meeting.

The competence profile includes the following qualifications:

- Sufficient members on the Supervisory Board with general international management experience
- Special expertise in the specific industry/sector environment relevant to thyssenkrupp nucera and beyond the specific industry/sector environment relevant to thyssenkrupp nucera
- Corporate management/governance of listed companies
- Corporate strategy and development, growth/scaling, M&A and portfolio management
- Change management, transformation
- IT, innovation and digitalization
- Financial and capital market experience
- Accounting and auditing
- Legal, compliance and corporate governance
- Sales and marketing

- Talent management, personnel development and leadership
- Sustainability/ESG
- Maximum term of office for Supervisory Board members of three terms of office and an age limit of 75 years (i.e., resignation from the Supervisory Board at the end of the Annual General Meeting after the Supervisory Board member has reached the age of 75)
- The maximum term of office for Supervisory Board members should not exceed twelve years (until the end of the Annual General Meeting that regularly decides on the discharge for the eleventh year of office of the Supervisory Board member)

The current composition of the Supervisory Board meets the objectives and skills profile. The Supervisory Board's objectives for its composition are taken into account in the election proposals to the Annual General Meeting. At the same time, the aim is to fulfill the skills profile for the Board as a whole, for example, with the recent elections of the new Supervisory Board members Massimiliano Moi, Miguel Ángel López Borrego, and Dr. Sebastian Lochen in June 2023.

Supervisory Board members have the professional and personal qualifications set out in the profile of skills and expertise. In the opinion of the Supervisory Board, members Prof. Dr. Franca Ruhwedel and Markus Fuhrmann represent a sufficient number of independent Supervisory Board members. As an independent member of the Supervisory Board with expertise in the field of accounting and auditing, Prof. Dr. Franca Ruhwedel is also the Chair of the Audit Committee. Dr. Klaus Keysberg also has expertise in the field of accounting. The Supervisory Board members as a whole are familiar with the sector in which thyssenkrupp nucera AG & Co. KGaA operates.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Competency Profile & Qualifications Matrix

Experience & Qualifications	Cooper	Dellachá	Dinstuhl	Fuhrmann	Hölleremann	Keysberg	Köfler	Lochen	López	Moi	Ruhwedel	Scannell
General international management												
Industry-/sector-specific expertise of thyssenkrupp nucera												
Industry-/sector-specific expertise beyond thyssenkrupp nucera												
Leadership/governance of listed companies												
Corporate strategy/development, growth/scale-up, M&A and portfolio management												
Change management, transformation												
IT, innovation and digitalization												
Financial and capital markets experience												
Accounting and auditing												
Legal, compliance and corporate governance												
Marketing and sales												
Talent management, HR development and leadership												
Sustainability/ESG												

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

8. Non-financial statement and non-financial Group statement

thyssenkrupp nucera AG & Co. KGaA makes use of the option pursuant to Section 289b (2) HGB and Section 315b (2) HGB to exempt itself from issuing the non-financial statement and the non-financial Group statement and refers to the combined management report of thyssenkrupp AG, Duisburg and Essen, for the 2022/2023 fiscal year, which is available on the website in English at <https://www.thyssenkrupp.com/en/investors/reporting-and-publications> and in German at <https://www.thyssenkrupp.com/de/investoren/berichterstattung-und-publikationen>.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Shaping the energy future through ...

pioneering work

We are building on our roots and global positioning to take a big step forward. Our chemical-technical DNA sets a solid foundation for a technology that will become a central building block for a climate-friendly energy market. Our strengths also optimally position us to embark on a new chapter in our company's history: producing green hydrogen with our alkaline water electrolysis.

NCH2

thyssenkrupp nucera has been a listed company since July 7, 2023

NEOM

– the world's first gigawatt project

230 GW

of electrolysis capacity worldwide expected by 2030

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information



Our Purpose:
**We shape
the new era.**

>700

**MW electrolyzer
for green steel from
H2 Green Steel**



**26,000 terawatt hours
of total global hydrogen
demand p.a. in 2050**

For more than 50 years, we have had the collective know-how of what used to be three renowned companies in the field of electrolysis, which are among the world leaders. Today, we at thyssenkrupp nucera combine German, Japanese and Italian engineering and design with the electrolysis division of thyssenkrupp in Germany, the former Italian electrochemical specialist UHDENORA and the former electrolysis unit of the Japanese Mitsui Group. The pioneering work we did in chlor-alkali electrolysis, we are now doing to build up the hydrogen industry worldwide to decarbonize industry.

Our highly efficient and large-scale alkaline water electrolysis technology provides the two critical components for the necessary high volumes of green hydrogen: speed and size of plants up to several hundred megawatts or even gigawatts with our standardized 20 MW scalum® module.

We will increase our annual capacities fivefold by 2026. By automating the assembly process as well as the automation and series production of cells and modules, we are equipping thyssenkrupp nucera for global multi-gigawatt production to meet the markets' needs. Production will initially be expanded to a capacity of 5 gigawatts per year. We use scalum® to achieve reduced construction and assembly work, lower overall investment risks and significantly faster project schedules for our customers. We will use the proceeds from our successful IPO in the summer to drive our electrolysis business forward.

- + **First industrial HCI-ODC reference plant** in Germany (2001)
- + **Carbon2Chem** – hydrogen production by electrolysis in our 2 MW research plant for green hydrogen in Duisburg (2018)
- + We are a **founding member** of the German H2Global Foundation (2021)

2

**focus markets of
thyssenkrupp nucera**

High market potential in **North America** and **Europe** – additionally supported by government funding for relevant projects

- + **EUR 526 million** in gross IPO proceeds to finance strong AWE growth (R&D, capital expenditures)
- + **Strengthening of the financial position**
- + Ability to **execute large-scale projects**, including provision of guarantees

>6x

higher sales achieved by thyssenkrupp nucera in the area of green hydrogen



Build **highly scalable business model** with focus on most value-adding activities



60–80% of global hydrogen demand **by 2050 will be green**



- 01** _ About us
- 02** _ Combined Management Report
- 03** _ Consolidated Financial Statements
- 04** _ Further information

Consolidated Financial Statements

87 _ Consolidated Statement of Financial Position	108 5 Property, plant and equipment 108 6 Inventories 109 7 Trade accounts receivable 109 8 Assets and liabilities from contracts with customers 110 9 Other financial assets 110 10 Other non-financial assets 110 11 Total equity 112 12 Accrued pension and similar obligations 119 13 Provisions for employee benefits and other provisions 120 14 Trade accounts payable 120 15 Other financial liabilities 121 16 Other non-financial liabilities 121 17 Leases 123 18 Contingencies and commitments 123 19 Financial instruments 130 20 Related parties 135 21 Segment reporting 138 22 Sales 139 23 Functional cost 139 24 Other income 140 25 Other expenses 140 26 Financial income/(expense), net 140 27 Income taxes 142 28 Variable Compensation 143 29 Additional disclosures on the Statement of Profit and Loss 144 30 Notes to the statement of cash flows 145 31 Subsequent events 146 32 Other Information	—	+	—	+	—
88 _ Consolidated Statement of Profit or Loss	140 25 Other expenses 140 26 Financial income/(expense), net 140 27 Income taxes 142 28 Variable Compensation 143 29 Additional disclosures on the Statement of Profit and Loss 144 30 Notes to the statement of cash flows 145 31 Subsequent events 146 32 Other Information	+	—	+	—	+
88 _ Consolidated Statement of Comprehensive Income	140 25 Other expenses 140 26 Financial income/(expense), net 140 27 Income taxes 142 28 Variable Compensation 143 29 Additional disclosures on the Statement of Profit and Loss 144 30 Notes to the statement of cash flows 145 31 Subsequent events 146 32 Other Information	—	+	—	+	—
89 _ Consolidated Statement of Changes in Equity	140 25 Other expenses 140 26 Financial income/(expense), net 140 27 Income taxes 142 28 Variable Compensation 143 29 Additional disclosures on the Statement of Profit and Loss 144 30 Notes to the statement of cash flows 145 31 Subsequent events 146 32 Other Information	+	—	+	—	+
90 _ Consolidated Statement of Cash Flows	140 25 Other expenses 140 26 Financial income/(expense), net 140 27 Income taxes 142 28 Variable Compensation 143 29 Additional disclosures on the Statement of Profit and Loss 144 30 Notes to the statement of cash flows 145 31 Subsequent events 146 32 Other Information	+	—	+	—	+
91 _ Notes to the Consolidated Financial Statements	140 25 Other expenses 140 26 Financial income/(expense), net 140 27 Income taxes 142 28 Variable Compensation 143 29 Additional disclosures on the Statement of Profit and Loss 144 30 Notes to the statement of cash flows 145 31 Subsequent events 146 32 Other Information	—	+	—	+	—
91 1 General information	148 _ Responsibility Statement	—	+	—	+	—
93 2 Summary of significant accounting policies and critical accounting estimates	149 _ Independent auditor's report	+	—	+	—	+
105 3 Consolidated companies and equity interests	149 _ Independent auditor's report	+	—	+	—	+
106 4 Intangible assets, including goodwill	149 _ Independent auditor's report	—	+	—	+	—

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Consolidated Statement of Financial Position

Assets

in EUR millions	Note	Sept. 30, 2022	Sept. 30, 2023
Property, plant and equipment	5	8.4	10.2
Goodwill	4	57.4	54.8
Intangible assets other than goodwill	4	0.9	0.6
Other financial assets	9	0.5	0.3
Other non-financial assets	10	2.0	3.4
Deferred tax assets	27	10.0	18.1
Total non-current assets		79.2	87.3
Inventories	6	77.3	107.7
Trade accounts receivable	7	35.9	48.8
Contract assets	8	10.5	29.8
Other financial assets	9	256.0	3.0
Other non-financial assets	10	54.7	100.4
Current income tax assets	27	0.5	0.9
Cash and cash equivalents	30	27.3	767.0
Total current assets		462.2	1,057.6
Total assets		541.4	1,144.9

Equity and liabilities

in EUR millions	Note	Sept. 30, 2022	Sept. 30, 2023
Capital stock		100.0	126.3
Additional paid-in capital		17.0	509.7
Retained earnings		88.8	111.3
Cumulative other comprehensive income		5.6	(2.6)
Equity attributable to thyssenkrupp nucera Group equity holders	11	211.4	744.8
Accrued pension and similar obligations	12	6.8	7.0
Provisions for other non-current employee benefits	13	0.2	0.3
Other provisions	13	1.8	1.3
Deferred tax liabilities	27	7.4	10.2
Lease liabilities, non-current	17	1.8	2.2
Other financial liabilities		–	1.1
Total non-current liabilities		17.9	22.1
Provisions for current employee benefits	13	3.4	3.8
Other provisions	13	33.2	35.4
Current income tax liabilities		3.2	6.8
Lease liabilities, current	17	2.4	2.4
Trade accounts payable	14	43.1	128.4
Other financial liabilities	15	4.4	4.0
Contract liabilities	8	209.0	185.2
Other non-financial liabilities	16	13.4	12.2
Total current liabilities		312.1	378.2
Total liabilities		330.0	400.2
Total equity and liabilities		541.4	1,144.9

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Consolidated Statement of Profit and Loss

in EUR millions	Note	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Sales	22, 21	383.1	652.8
Cost of sales		(311.8)	(557.8)
Gross margin		71.4	95.1
Research and development cost	23	(16.0)	(19.4)
Selling expenses	23	(15.5)	(19.7)
General and administrative expenses	23	(28.4)	(36.9)
Other income	24	3.7	6.8
Other expenses	25	(6.4)	(2.1)
Income from operations		8.8	23.8
Finance income	26	3.1	13.8
Finance expenses	26	(1.3)	(3.2)
Financial income/(expense), net		1.8	10.6
Earnings before taxes		10.6	34.4
Income tax expense	27	(4.6)	(12.0)
Net income		6.0	22.5
Thereof: thyssenkrupp nucera KGaA's equity holders		6.0	22.5
Basic/diluted		0.06	0.21
Weighted average of outstanding shares (in million units)	11	100.0	106.1

Consolidated Statement of Comprehensive Income

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Net income/(loss)	6.0	22.5
Items of other comprehensive income that will not be reclassified to profit or loss in future periods:		
Remeasurements of pensions and similar obligations	1.9	0.7
Thereof: tax effect	(0.9)	(0.2)
Items of other comprehensive income that could be reclassified to profit or loss in future periods:		
Cash flow hedges	0.3	(0.5)
Thereof: tax effect	(0.1)	0.2
Foreign currency translation adjustment	2.1	(8.3)
Thereof: tax effect	0.1	0.1
Other comprehensive income	4.2	(8.2)
Total comprehensive income for the period	10.3	14.3
Thereof: attributable to equity holders of thyssenkrupp nucera Group	10.3	14.3

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Consolidated Statement of Changes in Equity

in EUR millions	Subscribed capital	Capital reserve	Retained earnings	Other comprehensive income			Total equity attributable to equity holders
				Remeasurements of pensions and similar obligations	Foreign currency translation adjustment	Cash flow hedges	
Balance as of Oct. 1, 2021	10.0	99.2	92.8	(1.8)	3.1	0.1	203.4
Net income/(loss)	–	–	6.0	–	–	–	6.0
Other comprehensive income	–	–	–	1.9	2.1	0.3	4.2
Total comprehensive income	–	–	6.0	1.9	2.1	0.3	10.3
Payment of dividend to equity holders	–	–	(10.0)	–	–	–	(10.0)
Contributions from shareholder ¹	–	7.7	–	–	–	–	7.7
Capital increase	90.0	(90.0)	–	–	–	–	–
Balance as of Sept. 30, 2022	100.0	17.0	88.8	0.0	5.2	0.4	211.4
Net income/(loss)	–	–	22.5	–	–	–	22.5
Other comprehensive income	–	–	–	0.7	(8.3)	(0.5)	(8.2)
Total comprehensive income	–	–	22.5	0.7	(8.3)	(0.5)	14.3
Payment of dividend to equity holders	–	–	–	–	–	–	–
Contributions from shareholder ²	26.3	492.8	–	–	–	–	519.1
Balance as of Sept. 30, 2023	126.3	509.7	111.3	0.7	(3.1)	(0.2)	744.8

¹ Thereof contribution in-kind amounting to EUR 2.4 million recognized in connection with a waiver regarding "thyssenkrupp" trademark license fees (cf. Note 20)

² In addition to the transaction described above, there was an increase in capital reserves from an equity-settled SBP in the amount of EUR 0.3 million, since the same amount was charged by thyssenkrupp nucera Management AG, these two offsetting transactions are not shown separately.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Consolidated Statement of Cash Flows

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Net income/(loss)	6.0	22.5
Adjustments to reconcile net income/(loss) to operating cash flows:		
Deferred income taxes, net	(4.2)	(1.1)
Depreciation, amortization and impairment of non-current assets	3.4	4.9
(Gain)/loss on disposal of non-current assets	0.0	(0.1)
Changes in assets and liabilities, net of non-cash effects:		
– Inventories	(15.9)	(33.9)
– Trade accounts receivable	2.9	(14.4)
– Contract assets	5.6	(19.9)
– Accrued pension and similar obligations	1.6	1.2
– Other provisions	9.4	2.8
– Trade accounts payable	6.1	88.3
– Contract liabilities	93.6	(17.6)
– Other assets/liabilities not related to investing or financing activities	(21.5)	(46.8)
Cash flow from operating activities	87.1	(14.2)
Capital expenditures from property, plant and equipment (inclusive of advance payments)	(1.0)	(3.8)
Capital expenditures for intangible assets (inclusive of advance payments)	(0.2)	(0.2)
Proceeds from disposals of property, plant and equipment, intangible assets and other non-current assets	0.2	0.1
Cash pool withdrawals (deposits) ¹	(62.4)	247.2
Cash flow from investing activities	(63.3)	243.3

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Cash flows from redemption of lease liabilities	(2.3)	(3.3)
Contributions from shareholder ²	5.4	532.5
Cost of capital procurement	–	(13.8)
Payment of dividend to equity holders	(10.0)	–
Cash flow from financing activities	(7.0)	515.4
Net increase/(decrease) in cash and cash equivalents	16.8	744.6
Effect of exchange rate changes on cash and cash equivalents	(1.1)	(5.0)
Cash and cash equivalents at beginning of year	11.7	27.3
Cash and cash equivalents at end of year	27.3	767.0
Additional information regarding income tax amounts included in operating cash flows:		
Income tax paid	(8.2)	(9.6)
Interest received	1.1	10.9
Interest paid	(0.1)	(0.2)

¹ cf. Note 2 regarding the change in presentation of cash pooling activities

² Includes reimbursed expenses for services relating to the preparation of the IPO by tk Group amounting to EUR 2.2 million (September 30 2022: EUR 5.4 million)

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Notes to the Consolidated Financial Statements

1 General information

1.1 Background

thyssenkrupp nucera AG & Co. KGaA (hereinafter referred to as “Parent” or “Company”) is a partnership limited by shares (Kommanditgesellschaft auf Aktien) incorporated and existing under the laws of the Federal Republic of Germany, with its registered office and headquarter in Dortmund, Voßkuhle 38, Germany. The Company is registered in the commercial register (Handelsregister) of the local court (Amtsgericht) of Dortmund, Germany, on February 18, 2022, with its new legal form under HRB 33774. thyssenkrupp nucera Management AG, a stock corporation (Aktiengesellschaft) incorporated in Germany and governed by German law, is the general partner (Komplementär) of the Company (“general partner”) and has no interest in the issued and outstanding share capital of the Company.

Pursuant to Section 7 (2) of the Articles of Association of the Company, the General Partner has not made a capital contribution to the Company, does not hold any shares in the Company and, therefore, will not participate in its assets or its profits and losses. The Company together with its wholly owned subsidiaries, collectively represent the operations of thyssenkrupp nucera Group (hereinafter referred to as “thyssenkrupp nucera Group” or “the Group”). thyssenkrupp nucera Management AG is not part of the group of consolidated companies. The Company’s fiscal year ends on September 30 of each calendar year.

The ultimate parent of the Company is thyssenkrupp AG (hereinafter “tk AG” or, together with its subsidiaries, “tk Group”) which owns 50,2% of the shares in the capital of the Company as of September 30, 2023, respectively 66% of the shares as of September 30, 2022, and is based in Essen and Duisburg and listed in Germany. The tk Group share is held via Projekt 1 GmbH. The company and its subsidiaries are included in the consolidated financial statements of tk AG. Consolidated financial statements of tk AG have been published in the Federal Gazette. Further 25,9% of the shares in the capital of the Company are held by Industrie De Nora S.p.A., Milano, Italy (hereinafter “IDN”) as of September 30, 2023, respectively 34% of the shares as of September 30, 2022. Concerning thyssenkrupp nucera Management AG, tk AG holds 66% of the shares in capital and IDN 34%. Further information on the Group’s structure is provided in Note 3.

The shares of thyssenkrupp nucera AG & Co. KGaA have been listed for trading on the Regulated Market of the Frankfurt Stock Exchange (the “Frankfurt Stock Exchange”) since July 7, 2023 and at

the same time in the sub-segment of the Regulated Market with additional post-admission obligations (Prime Standard).

The Consolidated Financial Statements consist of Consolidated Statements of Financial Position as of September 30, 2023 and 2022, as well as Consolidated Statements of Income, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and Consolidated Statement of Cash Flows for the fiscal years ended September 30, 2023 and 2022, respectively (collectively referred to hereafter as “Consolidated Financial Statements”).

The Management Board of thyssenkrupp nucera Management AG (hereinafter referred to as “Management Board”) compiled these Consolidated Financial Statements as of December 15, 2023.

This set of Consolidated Financial Statements of the Group was authorized for issue in accordance with a resolution of the directors on December 18, 2023.

1.2 Basis of preparation

General

The Consolidated Financial Statements of thyssenkrupp nucera Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The term IFRS also includes the International Accounting Standards (IAS), the interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) or its predecessor, the International Financial Reporting Interpretations Committee (IFRIC), and those of the former Standing Interpretations Committee (SIC). Further information on the underlying accounting policies can be found in Note 2.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for derivative financial instruments, financial assets and liabilities that have been measured at fair value.

The annual financial statements of companies included in the Group have been prepared using uniform accounting policies summarized in Note 2. The reporting date for the individual financial statements of companies included in the Group is the same as the reporting date for the Consolidated Financial Statements.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

The Consolidated Financial Statements are prepared in euros and presented in millions of euros unless otherwise stated. Values are rounded to the nearest decimal place, except. Due to rounding, numbers presented may not add up precisely to the totals provided.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

Cost structure

Based on a general service agreement, tk Group provided the Group with general and administrative services such as tax, legal, controlling, IT, and insurance. The general service agreement also covered operational functions such as construction management, engineering, project management, quality management, and R&D. In conjunction with the IPO, the terms of the general service agreement between tk Group and the Group have been re-negotiated. Beginning from October 1, 2021, additional services historically not covered by the general service agreement, especially governance functions like internal audit services, tax statement preparation and handling, as well as compliance services, are provided to the Group. In addition, the Group is also establishing new functions in conjunction with the IPO which will further increase the cost base. Further information on related party transactions is provided in Note 20.

1.3 Business

The Group is a leading electrolysis technology provider to its global customers measured by its share of installed capacity. Its business consists of (i) the design, engineering and procurement of electrolysis technologies and the plants into which they are incorporated ("New Build"); and (ii) the provision of aftermarket services for existing plants ("Service"). The Group's New Build product group is divided into areas based on the underlying electrolysis technology used, i.e., chlor-alkali electrolysis ("CA") and alkaline water electrolysis ("AWE" or "AW"), and results in the following product groups offered to the Group's customers: (i) New Build AWE, (ii) New Build CA, and (iii) Service.

The product group **New Build AWE** covers the construction of new plants involving the AW technology used for the production of green hydrogen. There is a wide range of AW electrolysis technology customers across industry and energy sectors, including the power-to-x markets, as well as operators of refineries, power utility companies, steel manufacturers and project developers. The related projects are customer-specific and long-term, with an average term of two to three years.

The product group **New Build CA** covers the construction of new plants involving CA electrolysis and hydrogen chloride ("HCl") electrolysis. The Group's chlor-alkali electrolysis technologies include the BM2.7 single-element family (the "BM2.7"), the filter press bipolar ion-exchange membrane pro-

cess electrolyzer ("BITAC") and sodium chloride oxygen depolarized cathode ("NaCl-ODC") electrolysis. The Group's HCl electrolysis technologies include HCl diaphragm electrolysis and HCl-ODC electrolysis. The Group has a wide range of CA customers across industry sectors, with the polyvinyl chloride ("PVC") production industry representing a large portion of these customers. Most customers' CA plants are integrated production units which, in addition to the CA electrolysis plant, contain the entire vinyl production chain. The Group's CA customers are linked to the polyurethane industry as well as the polycarbonate industry and other organic and inorganic chemical synthesis applications. The related projects are customer-specific and long-term, with an average term of two to three years.

The product group **Service** covers a comprehensive portfolio of aftermarket services for its technologies to support its goal of entering long-term partnerships with its customers. Historically, Service focused primarily on the maintenance and operation of its CA technologies. AW technology-related Service projects are expected to grow in the future once the AWE plants come into operation and the ordinary service cycle of electrolysis technologies begins. The Group, in partnership with IDN, a critical supplier and procurer to the Group, offers several maintenance- and operation-related services to its customers, which include the following:

- Spare parts supply and management: The Group offers certified and carefully-tested spare parts, including component parts and electrolysis cells, to its customers when components require replacement. The sale of its spare parts is supported by its proven supply chains to minimize delivery time.
- Refurbishments and revamps: To improve plant performance, the Group offers a range of services that can be provided on-site that significantly reduce the energy consumed per metric ton of sodium hydroxide. General plant improvements, refurbishments and revamps can be carried out for an entire cell room or individual electrolyzers. Similar to the product group New Build, projects are customer-specific and in case of revamps long-term, with an average term of two to three years.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

- **Digital plant monitoring and optimization:** The Group uses third-party data tools to measure and analyse plant operating data on a continuous basis to ensure maximum safety and operation. By transmitting actual operating data, regular reports are generated, including all relevant key performance indicators, benchmarks and recommendations. The data that is collected is then analysed by the Group's service specialists for the purposes of predictive maintenance and troubleshooting, optimization and performance improvement across its customers' plants. The Group also offers digital twins of electrolyzers, advanced process control and remote expert support.
- **Consulting:** The Group has dedicated consulting specialists to support its customers' day-to-day plant operations. The consulting service offers regular consultation visits to benchmark customer plants and checks them against the latest technical developments.

The Group provides fast and comprehensive technology services to its customers alongside its product group portfolio. It offers these from its headquarters in Germany, as well as from its facilities located in China, Japan, Italy, the United States, Australia, Saudi Arabia and India. Further information on the Group's business structure and operating segments is provided in Note 21.

The use of hydrogen is a key lever to decarbonize a wide range of carbon-emitting activities. The Group sees a continued strong political willingness to support green hydrogen solutions and AWE capacity expansion, providing a setting for increased customer demand. The high demand for hydrogen solutions will drive growth in water electrolysis. The need for decarbonization also results from climate change effects. Risks and rewards are considered in our estimations for accounting and recoverability of non-current assets and provisions. Judgement and estimations are made to the best of management's knowledge and belief in order to fairly present the group's financial position and results of operations.

2 Summary of significant accounting policies and critical accounting estimates

Consolidation

The Group's Consolidated Financial Statements comprise the financial statements of the Company and the entities which are directly or indirectly controlled by the Company (subsidiaries). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Typically, control is assumed if the Group possesses more than half of the voting rights. Further information on the scope of consolidation is provided in Note 3.

The financial statements of subsidiaries are included in the Consolidated Financial Statements as of the date that control commences until the date that control ceases. Capital consolidation is performed by offsetting the carrying amounts of subsidiaries against their attributable equity. On acquisition, the identifiable assets and liabilities of a subsidiary are measured at their fair values at the date of the acquisition. A contingent liability is recognized at its fair value at the date of the acquisition, if it is a present obligation that arises from past events and its fair value can be measured reliably.

All significant intercompany transactions and balances between Group entities are eliminated on consolidation.

Goodwill arising on the acquisition of subsidiaries is presented separately in the statement of financial position.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Consolidated statement of income

The consolidated 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 sales. In addition to direct material costs, cost of sales consists of procurement and construction service costs, non-staff overheads and personnel costs, which represent the majority of cost of sales. Cost of sales also encompasses 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 include personnel, service and material costs related to the business development and sales process, particularly the preparation of any New Build or Service order proposal. They also include 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.

Consolidated statement of cash flows

The Group uses the indirect method to prepare its consolidated statement of cash flows. Net income or loss is adjusted for the effects of transactions of a non-cash 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 had a perpetual net receivable due to excess cash that corresponds with the character of a mid-term investment. In the context of the IPO and the associated replacement of the cash pooling 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. As part of the preparation for the IPO, the cash pooling agreement was terminated. The cash inflows have been invested in a money market fund which meets the criteria of cash and cash equivalents.

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 realized or intended to be sold or consumed in the normal operating cycle, (ii) held primarily for the purpose of trading, (iii) expected to be realized 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

thyssenkrupp nucera Group's consolidated financial statements is presented in euro (EUR), which is also the Company's functional 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 recognized 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 recognized in OCI.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

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 (vs. the euro)		Annual average exchange rate for the year ended (vs. the euro)	
	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2022	Sept. 30, 2023
US Dollar	0.97	1.06	1.09	1.07
Chinese Renminbi Yuan	6.94	7.74	7.10	7.56
Japanese Yen	141.01	158.10	134.41	149.39
Saudi Riyal	3.66	3.97	4.08	4.02
Australian Dollar	1.51	1.63	1.52	1.61
Indian Rupee	79.43	88.02	82.89	80.84

Intangible assets, including goodwill

Intangible assets with finite useful lives are capitalized at cost and amortized 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 consolidated statement of income.

	Useful lives
Franchises, trademarks and similar rights and values, as well as licenses thereto	3 to 15 years
Intangible assets, internally developed software and the website	3 to 10 years

Goodwill is 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 labor, allocable material and manufacturing over-head. 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.

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:

	Useful lives
Buildings	4 to 50 years
Technical machinery and equipment	4 to 25 years
Other equipment, factory and office equipment	3 to 15 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.

At thyssenkrupp nucera Group, the cash-generating units are represented by the individual legal entities which are located in Germany, Italy, China, Japan, the US, Saudi Arabia, Australia and India and are operating in different geographical regions. The various legal entities operate with high autonomy and generate cash inflows that are largely independent of other legal entities of thyssenkrupp nucera Group.

Goodwill arising from acquisitions is allocated to the cash-generating units that are expected to benefit from the synergies of the acquisition. These 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 goodwill is tested 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, please refer to Note 4.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

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 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

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 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 out-standing 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
- the 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 liabilities,
 - 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:

	Useful lives
Buildings	1 to 5 years
Other equipment, factory and office equipment	1 to 4 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 EUR 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 components 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.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

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.

Inventories

Inventories are stated at the lower of acquisition and manufacturing costs or net realizable value. Inventories are valued using the weighted average cost method. Manufacturing costs include direct material, labor 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 spare parts and single elements that 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 New Build CA, New Build AWE, and large-scale Service 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 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. When the trade date and settlement date do not coincide, the settlement date is used for the initial recognition or derecognition of non-derivative financial instruments, and the trade date is used for derivatives. 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 and cash equivalents, 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 that are not carried at fair value through profit or loss in future periods. The fair values recognized on the statement of financial position usually reflect the market prices of the financial assets.

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

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

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, cash and cash equivalents and deposits.

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

Debt instrument are initially recognized at fair value and subsequently measured at amortized cost. Trade accounts receivable are measured at transaction price. 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 established a model to determine the expected credit loss, and particularly 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 each segment plus an appropriate risk premium. Consideration is also given to the respective business model, customer groups, and economic environment of the region. The Group regards the assumption that the risk of default has increased significantly if the payment is overdue by more than 30 days as refuted. It also shows that there is no default if the payment is overdue for 90 days.

Financial assets are fully or partially impaired on the basis of defaults 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.

Cash and 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 and cash equivalents and time deposits are measured at amortized cost. The money market fund is measured at fair value.

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 generally 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, consisting of solely foreign currency forward contracts, are generally used to reduce the currency risk. Such derivatives must be accounted for separately and 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 used solely 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. Foreign currency contracts used to hedge sales risks are presented under net sales. Hedging instruments used to hedge procurement risks are presented under cost of sales. Hedging instruments used to hedge financing risks are presented under financial income (expense).

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

If a hedging relationship does not meet the requirements for hedge accounting in accordance with the conditions under IFRS 9 or hedge accounting is not economically feasible, 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.

Qualified transaction costs incurred in connection with services relating to the preparation of the IPO

The Group accounted qualified transaction costs as follows: Upon the occurrence of the IPO, the qualified transaction cost were offset against equity. Qualified transaction costs are based on the number of new shares that were issued in the IPO.

More information about financial instruments is provided in Note 19.

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 as an income tax expense.

In this connection, management judgments are required that 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 differences 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 recognized directly in equity is recognized in equity. Current taxes relating to items recognized in OCI are recognized in OCI.

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 taxes relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized 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 consolidated 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.

Accrued 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.

In Germany, the company 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. 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).

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

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.

The Group continues to recognize accrued pension liabilities for plan participants in cases where the pension liability is legally transferred, but the Group is not released from all risks associated with the defined benefit plans subsequent to the legal transfer (only relevant for accrued pension liabilities for members of the Management Board of thyssenkrupp nucera Management AG, cf. Note 12). In such cases, any cash payment made in connection with the legal transfer of the defined benefit plans as well as future compensation payments regarding current service costs, are accounted for as a reimbursement right. As such, it is initially recognized at fair value to the extent such reimbursement right does not exceed the accrued pension liability (remeasurement through other comprehensive income) and presented as other non-financial (non-current) asset. The reimbursement right does not qualify as a plan asset and is therefore presented as a separate asset, rather than as a deduction from the accrued pension liability. The reimbursement right is accounted for like a plan asset, i.e., (i) recognizing interest arising from the passage of time as interest income and (ii) any difference to the actual return or due to changes of the impact of asset ceiling in other comprehensive income.

Share-based compensation

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized in employee benefits expenses, together with a corresponding increase in equity (additional paid-in capital), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period. Service and non-market performance conditions are not taken into

account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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 expenses. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The approach used to account for vesting conditions, excluding market conditions, when measuring equity-settled transactions also applies to cash-settled transactions.

Other provisions

Provisions are recognized when the Group has a present obligation as a result of a past event that will result in a probable outflow of economic benefits that can be reasonably estimated. The amount recognized represents the 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 when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities. Expenses related to the fulfillment 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.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

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 includes, in rare cases, variable consideration only to the extent it is highly probable that the actual occurrence of the variable consideration will not result in a significant revenue reversal. Variable consideration can include volume discounts, delay penalties, early completion incentives, and credits in connection with bonus agreements. 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.

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 generally applied in the Service product group (cf. Note 1.3) with respect to the delivery of standard spare parts and single elements (finished goods and merchandise). In addition, revenue for short-term service contracts is recognized at a point in time.

Revenue from the sale and delivery of goods and short-term services 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 customer.

Recognition of revenue over time

Recognition of revenue over time is generally applied to all construction contracts, including New Build CA and New Build AWE contracts (cf. Note 1.3). The method is also applied to service contracts involving plant refurbishment, revamps or other long-term contracts in our Service product group (cf. Note 1.3). 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. In general, payment is received upfront for a certain project stage and performance obligations are satisfied afterwards. 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
- an 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.

This method is applicable for plant engineering projects (engineering, procurement, construction and commissioning), as the constructed assets are highly customized.

In the case of onerous contracts, the total anticipated losses, i.e., the costs to fulfill the contract, is recognized within current other provisions.

Research and development cost

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

Development costs are capitalized when the product or process is technically and commercially feasible, the intention is 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 recognized when 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 recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

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

Earnings per share

Basic earnings per share is calculated by dividing the result attributable to the holders of registered shares by the weighted average number of shares outstanding during the period. The calculation is adjusted for transactions that change the number of shares outstanding without a corresponding

01 _ About us

02 _ Combined Management
Report03 _ Consolidated
Financial Statements

04 _ Further information

change in resources for all periods presented, even if some of such transactions happened after the year-end but before the approval of the financial statements. Diluted earnings per share equal basic earnings per share, as no dilutive instruments exist.

Segment reporting

Segment reporting is prepared in accordance with IFRS 8 based on the management approach. This approach corresponds to the internal organizational and management structure as well as reporting to the Management Board as the Chief Operating Decision Maker (CODM). At thyssenkrupp nucera Group the operating segments are represented by the individual legal entities and their respective country of incorporation. The legal entities in the US, Saudi Arabia, Australia and India are not reportable individually due to their size and therefore combined and disclosed in the segment Rest of World (RoW) (cf. Note 21).

Financial statement classification

Certain line items on the consolidated balance sheet and on the consolidated statement of income have been combined. These items are disclosed separately in the notes to the consolidated 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 Group 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 financial position and statement of income; they are reviewed on an ongoing basis. This applies in particular with regard to the possible impacts of the Russian-Ukrainian war and potential climate-related matters. Estimates and assumptions are regularly reviewed for accuracy, however circumstances may arise which could cause actual results to differ from Management's estimates.

Accounting estimates and judgments made by management in the application of IFRS that have a significant effect on the Consolidated 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 to sell 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). The Group's growth strategy is dependent upon market acceptance of, as well as enhancements to, its AWE and CA products. A mass market for the Group's AWE products and technologies may take longer to develop than anticipated or may never develop because the green hydrogen production industry is an emerging market and there can be no certainty that the Group will achieve or maintain commercialization of its products and technologies. 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.

Recoverability of assets

At each balance sheet date, the Group assesses whether there is any indication that the carrying amounts of its property, plant and equipment or intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the greater of the fair value, less costs to sell and the value in use. In assessing the value in use, discounted future cash flows from the related assets have to be determined. The recoverable amount is generally determined on cash-generating unit level as individual assets typically do not generate independent cash flows. Estimating the discounted future cash flows involves significant assumptions, including particularly those regarding future sale prices and sale volumes, costs, and discount rates (cf. Note 4 and 5). Although management believes that its estimates of the relevant expected useful lives, its assumptions concerning the economic environment and developments in the industries in which the Group operates and its estimations of the discounted future cash flows are appropriate, changes in the assumptions or circumstances could require changes in the analysis. This could lead to additional impairment charges in the future or to the reversal of impairments if the trends identified by management reverse or the assumptions or estimates prove incorrect.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Leases

Some leases contain extension and termination options. These contractual conditions offer the Group as lessee maximum operational flexibility. 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. In determining the lease term, possible options are only taken into account if they are considered reasonably certain. Where facts and circumstances change over time, the exercise of the option is re-assessed.

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.

Revenue recognition from contracts with customers

The Group accounts for New Build CA and New Build AWE contracts as well as specific service contracts, e.g., relating to plant refurbishment or revamps, as construction contracts. 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. This method requires accurate estimates of the extent of progress towards completion. Depending on the methodology to determine contract progress, significant estimates include total contract costs, remaining costs to completion, total contract revenues, contract risks, and other judgments. Total expected revenue and cost on a contract reflect management's current best estimate of the probable future benefits and obligations associated with the contract. Management continually reviews all estimates involved in such construction contracts and adjusts them as necessary.

In rare cases, the Group enters into contracts, typically New Build projects, including a minor variable consideration element. Such variable consideration is estimated at the inception of the contract, reviewed at each reporting date, and adjusted as necessary.

Income taxes

The recognition and measurement of current and deferred tax receivables and liabilities depend on management estimates of tax uncertainties and future business performance. This includes both the interpretation of existing tax regulations and the testing of deferred tax assets for impairment. These estimates are adjusted when there is sufficient evidence indicating an adjustment would be required.

Employee benefits

The Group accounts for pension and other postretirement benefits in accordance with actuarial valuations. These valuations rely on statistical analyze 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 healthcare 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).

Uncertainties from geopolitical developments

The development of the global economy also in parts depends on the further course of Russia's invasion of Ukraine and its knock-on effects. The Group currently has only small, short-term service contracts with customers in Russia or Ukraine.

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 supply chain uncertainties, including higher raw material prices and processing costs as well as increased energy prices – remains associated with high uncertainty. 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 uncertainties surrounding the assessment of the impact of the war in Ukraine and numerous other geopolitical and trade conflicts on current business performance, including earnings prospects, remain unchanged. Further developments and the impact on business performance, such as continuing high inflation rates, ongoing supply bottlenecks and a shortage of skilled workers in industrialized nations, uncertainties regarding further key interest rate hikes, the risk of instability in the financial sector and individual bank failures, recurring floods and natural disasters as a result of global climate change, possible worsening of debt problems, particularly in some European countries, as a result of central banks' interest rate policies and continued high prices for energy, materials and raw materials are currently associated with major uncertainties. uncertainty; see also the detailed description of the macro and industry environment in the economic report

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

The valuation of the Group's goodwill (cf. Note 4), deferred tax assets (cf. Note 27), 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.

Issued financial reporting standards not yet applied

The IASB has issued the following interpretations and amendments to standards whose application is not mandatory and EU endorsement is not required before they are applied. Management currently assumes that the application of these standards, interpretations, and amendments will not have a material impact on the presentation of the Consolidated Financial Statements:

- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures (2011)": "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture", issued in September 2014, initial application deferred indefinitely
- IFRS 17 "Insurance Contracts", issued in May 2017, including Amendments to IFRS 17 "Amendments to IFRS 17", issued in June 2020, initial application in fiscal year 2023/2024
- 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 IAS 1 "Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies", issued in February 2021, initial application in fiscal year 2023/2024
- Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates", issued in February 2021, initial application in fiscal year 2023/2024
- Amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction", issued in May 2021, initial application in fiscal year 2023/2024
- Amendments to IFRS 17 "Insurance Contracts. Initial Application of IFRS 17 and IFRS 9 – Comparative Information", issued in December 2021, initial application in fiscal year 2023/2024
- 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 12 "Income Taxes: International Tax Reform – Pillar Two Model Rules", issued in May 2023, initial application of the disclosure requirements in the notes to the financial statements in fiscal year 2023/2024

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

- 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
Mandatory adoption of new accounting standards

The following amendments to financial reporting standards were applied for the first time as of October 1, 2022. The amendments had no material impact on the Group’s financial position or results of operations.

Amendments to IFRS 3 Business Combination; IAS 16 Property, Plants and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020

The amendments were issued in May 2020 with initial application in fiscal year 2022/2023; the Group applies the amendment but faces no impact on its consolidated financial statements.

3 Consolidated companies and equity interests

The consolidated financial statements of the Group include the following subsidiaries:

	Country of incorporation	% equity interest as of	
		Sept. 30, 2022	Sept. 30, 2023
thyssenkrupp nucera Italy S.R.L., Milan	Italy	100	100
thyssenkrupp nucera Japan Ltd., Tokyo	Japan	100	100
thyssenkrupp nucera USA Inc., Houston	US	100	100
thyssenkrupp nucera (Shanghai) Co. Ltd, Shanghai	China	100	100
thyssenkrupp nucera (Australia) Pty. Ltd., Perth	Australia	100	100
thyssenkrupp nucera Arabia for Contracting Limited LLC, Riyadh	Saudi Arabia	100	100
thyssenkrupp nucera Participations GmbH, Dortmund	Germany		100
thyssenkrupp nucera India Private Limited, Mumbai	India		100

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

4 Intangible assets, including goodwill

Changes in intangible assets

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

in EUR millions	Franchises, trademarks and similar rights and values as well as licenses thereto	Development costs, internally developed software and website	Goodwill	Total
Gross amounts				
Balance as of Sept. 30, 2021	2.8	3.6	57.2	63.7
Currency differences	0.0	(0.3)	0.2	(0.1)
Additions	0.1	0.1	–	0.2
Disposals	(0.1)	–	–	(0.1)
Balance as of Sept. 30, 2022	2.8	3.5	57.4	63.7
Currency differences	(0.0)	(0.3)	(2.6)	(3.0)
Additions	0.2	–	–	0.2
Disposals	(0.0)	–	–	(0.0)
Balance as of Sept. 30, 2023	3.0	3.2	54.8	61.0
Accumulated amortization and impairment losses				
Balance as of Sept. 30, 2021	2.6	2.6	–	5.2
Currency differences	0.0	(0.2)	–	(0.2)
Amortization expense	0.1	0.4	–	0.5
Disposals	(0.0)	–	–	(0.0)
Balance as of Sept. 30, 2022	2.7	2.7	–	5.4
Currency differences	(0.0)	(0.3)	–	(0.3)
Amortization expense	0.1	0.4	–	0.4
Disposals	(0.0)	–	–	(0.0)
Balance as of Sept. 30, 2023	2.8	2.8	–	5.6
Net amounts				
Balance as of Sept. 30, 2021	0.2	1.1	57.2	58.5
Balance as of Sept. 30, 2022	0.1	0.8	57.4	58.3
Balance as of Sept. 30, 2023	0.2	0.4	54.8	55.4

Development costs, internally developed software and website largely relate to the Group's BITAC filter press technology developed and maintained in Japan.

Impairment of intangible assets

Goodwill has been allocated to cash generating units (CGUs) of all segments. Under IFRS, the recoverable amount of a CGU is the higher of its value in use and fair value, less costs of disposal. For year-end reporting, the recoverable amount for each CGU was determined by calculating the value in use based on the discounted cash flow method. The cash flows were derived from financial budgets covering a three-year plan period (the "budget period") prepared by the local management of the legal entities and approved by thyssenkrupp nucera Group's supervisory board. For cash flows beyond the budget period, two further plan periods are extrapolated based on the third budget year using business-specific assumptions. The last planning period is used to calculate the perpetuity based on a long-term growth rate of 1.3% as of September 30, 2023 (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, 2023 (September 30, 2022: 1.5%) and a market risk premium of 7.0% as of September 30, 2023 (September 30, 2022: 7.5%). 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.

Based on an iterative calculation, the following pre-tax discount rates are derived from the after-tax discount rates:

in %	Pre-tax Discount Rate	
	Sept. 30, 2022	Sept. 30, 2023
Germany	15.5	16.1
Japan	17.0	18.7
China	15.7	16.3
Italy	18.8	19.5
US	13.8	14.7

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Goodwill by CGU

in EUR millions	Goodwill by CGU	
	Sept. 30, 2022	Sept. 30, 2023
Germany	25.6	25.6
Japan	10.9	9.8
China	13.1	11.7
Italy	6.6	6.6
US	1.2	1.1

For all CGUs with goodwill, the recoverable amount is at least 285,8% higher than the carrying amount as of September 30, 2023. The applied valuation 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). Under consideration of the current macroeconomic conditions, increasing interest rates have been considered as part of a sensitivity analysis. In accordance with the aforementioned valuation model, critical goodwill does not exist.

The key assumptions for impairment testing as presented below were also applicable for fiscal year 2022.

Goodwill as of September 30, 2023

CGU	Carrying amount of goodwill allocated to CGU in EUR million	Proportion of total goodwill in %	Pre-tax discount rate in %	Growth rate in %	Key assumptions for impairment testing
Germany	25.6	47	16.1	1.3	Significant Order Intake and growth prospects from AWE technology materialize driven by market demand; limited by production capacity and market share ; realization of increasing planned order intake for AWE products and profitability of projects
Japan	9.8	18	18.7	1.3	Realization of planned stable order intake CA and profitability of projects
China	11.7	21	16.3	1.3	Significant Order Intake and growth prospects from AWE technology materialize driven by market demand; limited by production capacity and market share ; realization of increasing planned order intake for AWE products and profitability of projects
Italy	6.6	12	19.5	1.3	Significant Order Intake and growth prospects from AWE technology materialize driven by market demand; limited by production capacity and market share ; realization of increasing planned order intake for AWE products and profitability of projects
US	1.1	2	14.7	1.3	Significant Order Intake and growth prospects from AWE technology materialize driven by market demand; limited by production capacity and market share ; realization of increasing planned order intake for AWE products and profitability of projects

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

5 Property, plant and equipment

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

in EUR millions	Technical machinery and equipment	Right-of-use assets	Construction in progress	Total
Gross amounts				
Balance as of Sept. 30, 2021	9.2	9.9	2.0	21.1
Currency differences	0.0	0.0	–	0.0
Additions	0.8	2.4	–	3.2
Transfers	–	–	–	–
Disposals	(0.0)	–	–	(0.0)
Balance as of Sept. 30, 2022	9.9	12.3	2.0	24.2
Currency differences	(0.5)	(0.8)	–	(1.3)
Additions	2.0	4.4	0.7	7.1
Transfers	2.0	–	(2.0)	0.0
Disposals	(0.3)	(1.1)	–	(1.4)
Balance as of Sept. 30, 2023	13.1	14.8	0.7	28.7
Accumulated amortization and impairment losses:				
Balance as of Sept. 30, 2021	6.8	6.1	–	12.9
Currency differences	0.0	0.0	–	0.0
Amortization expense	0.7	2.2	–	2.9
Transfers	–	–	–	–
Disposals	(0.0)	–	–	(0.0)
Balance as of Sept. 30, 2022	7.5	8.3	–	15.8
Currency differences	(0.2)	(0.4)	–	(0.6)
Amortization expense	1.1	3.2	–	4.3
Transfers	–	–	–	–
Disposals	(0.2)	(1.0)	–	(1.1)
Balance as of Sept. 30, 2023	8.2	10.2	–	18.3
Net amounts				
Balance as of Sept. 30, 2021	2.4	3.8	2.0	8.3
Balance as of Sept. 30, 2022	2.4	4.0	2.0	8.5
Balance as of Sept. 30, 2023	4.9	4.6	0.7	10.2

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

Construction in progress largely related to an AWE test stand being constructed in our Germany segment. The AWE test stand was completed as of September 2023 and recognized within technical machinery an equipment.

There were no property, plant and equipment assets pledged as collateral for financial debt as of any of reporting dates. No impairment was accrued for property, plant and equipment during the reporting periods ended September 30, 2023 and 2022.

6 Inventories

in EUR millions	Sept. 30, 2022	Sept. 30, 2023
Raw materials	32.9	50.5
Work-in-progress	33.9	40.4
Finished products, merchandise	10.5	16.9
Total	77.3	107.7

Working capital, including inventory, is driven by the Group's project business. The volatility of the inventories over time is mainly caused by the nature and status of various projects, as the majority of the purchases are related to contracted orders. Raw materials are used for both long-term construction contracts, especially New Built projects, and short-term Service projects. The raw material level is mainly driven by procurement volumes, raw material prices, and the consumption of raw materials, especially in long-term construction projects, and therefore fluctuates over time. The increase in work-in-progress in fiscal years 2022/2023 was driven mainly by major element orders based on the request of the Group's customers.

In the reporting period ended September 30, 2023, EUR 0.7 million (September 30, 2022: EUR 0.1 million) of inventory write-downs have been recognized as an expense. In the reporting period ended September 30, 2023, EUR 0.1 million (September 30, 2022: EUR 0.1 million) was recognized as a reversal of previous write-downs, due to increased market prices.

During the fiscal year ended September 30, 2023, inventories of EUR 510.1 million (September 30, 2022: EUR 267.0 million) were recognized as cost of sales.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

7 Trade accounts receivable

Working capital, including trade accounts receivable, is driven by the Group's project business. The volatility over time is caused mainly by the nature and status of various projects.

The cumulative impairment losses of EUR 0.9 million as of September 30, 2023 (September 30, 2022: EUR 0.8 million) were recognized for doubtful accounts. For more details, please refer to the disclosures in Note 19.

8 Assets and liabilities from contracts with customers

Contract assets and contract liabilities

Contract assets and contract liabilities are reported in the consolidated statement of financial position at the end of each reporting period as follows:

in EUR millions	Sept. 30, 2022	Sept. 30, 2023
Contract assets	10.6	30.2
Thereof those having remaining term of more than one year	9.4	23.0
Allowance for expected credit losses	(0.1)	(0.4)
Contract assets (net)	10.5	29.8
Contract liabilities	(209.0)	(185.2)
Thereof remaining term of more than one year	(92.6)	(59.2)

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 in connection with New Build and large-scale Service projects having an average term of two to three years at inception of each project. The significant increase in contract liabilities is driven by new projects which are in an early stage and turn into sales over time.

Contract assets increased by EUR 19.6 million in fiscal year 2022/2023 (2021/2022: decrease of EUR 5.6 million), primarily due to a decrease (2021/2022: decrease) in unbilled revenue related to the satisfaction of performance obligations in excess of the amounts billed to customers for contracts that were in a contract asset position.

Contract liabilities decreased by EUR 23.9 million in fiscal year 2022/2023 (increased EUR 94.0 million in fiscal year 2021/2022) primarily due to an increase (2021/2022: increase) in prepayments related to major projects overcompensated by revenue recognized from satisfied performance obligations for contracts that were in a contract liability position.

In the course of the 2022/2023 fiscal year, sales in the amount of EUR 127.4 million (2021/2022: EUR 55.3 million) reflected in the contract liability balance at the beginning of the fiscal year were recognized.

Remaining performance obligations

Amounts of a customer contract's transaction price that are allocated to the remaining performance obligations represent contracted revenue that had not yet been recognized. The total transaction price allocated to performance obligations that were unsatisfied or partially satisfied as of September 30, 2023, comprised EUR 1,020.7 million (September 30, 2022: EUR 1,249.2 million). This amount comprised mainly obligations from construction contracts, including New Build CA and New Build AWE contracts. It additionally included service contracts involving plant refurbishment, revamps and other long-term contracts from our Service product group, as the respective contracts typically have durations of one or multiple years. The balance in the remaining performance obligation was mainly driven by two large-scale, long-term agreements signed in fiscal year 2021/2022. The sales recognized from these two contracts contributed to the alkaline water electrolysis (AWE) business activities.

The majority of the remaining performance obligation is expected to be recognized as revenue over the next 12 to 36 months following the respective balance sheet date. This estimate is based on our best judgment, as it needs to consider estimates of possible future contract modifications.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

9 Other financial assets

in EUR millions	Sept. 30, 2022		Sept. 30, 2023	
	current	non-current	current	non-current
Receivables from cash pooling arrangements with tk Group (cf. Note 20)	252.6	–	–	–
Miscellaneous other financial assets	1.2	0.5	1.7	0.3
Derivatives not qualifying for hedge accounting	1.4	–	1.2	–
Derivatives qualifying for hedge accounting	0.8	–	0.1	–
Total	256.0	0.5	3.0	0.3

As of September 30, 2022, 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 20).

Due to the termination of the cash pooling agreement and investment of the related amounts in a money market fund, receivables from cash pooling arrangements with tk Group decreased significantly.

There were no impairment amounts recorded against other financial assets as of September 30, 2023 and 2022.

10 Other non-financial assets

in EUR millions	Sept. 30, 2022		Sept. 30, 2023	
	current	non-current	current	non-current
Contract assets	90.4	–	29.8	–
Advance payments to suppliers	45.2	–	83.0	–
Other prepayments	2.3	0.3	2.6	1.7
Tax refunds	5.7	–	14.8	–
Miscellaneous other non-financial assets	1.5	1.7	0.0	1.7
Total	145.1	2.0	130.3	3.4

Miscellaneous other non-current non-financial assets included a reimbursement right in connection with the accrued pension liability related to defined benefit plans existing in Germany for members of the Management Board of thyssenkrupp nucera Management AG (cf. Note 19).

Advance payments to suppliers increased significantly due to the size of AWE projects.

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

11 Total equity

Subscribed capital

Subscribed capital amounted to EUR 126.3 million as of September 30, 2023, and was divided into 126,315,000 shares with a nominal value of EUR 1 each. In the periods as of September 30, 2022, the subscribed capital amounted to EUR 100.010.0 million and was divided into 100,000,000 shares with a nominal value of EUR 1 each. Ordinary shareholders are entitled to the dividend declared in each case and to one vote per share at the Company's Annual General Meetings.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

On June 12, 2023 thyssenkrupp AG and thyssenkrupp nucera AG & Co. KGaA announced their intention to seek an initial public offering (IPO) of the shares of thyssenkrupp nucera ("Intention to Float"). On July 5, 2023 thyssenkrupp AG and Industrie De Nora S.p.A together with thyssenkrupp nucera had set the final offer price for the shares of thyssenkrupp nucera at €20.00 per share and placed a total of 30,262,250 shares (including over-allotments) with investors; 26,315,000 of these were new shares. As part of the IPO, BNP Paribas Asset Management UK Limited (BNPP) and Energy Solutions Com-pany (ESC), a wholly owned subsidiary of the Public Investment Fund (PIF), acquired 4,250,000 shares and 7,578,900 shares respectively.

Weighted average number of shares issued

in million shares	Sept. 30, 2022	Sept. 30, 2023
Issued shares as of 1 October	100.0	100.0
Impact of newly issued shares		6.1
Weighted average number of shares issued as of 30 September	100.0	106.1

The shares of thyssenkrupp nucera (ticker symbol NCH2) have been traded on the Regulated Market of the Frankfurt Stock Exchange (Prime Standard) since July 7, 2023. The International Securities Identification Number (ISIN) is DE000NCA0001 and the securities identification number (WKN) is NCA000. Effective September 18, 2023 the shares of thyssenkrupp nucera AG & Co. KGaA were included in the SDAX, the index of the 70 biggest and most liquid companies below the MDAX.

On February 28, 2022, the Group conducted a capital increase from EUR 10.0 million by EUR 90.0 million to EUR 100.0 million by issuing 90,000,000 new shares in the Company. The capital increase was carried out as a capital increase from the Group's capital reserve (Kapitalerhöhung aus Gesellschaftsmitteln). In accordance with IAS 33.64, this capital increase and the higher number of shares are considered in the calculation of earnings per share in all periods presented.

Authorized capital

On February 28, 2022, the Group introduced authorized capital. Thereunder, the General Partner is authorized, with the approval of the Supervisory Board, to increase the share capital by up to EUR 50.0 million by issuing up to 50,000,000 new no-par value bearer shares in return for cash and/or non-cash contributions on one or more occasions until February 28, 2027.

Conditional capital

On March 30, 2022, the general meeting of the Company resolved to establish conditional capital. Thereunder, the share capital of the Company is conditionally increased by up to EUR 20.0million by

issuing up to 20,000,000 new shares. The conditional capital increase shall only be implemented to fulfill subscription rights of convertible bonds and/or warrant bonds, profit participation rights or participating bonds that may be issued based on the enabling resolution of the general meeting of the Company dated March 30, 2022, authorizing the General Partner, subject to the consent of the Supervisory Board, to issue, on one or more occasions until March 29, 2027, bearer or registered convertible and/or warrant bonds or combinations of these instruments for an aggregate nominal amount of up to EUR 1,000.0 million in each case with or without a definite maturity date, and to grant the holders of bonds option or conversion rights for up to 20,000,000 no-par value bearer shares of the Company with a pro rata amount of the share capital of up to a total of EUR 20.0 million. This authorization can be utilized in whole or in part.

Capital reserve

The capital reserve represents payments or contributions made by the Group's equity holders to the extent they are not reflected in subscribed capital.

In connection with the IPO, a net inflow of EUR 486.2 million was recognized within capital reserve. IPO related transaction costs totals to EUR 13.8 million. Effects from recognition of the received services of the new granted share-based payments are recognized in additional paid-in capital.

Retained earnings

Retained earnings include prior years' undistributed consolidated income.

Capital management

Among nucera's most important financial goals are a sustainable appreciation of entity value and ensuring solvency at all times. Creating sufficient liquidity reserves is therefore of great importance. thyssenkrupp nucera is not subject to capital requirements under its article of association.

As of September 30, 2023, the equity ratio was 65.1% (September 30, 2022: 39.0%).

Dividends and capital transactions

No dividends had been distributed during fiscal year 2022/2023. A preferred dividend was distributed to tk Group in the amount of EUR 10.0 million as of March 1, 2022, based on an agreement between tk Group and IDN as of February 14, 2022, as reflected in the consolidated statement of changes in equity for fiscal year 2021/2022.

Due to the reported net loss of thyssenkrupp nucera AG & Co. KGaA for the 2022/23 fiscal year of EUR 8.1 million, the distribution of a dividend cannot be proposed to the Annual General Meeting. The dividend policy remains unchanged. thyssenkrupp nucera intends to retain any future earnings and does not anticipate declaring or paying any cash dividends in the foreseeable future.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Cumulative other comprehensive income

This item includes the accumulated components of other comprehensive income.

12 Accrued pension and similar obligations

in EUR millions	Sept. 30, 2022	Sept. 30, 2023
Accrued pension liability	6.0	6.2
Partial retirement	0.4	0.4
Other accrued pension-related obligations	0.4	0.4
Total	6.8	7.0

Accrued pension liability

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

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 statement of profit or loss 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 of the Group offered pension benefits via a pension fund promise (“Höchster 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 a defined benefit plan. The pension fund promise was closed for new entries by the end of 2014 and replaced by a contribution-based pension plan with risk-optimized payout forms (lump sum, installments, 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.

Effective June 1, 2022, the accrued pension liability relating to voluntary Group’s pensions through defined benefit plans existing in Germany for members of the Management Board of thyssenkrupp nucera Management AG was legally transferred from thyssenkrupp nucera AG & Co. KGaA to

thyssenkrupp nucera Management AG against payment in cash. According to the Company’s Articles of Association, the Company has the obligation to reimburse thyssenkrupp nucera Management AG for any and all expenses in connection with the management of the Company’s business, which includes remuneration of its corporate bodies. Such expenses to be compensated by the Company include expenses in connection with the defined benefit plans granted to the Management Board of thyssenkrupp nucera Management AG. At a minimum, these expenses include current service cost relating to services performed after the legal transfer of the defined benefit plan, which will be charged to the Company on a regular basis. They may also include additional payments required to be made by the Company to cover potential plan deficits arising at the level of thyssenkrupp nucera Management AG in the future. As such, thyssenkrupp nucera AG & Co. KGaA is not released from all risks associated with the defined benefit plans subsequent to their legal transfer effective June 1, 2022. The Company therefore continues to recognize the accrued pension liability for members of the thyssenkrupp nucera Management AG Management Board. The cash payment to thyssenkrupp nucera Management AG made in connection with the legal transfer of the defined benefit plans, as well as future compensation payments regarding current service costs, are accounted for as a reimbursement right. As such, it is recognized at fair value to the extent such reimbursement rights do not exceed the accrued pension liability (ceiling of reimbursement right) and are presented as other non-financial (non-current) asset (cf. Note 10).

In Japan, the company offers a voluntary defined benefit plan in the form of an “end of service” benefit. The benefit amount is defined as the total accrued points at retirement/resignation/death, multiplied by a factor linked to service and a factor linked to involuntary or voluntary vesting requirements. The multiple varies depending on the reason for exit so that the amount received for voluntary resignation is lower (for any service period) than the amount received when reaching the mandatory retirement age. The plan in Japan includes a corporate pension plan and a retirement allowance plan. The corporate pension plan is governed by the Ministry of Health, Labor and Welfare in accordance with the Defined Benefit Corporate Pension Law in Japan. The plan is subject to minimum funding requirements stipulated in law, which require the company in Japan to pay additional contributions to achieve a minimum funding level within a certain time frame if the plan does not hold sufficient assets. The Japan company, as an employer, is responsible for the governance of the defined benefit plan. For further information regarding the composition of and investment strategy for funding assets, please refer to the disclosures on the plan assets.

Material risks associated with 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.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

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 statement of profit or loss after death or invalidity) or from underestimated life expectancies (longevity risk) and could likewise result in costs to the company 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 other comprehensive income without affecting income or cash outflows.

In Japan, the pension plan is provided as a lump sum in general. Employees who have reached the retirement age of 60 and have been with the company for 10 or more years, are allowed to opt for receiving a 15-year annuity instead of lump sum payout, posing an annuity selection rate risk to the company. Due to the conversion factors used for the annuity benefit determination, employees opting for annuity payments result in a higher liability for the company. If a higher percentage of employees opt for pension payments, the liability may increase considerably. A total of 60% of plan participants selected the option across all reporting dates.

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 the total of pension plans is as follows:

	Sept. 30, 2022			Sept. 30, 2023		
	Germany	Japan	Total	Germany	Japan	Total
Active employees	439	69	508	623	73	696
Terminated employees with vested benefits	28	5	33	35	5	40
Pensioners	8	14	22	9	13	22
Total	475	88	563	667	91	758

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

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

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

in EUR millions	Sept. 30, 2022			Sept. 30, 2023		
	Germany	Japan	Total	Germany	Japan	Total
Change in defined benefit obligations (DBO):						
DBO at beginning of fiscal year	7.6	8.9	16.5	6.6	8.0	14.6
Service cost	0.9	0.4	1.3	0.9	0.4	1.3
Interest expense	0.1	0.0	0.1	0.2	0.1	0.3
Remeasurement: Actuarial (gains)/losses from experience adjustments	0.1	(0.0)	0.1	0.0	(0.1)	(0.1)
Remeasurement: Actuarial (gains)/losses from changes in demographic assumptions	–	–	–	–	0.6	0.6
Remeasurement: Actuarial (gains)/losses from changes in financial assumptions	(3.1)	(0.3)	(3.5)	(0.3)	(0.5)	(0.7)
Currency differences	–	(0.7)	(0.7)	–	(0.9)	(0.9)
Participant contributions	–	0.1	0.1	–	0.1	0.1
Benefit payments	(0.0)	(0.3)	(0.3)	(0.1)	(0.4)	(0.5)
Others	1.1	(0.1)	1.0	0.2	–	0.2
DBO at end of fiscal year	6.6	8.0	14.6	7.7	7.2	14.9
Change in plan assets:						
Fair value of plan assets at beginning of fiscal year	0.2	9.8	10.1	0.6	9.0	9.6
Interest income	0.0	0.0	0.0	0.0	0.1	0.1
Remeasurement: Actuarial gains/(losses) on plan assets, excluding amounts included in interest income	(0.0)	0.1	0.0	0.0	0.3	0.4
Currency differences	–	(0.8)	(0.8)	–	(1.0)	(1.0)
Employer contributions	0.2	0.3	0.5	0.5	0.3	0.7
Participant contributions	–	0.1	0.1	–	0.1	0.1
Benefit payments	–	(0.3)	(0.3)	–	(0.3)	(0.3)
Administration cost	–	(0.0)	(0.0)	–	(0.0)	(0.0)
Others	0.1	(0.1)	(0.0)	0.0	–	0.0
Fair value of plan assets at end of fiscal year	0.6	9.0	9.6	1.1	8.4	9.5

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

in EUR millions	Sept. 30, 2022			Sept. 30, 2023		
	Germany	Japan	Total	Germany	Japan	Total
Change in reimbursement rights:						
Fair value of reimbursement rights at beginning of fiscal year	–	–	–	2.3	–	2.3
Interest income	0.0	–	0.0	0.1	–	0.1
Remeasurement: Actuarial gains/(losses) on reimbursement rights, excluding amounts included in interest income	(0.0)	–	(0.0)	(0.1)	–	(0.1)
Employer contributions	2.3	–	2.3	0.2	–	0.2
Fair value of reimbursement rights at end of fiscal year	2.3	–	2.3	2.5	–	2.5
Change in ceiled reimbursement rights:						
Fair value of ceiling of reimbursement rights at beginning of fiscal year	–	–	–	0.7	–	0.7
Reduction of Interest income because of reimbursement right ceiling	0.0	–	0.0	0.0	–	0.0
Remeasurement: Actuarial gains/(losses) on ceiled reimbursement rights, excluding amounts included in reduction of interest income	0.7	–	0.7	0.1	–	0.1
Fair value of ceiled reimbursement rights at end of fiscal year	0.7	–	0.7	0.8	–	0.8
Net amounts:						
Reimbursement right after ceiling at the end of fiscal year	1.7	–	1.7	1.7	–	1.7

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

As of September 2023, defined benefit obligations of EUR 14.9 million (September 30, 2022: EUR 14.6 million) related to plans that are wholly unfunded, in the amount of EUR 4.9 million (September 30, 2022: EUR 4.3 million), to plans that are wholly or partly funded in the amount of EUR 10.0 million (September 30, 2022: EUR 8.6 million) and to accrued pension liabilities for members of the Management Board of thyssenkrupp nucera Management AG in the amount of EUR 1.7 million (September 30, 2022: EUR 1.7 million), for which reimbursement rights exist.

Changes in defined benefit net assets and liabilities

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

in EUR millions	Sept. 30, 2022			Sept. 30, 2023		
	Germany	Japan	Total	Germany	Japan	Total
Defined benefit asset/(liability) at the beginning of fiscal year	(7.4)	0.9	(6.5)	(6.0)	1.1	(4.9)
Service cost plus net interest income/(expense)	(0.9)	(0.4)	(1.4)	(0.8)	(0.4)	(1.2)
Remeasurements	3.0	0.4	3.4	0.3	0.3	0.6
Currency differences	–	(0.1)	(0.1)	–	(0.1)	(0.1)
Employer contributions	0.2	0.3	0.5	0.5	0.3	0.7
Participant contributions	–	–	–	–	–	–
Benefit payments	0.0	0.0	0.1	0.1	0.1	0.2
Administration cost	–	(0.0)	(0.0)	–	(0.0)	(0.0)
Other	(1.0)	(0.0)	(1.0)	(0.2)	–	(0.2)
Net defined benefit liability at end of fiscal year	(6.0)	1.1	(4.9)	(6.1)	1.2	(4.9)
Thereof: accrued pension liability	(6.0)	–	(6.0)	(6.1)	–	(6.1)
Thereof: other non-financial assets	–	1.1	1.1	(0.0)	1.2	1.2

Net periodic pension costs

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

in EUR millions	Sept. 30, 2022			Sept. 30, 2023		
	Germany	Japan	Total	Germany	Japan	Total
Service cost	0.9	0.4	1.3	0.9	0.4	1.3
Net interest cost	0.1	(0.0)	0.1	0.2	(0.0)	0.2
Administration cost	–	0.0	0.0	–	0.0	0.0
Net periodic pension cost	0.9	0.4	1.4	1.1	0.4	1.5

Sensitivity analysis and underlying assumptions

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

in %	Sept. 30, 2022		Sept. 30, 2023	
	Germany	Japan	Germany	Japan
Discount rate	3.7	0.5	4.2	1.4
Rate of compensation increase	3.0	varies by age	3.0	varies by age
Rate of pension progression	2.2	–	2.2	–

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 for each country 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 rate of compensation increase for plans in Japan varies depending on age. The rate varied from 2.3% as of September 30, 2023 (September 30, 2022: 2.3%) to 11.1% (September 30, 2022: 11.1%).

The increase (increase) in the rate of pension progression in Germany is due to the increased (increased) inflation expectations for Germany.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

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. In Japan, the MHLW standard was used to determine the demographic assumptions.

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 the plans in Germany:

in EUR millions		Increase/(decrease) in defined benefit obligation for plans Germany	
		Sept. 30, 2022	Sept. 30, 2023
Discount rate	Increase by 0.5 percentage points	(0.5)	(0.4)
	Decrease by 0.5 percentage points	0.6	0.4
Rate of compensation increase	Increase by 0.5 percentage points	0.0	0.1
	Decrease by 0.5 percentage points	(0.0)	(0.1)
Rate of pension progression increase	Increase by 0.25 percentage points	0.3	0.2
	Decrease by 0.25 percentage points	(0.3)	(0.2)
Mortality probability	Decrease by 10.0 percentage points	0.1	0.1

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 10% lower mortality probabilities as of the retirement age. For beneficiaries currently aged 63 to 65, this roughly corresponds to a one-year increase in life expectancy upon entering retirement.

A change in the discount rate for the plan in Japan would result in following increases in the defined benefit obligation and the corresponding decrease in equity. The table below shows the effect of a change in the discount rate while all other assumptions remaining unchanged. Changes in other assumptions do not have any material impact on the defined benefit obligation.

in EUR millions		Increase/(decrease) in defined benefit obligation for plan Japan	
		Sept. 30, 2022	Sept. 30, 2023
Discount rate	Increase by 0.5 percentage points	(0.4)	(0.4)
	Decrease by 0.5 percentage points	0.4	0.4

Plan assets

The Group invests in diversified portfolios consisting of an array of asset classes that attempt to maximize returns while minimizing volatility. The major part of the Group’s reported plan assets associated with the funded pension plans are located in Japan. The asset classes in Japan mainly include investments in insurance contracts and pension trust funds. 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 managers, particularly from the treasury department, as well as other. 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 and liability studies are also regularly carried out in 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.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

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

in EUR millions	Total	Fair value as of Sept. 30, 2022		Portion of major plan assets (in %)
		Quoted market price in an active market	No quoted market price in an active market	
Asset categories				
Equity securities	0.4	0.4	–	4.0
Bonds	0.2	0.1	0.1	2.0
Others	9.0	–	9.0	94.0
Total	9.6	0.5	9.1	100.0

in EUR millions	Total	Fair value as of Sept. 30, 2023		Portion of major plan assets (in %)
		Quoted market price in an active market	No quoted market price in an active market	
Asset categories				
Equity securities	0.7	0.7	–	6.8
Bonds	0.5	0.3	0.2	5.0
Others	8.4	–	8.4	88.2
Total	9.5	1.0	8.6	100.0

The line item “others” relates to investments in insurance contracts and pension trust funds in Japan.

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 2023/2024 is EUR 0.4 million (2022/2023: EUR 0.5 million) related to its plan assets.

Pension benefit payments

In fiscal year 2022/2023, pension benefit payments for plans in Germany comprised EUR 0.1 million (2021/2022: EUR 0.0 million,) and were made from provisions; in Japan, the pension benefit payments of EUR 0.4 million (2021/2022: EUR 0.3 million) 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:

in EUR millions	Germany	Japan	Total
(Fiscal year)			
2023/2024	0.2	0.5	0.7
2024/2025	0.2	0.3	0.5
2025/2026	0.2	0.3	0.5
2026/2027	0.2	0.4	0.6
2027/2028	0.3	0.4	0.7
2028/2029 – 2031/2032	2.0	2.2	4.2
Total	3.1	4.0	7.1

As of September 2023, the duration of defined benefit plans amounted to 14.4 years for Germany (2022: 16.3 years) and to 11.7 years (2022: 10.2 years) for Japan.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

Defined contribution plans

The Group maintains defined contribution plan in the US and Italy. In fiscal year 2022/2023, EUR 0,4 million (2021/2022: EUR 0,3 million) were charged to the income statement as contributions to defined contribution plans.

The Group's contribution to the multi-employer defined benefit pension plans in Germany ("Hoechster Pensionskasse"), which are accounted as defined contribution plans, amounted to EUR 0,2 million in 2022/2023 (2021/2022: EUR 0,2 million) and are expected to be at EUR 0,2 million for 2023/2024. The total amount of contributions received by "Hoechster Pensionskasse" from all sponsoring employers was EUR 0,2 million in calendar year 2022 (EUR 0,2 million in calendar year 2021). Correspondingly, thyssenkrupp nucera Group's contributions reflected a proportioned share of the overall pension fund contributions of approximately 0.1%. Potential costs associated with the termination of the plans implemented through the "Hoechster Pensionskasse" are not expected to 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 and 2022/2023, the Parent company accrued obligations resulting from partial retirement agreements. Under these agreements, employees work additional time prior to retirement, which is subsequently paid for in installments 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 indemnity severance payments in Italy (September 30, 2023: EUR 0.3 million, September 30, 2022: EUR 0.3 million) and accruals for retirement payment for directors in Japan (September 30, 2023: EUR 0.1 million, September 30, 2022: EUR 0.1 million).

13 Provisions for employee benefits and other provisions

in EUR millions	Employee benefits	Product warranties	Decommissioning obligations	Litigation	Others	Total
Balance as of Sept. 30, 2021	2.3	24.5	0.2	1.3	0.9	29.3
Thereof: non-current	0.1	2.7	0.2	–	–	3.1
Currency differences	0.0	(0.1)	(0.0)	0.1	(0.0)	(0.1)
Additions	3.5	8.2	–	–	3.7	15.4
Amounts utilized	(1.8)	(0.5)	–	(0.2)	(0.2)	(2.6)
Reversals	(0.4)	(2.9)	–	–	(0.0)	(3.4)
Balance as of Sept. 30, 2022	3.6	29.1	0.2	1.3	4.4	38.5
Thereof: non-current	0.2	1.6	0.2	–	–	2.0
Currency differences	(0.0)	(0.6)	(0.0)	0.1	(0.0)	(0.5)
Additions	3.9	13.8	–	0.4	3.1	21.2
Amounts utilized	(3.1)	(0.5)	–	(1.7)	(3.8)	(9.1)
Reversals	(0.2)	(8.7)	–	–	(0.4)	(9.3)
Balance as of Sept. 30, 2023	4.1	33.0	0.2	0.1	3.3	40.7
Thereof: non-current	0.3	1.0	0.2	–	–	1.5

Employee benefits**Management incentive plans**

For details regarding management incentive plans, reference is made to Note 28.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

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).

Other provisions

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). The amount of 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.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities. Expenses related to the fulfillment 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.

Warranty is derived from contractual obligations. In order to account for warranties, the Group must estimate product failure rates and project material and labor costs using judgement and making assumptions. Using past experience and warranty claim data, the group modifies accruals. The group may be exposed to material gains or losses if actual outcomes do not match the assumptions and judgements used to compute the warranty liability because either failure rates or repair costs differ from the group's expectations.

The provision for decommissioning obligations refers to restoration obligations of the head office leased by the Japan segment.

The risks arising from litigation cases are estimated to be EUR 0 million on September 30, 2023 and EUR 1.3 million on September 30, 2022 . Nucera settled a possible claim resulting to no unrelated to any contractual performance obligation (September 30, 2022: EUR 1,2 million). The outcome, as well as the timing of any outflow of litigation cases, is by nature uncertain and therefore represents a risk. As of September 30, 2023, the company was able to settle any potential claims (September 30, 2022: EUR 1.2 million).

The item "others" comprises a provision for one customer for cost incurred which exceed the economic benefits amounting to EUR 2.4 million as of September 30, 2023 (September 30, 2022: EUR 2.2 million). Furthermore, provision for audit fees and various individual items of minor value.

14 Trade accounts payable

Working capital, including trade accounts payable is 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, 2023, trade accounts payable in the amount of EUR 0.0 million (September 2022: EUR 0.1 million) have a remaining term of more than one year.

15 Other financial liabilities

in EUR millions	Sept. 30, 2022	Sept. 30, 2023
Other liabilities to affiliated companies/shareholdings	2.2	0.9
Derivatives not qualifying for hedge accounting	0.5	1.2
Derivatives qualifying for hedge accounting	0.4	0.7
Other accruals	0.8	–
Other financial liabilities	1.1	2.4
Total	4.9	5.1

As of September 30, 2023, payables to tk Group related mainly to payables to tk Management AG (the General Partner), who is reimbursed for any expenses incurred in connection with the fulfillment of its duties and tk AG.

Other accruals relate to outstanding invoices and other deposits received.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

16 Other non-financial liabilities

in EUR millions	Sept. 30, 2022	Sept. 30, 2023
Liabilities to employees	6.1	6.4
Tax liabilities (without income taxes)	6.9	2.8
Contract liabilities	209.0	185.2
Other non-financial liabilities	0.4	3.0
Total	222.4	197.3

Liabilities to employees related to wage, salary and remuneration.

There were no other non-financial liabilities with a remaining term of more than one year as of September 30, 2023, and 2022.

17 Leases

The group's leases primarily relate to leased buildings, as well as office and other equipment.

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

in EUR millions	Buildings	Other equipment, factory and office equipment	Total
Gross amounts			
Balance as of Sept. 30, 2021	8.9	0.9	9.9
Currency differences	(0.0)	0.0	0.0
Additions	2.3	0.1	2.4
Transfers	–	–	–
Disposals	–	–	–
Balance as of Sept. 30, 2022	11.3	1.0	12.3
Currency differences	(0.6)	(0.1)	(0.8)
Additions	3.8	0.6	4.4
Transfers	–	–	–
Disposals	(1.0)	(0.1)	(1.1)
Balance as of Sept. 30, 2023	13.4	1.4	14.8

01 _ About us

02 _ Combined Management
Report

03 _ Consolidated
Financial Statements

04 _ Further information

in EUR millions	Buildings	Other equipment, factory and office equipment	Total
Accumulated amortization and impairment losses			
Balance as of Sept. 30, 2021	5.4	0.7	6.1
Currency differences	(0.0)	0.0	0.0
Depreciation expense	2.1	0.1	2.2
Impairment losses	–	–	–
Reversals of impairment losses	–	–	–
Transfers	–	–	–
Disposals	–	–	–
Balance as of Sept. 30, 2022	7.5	0.8	8.3
Currency differences	(0.4)	(0.0)	(0.4)
Depreciation expense	2.7	0.6	3.3
Impairment losses	–	–	–
Reversals of impairment losses	–	–	–
Transfers	–	–	–
Disposals	(1.0)	(0.0)	(1.0)
Balance as of Sept. 30, 2023	8.8	1.3	10.3
Net amounts			
Balance as of Sept. 30, 2021	3.5	0.3	3.8
Balance as of Sept. 30, 2022	3.8	0.2	4.0
Balance as of Sept. 30, 2023	4.6	0.0	4.6

The resulting lease liabilities are reported in the statement of financial position of the Group.

The maturities of the outstanding undiscounted lease payments were as follows:

in EUR millions	Sept. 30, 2022	Sept. 30, 2023
Maturing within 1 year	2.4	2.3
Maturing in 1–5 years	1.8	2.3
Maturing after 5 years	–	–
Total	4.2	4.6

Further details of lease liabilities are given in Note 19.

The following table presents income and expenses that resulted from leases:

in EUR millions	Sept. 30, 2022	Sept. 30, 2023
Expense from short-term leases	0.1	0.0
Expense from leases for low-value assets	0.6	–
Depreciation and amortization expense	2.2	3.3
Interest expense from lease liabilities	0.1	0.0
Total	3.0	3.3

No expense from off-balance variable lease payments was recognized during the period under consideration.

No income was recognized from sublease contracts or the gain or loss from sale and lease back transactions.

As of September 30, 2023, potential future cash outflows of €0.8 million (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated) (September 30, 2022, € 29.6 million).

The Group prolonged existing lease contracts and signed new lease contracts during fiscal year 2023 whereof not all yet commenced as of the balance sheet date of September 30, 2023. These new lease contracts, which have not yet commenced, will result in a future cash outflow of EUR 17.1 million (September 30, 2022, EUR 18.7 million) within the next ten years after commencement date.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

18 Contingencies and commitments

In connection with the Group's New Build and large-scale Service projects, tk Group issues guarantees to the Group's customers (cf. Note 20). Guarantees issued by tk Group amounted to EUR 1,036.3 million as of September 30, 2023 (September 30, 2022: EUR 1,355.3 million). The guarantees comprised Group liability declarations and bank guarantees and were issued based on tk Group's financial policies and the special terms and conditions for the guarantee business.

In addition, there were bank guarantees issued to the Group's customers in the amount of EUR 379.4 million as of September 30, 2023 (September 30, 2022: EUR 2.8 million).

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

19 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 class. Lease liabilities and derivatives that qualify for hedge accounting were also included.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

	Measurement category in accordance with IFRS 9			Measurement in accordance with IFRS 16/IFRS 15	
	Carried at amortized cost	Carried at fair value		Carrying amount	Carrying amount in the statement of financial position as of Sept. 30, 2022
	Carrying amount	Fair value recognized in profit or loss	Fair value recognized in equity (with recycling)		
in EUR millions					
Trade accounts receivable	35.9				35.9
Contract assets				10.5	10.5
Other financial assets	252.6	1.4	0.8		254.8
Receivables from cash pooling arrangements with tk Group (cf. Note 20)	252.6				252.6
Miscellaneous other financial assets	1.8				1.8
Derivatives not qualifying for hedge accounting		1.4			1.4
Derivatives qualifying for hedge accounting			0.8		0.8
Cash and cash equivalents	27.3				27.3
Total of financial assets	315.8	1.4	0.8	10.5	328.5
Lease liabilities				4.1	4.1
Trade accounts payable	43.1				43.1
Other financial liabilities	4.0	0.5	0.4		4.9
Miscellaneous other	4.0				4.0
Derivatives not qualifying for hedge accounting		0.5			0.5
Derivatives qualifying for hedge accounting			0.4		0.4
Total of financial liabilities	47.1	0.5	0.4	4.1	52.1

	Measurement category in accordance with IFRS 9			Measurement in accordance with IFRS 16/IFRS 15	
	Carried at amortized cost	Carried at fair value		Carrying amount	Carrying amount in the statement of financial position as of Sept. 30, 2023
	Carrying amount	Fair value recognized in profit or loss	Fair value recognized in equity (with recycling)		
in EUR millions					
Trade accounts receivable	48.8				48.8
Contract assets				29.8	29.8
Other financial assets	1.9	1.2	0.1		3.3
Receivables from cash pooling arrangements with tk Group (cf. Note 20)	–				–
Miscellaneous other financial assets	1.9				1.9
Derivatives not qualifying for hedge accounting		1.2			1.2
Derivatives qualifying for hedge accounting			0.1		0.1
Cash and cash equivalents	767.0				767.0
Total of financial assets	817.7	1.2	0.1	29.8	848.9
Lease liabilities				4.7	4.7
Trade accounts payable	128.4				128.4
Other financial liabilities	3.2	1.2	0.7		5.1
Miscellaneous other	3.2				3.2
Derivatives not qualifying for hedge accounting		1.2			1.2
Derivatives qualifying for hedge accounting			0.7		0.7
Total of financial liabilities	131.6	1.2	0.7	4.7	138.2

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

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

The fair value of foreign currency forward transactions 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 liabilities are equal 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

in EUR millions	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	1.4		1.4	
Fair value recognized in equity	–		–	
Derivatives qualifying for hedge accounting	0.8		0.8	
Total	2.2		2.2	
Financial liabilities at fair value				
Fair value recognized in profit or loss	–		–	
Derivatives not qualifying for hedge accounting	0.5		0.5	
Fair value recognized in equity	–		–	
Derivatives qualifying for hedge accounting	0.4		0.4	
Total	0.9		0.9	

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

Fair value hierarchy as of Sept. 30, 2023

in EUR millions	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	1.2		1.2	
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	0.1		0.1	
Total	1.3	–	1.3	–
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	1.2		1.2	
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	0.7		0.7	
Total	1.9	–	1.9	–

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 or level 3.

Impairment of financial assets

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

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

Impairment of trade accounts receivable recognized at amortized cost as well as contract assets

in EUR millions	Expected credit loss	Individual allowances	Total impairment
Balance as of Sept. 30, 2021	0.6	1.8	2.4
Currency differences	0.0	(0.0)	(0.0)
Additions	0.2	(0.1)	0.1
Amounts utilized	0.0	(1.5)	(1.5)
Reversals	–	(0.0)	(0.0)
Balance as of Sept. 30, 2022	0.8	0.1	0.9
Currency differences	(0.0)	(0.0)	(0.0)
Additions	0.6	–	0.6
Amounts utilized	(0.0)	(0.0)	(0.0)
Reversals	–	(0.1)	(0.1)
Balance as of Sept. 30, 2023	1.3	0.0	1.3

In the Group's leading valuation model, the expected default rates were derived mainly from external credit information and ratings for each counterparty, which allows a 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 were 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 thyssenkrupp nucera Group. 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 for each segment plus an appropriate risk premium. For the Group financial statements as of September 30, 2023 and 2022 the latest external credit information and ratings were used. 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.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

The gross carrying amounts, impairment losses and average probabilities of default for each segment are shown below.

Impairments of trade accounts receivable and contract assets by segment

in EUR millions	Sept. 30, 2023				
	Gross carrying amount	Expected credit loss	Individual allowances	Total impairment	Average probability of default
Germany	42.1	0.6	–	0.6	0.8%
Italy	14.6	0.4	–	0.4	1.7%
Japan	3.9	0.1	–	0.1	1.1%
China	14.9	0.1	–	0.1	0.5%
RoW	4.5	0.1	–	0.1	0.9%

Impairments of trade accounts receivable and contract assets by segment

in EUR millions	Sept. 30, 2022				
	Gross carrying amount	Expected credit loss	Individual allowances	Total impairment	Average probability of default
Germany	31.7	0.2	0.1	0.2	1.1%
Italy	12.3	0.4	–	0.4	5.6%
Japan	4.1	0.1	0.1	0.1	2.3%
China	11.5	0.2	–	0.2	2.4%
RoW	9.7	0.1	–	0.1	1.3%

The default risk is derived from the risk profile of the Group's customers. The individual segment's average probability of default, as shown in the tables above, is primarily driven by the risk profile of customers in the regions the respective segments are operating in (cf. Note 21), i.e., customer-specific country risk premiums are reflected therein. 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 maximum credit risk exposure of the financial assets subject to the impairment models corresponds to the gross carrying amounts, less the recognized impairment losses.

Derivative financial instruments

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

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

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

Derivative financial instruments (Hedging of foreign currency risk)

	Notional amount as of Sept. 30, 2022	Carrying amount as of Sept. 30, 2022	Notional amount as of Sept. 30, 2023	Carrying amount in the statement of financial position as of Sept. 30, 2023
in EUR millions				
Assets				
Foreign currency derivatives that do not qualify for hedge accounting				
Foreign currency contracts in USD	13.5	1.4	0.3	1.0
Foreign currency contracts, other	2.1	0.0	73.2	0.2
Foreign currency derivatives qualifying as cash flow hedges				
Foreign currency contracts in USD	3.5	0.7	–	–
Foreign currency contracts, other	1.5	0.1	2.4	0.1
Total	20.6	2.2	75.9	1.3
Liabilities				
Foreign currency derivatives that do not qualify for hedge accounting				
Foreign currency contracts in USD	3.7	0.4	0.4	0.1
Foreign currency contracts, other	7.3	0.1	22.4	1.1
Foreign currency derivatives qualifying as cash flow hedges				
Foreign currency contracts in USD	7.2	0.3	–	–
Foreign currency contracts, other	0.9	0.1	8.9	0.7
Total	19.0	0.9	31.8	1.9

Derivatives that qualify for hedge accounting – cash flow hedges

In rare cases, cash flow hedges are used in the Japan segment to hedge future cash flows against foreign currency risks arising from future sales and purchase transactions. In the case of cash flow hedges, the earnings effect of the hedging instruments is generally also shown in the same profit and loss item as the hedged underlying transaction. The Group did not maintain significant derivatives qualifying as cash flow hedges during the reporting periods.

Derivatives that do not qualify for hedge accounting

The Group mainly uses derivative financial instruments in order to economically hedge against exchange rate risks in the German and China segment. 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 is recognized either in other income or other expenses (cf. Note 24 and 25).

Financial risk

During the course of ordinary activities, the thyssenkrupp nucera Group 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. Within the framework of risk management, financial risks, and credit risks must be avoided as far as possible, compensated by a risk portfolio, passed on to third parties, or limited (principle of risk aversion).

For further information, please refer to the risk report in the management report.

Credit risk

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

The creditworthiness of the business partners with which projects are made is continuously monitored by tracking their credit ratings. The Group therefore considers the default risk to be low.

In order to minimize default risks (credit risks) from the use of financial instruments, such transactions are concluded only 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. The group has developed 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 each segment plus an appropriate risk premium. thyssenkrupp regards the assumption that the risk of default has increased significantly if the payment is overdue by more than 30 days as refuted. It also shows that there is no default if the payment is overdue for 90 days.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

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 operating segments' 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 thyssenkrupp nucera Group level. Additionally, the amount and hedging of default risks are 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. The Group has surplus liquidity, which resulted in the reporting year from the proceeds received from the IPO and the repayment of the cash pool balance following the IPO. The surplus liquidity has been invested in a short term money market fund.

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

in EUR millions	Carrying amount as of Sept. 30, 2022	Cash flows within 1 year	Cash flows between 2 and 5 years	Cash flows of more than 5 years
Lease liabilities	4.1	2.4	1.8	–
Trade accounts payable	43.1	43.1	0.1	–
Derivative financial liabilities not qualifying for hedge accounting	1.9	1.9	0.0	–
Derivative financial liabilities qualifying for hedge accounting	1.2	0.9	0.2	–
Other financial liabilities	4.4	4.4	–	–

Future undiscounted cash outflows as of Sept. 30, 2023

in EUR millions	Carrying amount in the statement of financial position as of Sept. 30, 2023	Cash flows within 1 year	Cash flows between 2 and 5 years	Cash flows of more than 5 years
Lease liabilities	4.7	2.3	2.5	–
Trade accounts payable	128.4	128.4	–	–
Derivative financial liabilities not qualifying for hedge accounting	1.2	1.2	–	–
Derivative financial liabilities qualifying for hedge accounting	0.7	0.7	–	–
Other financial liabilities	3.3	3.3	–	–

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.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

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. The Group is only exposed to a minor procurement (commodity price) risk as price escalation clauses are agreed with customers. Associated with these risks are fluctuations in income, equity, and cash flow.

The results and figures identified through sensitivity analyzes 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 unfavorable 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 six 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 occur 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, 2023 and 2022 was as follows:

If the euro had been 10% stronger against the US dollar as of September 30, 2023, the earnings resulting from the measurement as of the balance sheet date would have been EUR 0.60.6 million lower (September 30, 2022: EUR 1.3 million higher).

If the euro had been 10% weaker against the US dollar as of September 30, 2023, the earnings resulting from the measurement as of the balance sheet date would have been EUR 0.6 million higher (September 30, 2022: EUR 1.4 million lower).

Interest rate risk

The Group is only exposed to a low interest rate risk resulting from the variable interest rates and the short maturities of cash and cash equivalents.

20 Related parties

These consolidated financial statements include transactions between the Group and tk Group (tk AG and its direct and indirect subsidiaries, excluding the Group) and with IDN. tk Group is a related party, as tk AG controls the Group (cf. Note 1.1). IDN has a significant influence over the Group.

On August 4, 2022 tk Group, IDN and the Group signed a relationship agreement in which the parties desire, and see it in their best interest, to lay down in this agreement certain general principles for their future relationship, the areas they wish to co-operate in for the benefit of the parties, and the tk Group as a whole.

Transactions with tk Group

Based on a general service agreement, tk IS AG provides the Group with general and administrative services such as tax, legal, controlling, accounting, IT, or insurance on arm's length basis. The general service agreement also covers operational functions such as construction management, engineering, project management, quality management and R&D.

In conjunction with the IPO, the terms of the general service agreement between tk Group and the Group have been re-negotiated. As of October 1, 2021, additional services historically not covered by the general service agreement, especially governance functions like internal audit services, tax statement preparation and handling, as well as compliance services, are provided to the Group. As such, costs historically charged to the Group differ from the costs that have been charged to the Group as of October 1, 2021 based on the re-negotiated terms. Therefore, the costs for service contracts for the twelve-month period ended September 30, 2022 are not comparable to prior periods, since additional services have been agreed. The new service agreements have a term of 12 months with a one-time, unilateral right of renewal for 12 months and, in some cases, a two-time, unilateral right of renewal for 12 months.

In addition, 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.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Transactions with tk Group were as follows.

Service, supply, and delivery agreements

in EUR millions	Sales		Supplies & Services	
	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
	Service, supply and delivery agreements with tk Group	24.6	15.4	37.5

Interest income and expense from cash pooling

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 (cash pool leaders). Relevant cash pool leaders for thyssenkrupp nucera Group entities are located in Germany (EUR), US (USD) and China (CNY). 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. The 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 pooling 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 or due to tk Group are presented without netting in the Consolidated Financial Statements. Cash pooling balances are interest-bearing. Both, borrowings and deposits are subject to interest at a predefined base interest rate that is oriented to the money market (EURIBOR for the euro or LIBOR for foreign currencies, floored at 0%). In the 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. Interest income received from cash pooling receivables are provided in Note 26. In preparation of the IPO, the cash pool agreement has been terminated, end of June 2023.

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Interest income from cashpool with tk Group	1.1	5.8

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, 2022	Sept. 30, 2023
EUR	1.0	4.2	0.2	0.7
USD	2.5	8.9	1.7	5.5
CNY	3.2	n/a	1.6	n/a

Derivative financial instruments

The Group’s hedging activities for the Germany segment 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”.

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Net gains (losses) from hedging activities performed by tk AG for the Group	0.9	0.3

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

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 foreign currency risk)

	Notional amount as of Sept. 30, 2022	Carrying amount as of Sept. 30, 2022	Notional amount as of Sept. 30, 2023	Carrying amount in the statement of financial position as of Sept. 30, 2023
in EUR millions				
Assets				
Foreign currency derivatives that do not qualify for hedge accounting				
Foreign currency contracts US Dollar	13.3	1.3	63.1	1.0
Foreign currency contracts Other	0.1	0.0	4.2	0.1
Total	13.4	1.3	67.3	1.1
Liabilities				
Foreign currency derivatives that do not qualify for hedge accounting				
Foreign currency contracts US Dollar	2.4	0.3	2.4	0.0
Foreign currency contracts Other	6.3	0.1	9.1	0.9
Total	8.6	0.4	11.5	0.9

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

	Sept. 30, 2022	Sept. 30, 2023
in EUR millions		
Sell amount	19.4	3.4
Buy amount	2.6	75.3

License fee

Based on a licensing agreement, in the past tk Group 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 the Group’s Adjusted EBIT margin. In fiscal year 2021/2022, tk Group and the Group signed a new licensing agreement (the “New Licensing Agreement”) that allows the Group the royalty-free use of the “thyssenkrupp” and “nucera” trademarks. The New Licensing Agreement was signed on June 29, 2022. The New Licensing Agreement is royalty-free and time-limited for five years with an option to renew for another five years but can be terminated by each party at any time with six months’ prior notice. The New Licensing Agreement reflects both parties’ expectation of mutual benefits from the combined use of the “thyssenkrupp” and “nucera” trademark to be balanced over the expected lifetime of the contract: nucera benefits from the use of the trademark thyssenkrupp by continuous association with thyssenkrupp’s reputation as a leading engineering company and reliable business partner with a global reach and network. thyssenkrupp benefits from the combined use of the trademark nucera associated with nucera’s AWE business, representing a key technology and innovation in the green transformation of the industry. According to the New Licensing Agreement, tk Group is the legal owner, and the Group is the beneficial owner of the trademark “nucera”. As the beneficial owner, the Group has to bear all costs in relation to the “nucera” trademark, including but not limited to registration, communicative introduction, maintenance, prosecution, and monitoring. As the “nucera” trademark does not represent an intangible asset in accordance with IAS 38, all related costs will be expensed as incurred. In case of the termination or expiration of the New Licensing Agreement, the Group has the right to acquire the “nucera” trademark free of any consideration.

With the conclusion of the New Licensing Agreement, the existing licensing agreement with tk Group for the right of use for the “thyssenkrupp” trademark was terminated. With the conclusion of the New Licensing Agreement, the existing licensing agreement with tk Group for the right of use for the “thyssenkrupp” trademark was terminated on June 29, 2022, resulting in the liability of EUR 2.4 million being waived by the tk Group. This waiver represents a shareholder transaction and was recognized as a contribution to equity.

Given the New Licensing Agreement is royalty-free, no license fees have been or will be recognized in the Consolidated Financial Statements thereunder.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

The license fees recognized in the consolidated statement of income under the terminated licensing agreement were as follows:

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
tk Group trademark fee	3.5	–

Transactions with thyssenkrupp nucera Management AG

The General Partner will be reimbursed for any expenses incurred in connection with the fulfillment of its duties, including the remuneration of the General Partner’s members of the Management Board and General Partner’s Supervisory Board pursuant to Article 8 (4) of the Articles of Association. In addition, in return for assuming the management of the Company and its liability exposure, the General Partner will receive annual compensation of EUR 5 thousand, pursuant to Article 8 (5) of the Articles of Association.

As of September 30, 2023, the reimbursed expenses amounted to EUR 3,1 million (as of September 30, 2022: EUR 1,5 million). As of September 30, 2023, a corresponding liability amounting to EUR 0,1 million (as of September 30, 2022: EUR 0,9 million) was included within the table “balances due to tk Group” in the line “tk Group other transaction”.

Guarantees

In connection with the Group’s New Build and large-scale Service projects tk Group issues guarantees to the Group’s customers. The guarantees comprise Group liability declarations and bank guarantees and are issued based on tk Group’s financial policies and the special terms and conditions for the guarantee business. The conditions for the guarantees are variable, derived from tk Group’s creditworthiness and determined on an arm’s length basis. Guarantees issued by tk Group amounted to EUR 1,036.3 million as of September 30, 2023 (September 30, 2022: EUR 1,355.3 million).

Transactions with IDN

IDN is an innovative procurer and provider of electrodes, key components such as electrolysis cells and elements, and electrochemical coating solutions, all of which are widely used across the Group’s products. As such, IDN acts as a critical procurer and supplier to the Group.

Transactions with IDN were as follows.

in EUR millions	Sales		Supplies & Services	
	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Service, supply and delivery agreements with IDN	1.4	0.8	129.1	166.1

Balances due to/from tk Group and IDN

in EUR millions	Assets		Liabilities	
	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2022	Sept. 30, 2023
tk Group cashpool	252.6	–	–	–
Foreign currency derivatives with tk Group	1.3	1.1	0.4	1.0
tk Group other transactions	4.6	2.0	22.8	13.9
IDN	13.0	14.4	9.3	20.8

The IDN transactions include mainly prepayments for inventory from the China segment. The outstanding balances as of each reporting date are unsecured and interest-free, except for the interest-bearing cash pooling 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.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Lease contracts

The Group has entered into lease contracts with tk Group for office spaces in Germany as well as cars. The lease contracts with IDN are related to office spaces in Italy, Japan and the US. The lease contracts are on an arm's length basis.

in EUR millions	Right of use assets		Lease liabilities	
	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2022	Sept. 30, 2023
tk Group	0.2	0.1	0.3	0.1
IDN	1.2	0.9	1.2	0.9

Transactions with key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, particularly members of the Management Board and the Supervisory Board.

The members of the Management Board comprising Dr. Werner Ponikwar (Chief Executive Officer), Denis Krude (CEO until June 30, 2022, Chief Operations Officer since July 1, 2022 until March 30, 2023), Dr. Arno Pfannschmidt (Chief Financial Officer), and Fulvio Federico (Chief Technology Officer), represent key management personnel of the Group.

Compensation of the members of the Management Board was as follows:

in EUR millions	Sept. 30, 2022	Sept. 30, 2023
Short-term benefits	1.2	0.5
Long-term benefits		
MTI program	0.1	–
LTI program (cf. Note 28)	0.3	0.6
Post-employment benefits	0.1	0.1
Total	1.7	1.2

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

in EUR millions	Sept. 30, 2022	Sept. 30, 2023
Short-term benefits	0.3	0.5
Long-term benefits		
MTI program	–	–
LTI program (cf. Note 28)	0.1	0.9
Post-employment benefits	1.7	1.7
Total	2.0	3.1

Short-term benefits comprise of fixed compensation, annual bonus, and compensation for company cars.

Post-employment benefits comprise of pension benefits granted to the members of the Management Board, in accordance with the provisions included in the individual employment contracts. The two German board members are eligible for pension benefits in accordance with plan rules stipulated by "Essener Verband". The plans represent defined benefit plans and are either designed as a career-average plan or contribution-based plan, granting benefits in case of retirement, disability or death. In the case of an insured event, the benefits are paid as annuities.

For the third board member, the Group provides statutory severance benefits ("Trattamento di fine rapporto" – TFR) complemented by special termination benefits for executives in Italy. Both plans are organized via outside pension funds and represent defined contribution plans. In both cases, the benefits are paid as a lump sum.

A special payment to three members of the Management Board in connection with the IPO preparation efforts before the transfer of the employment contracts to thyssenkrupp nucera Management AG and the implementation of the new remuneration system has been made by the Group.

Compensation attributable to members of the Supervisory Board in fiscal year 2022/2023 comprised base compensation and additional compensation for committee work and amounted to EUR 0.7 million (2021/2022: EUR 0,4 million), including meeting fees.

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

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

21 Segment reporting

Segment reporting is prepared in accordance with IFRS 8 based on the management approach. This approach corresponds to the internal organizational and management structure, as well as to the reporting to the Management Board as the Chief Operating Decision Maker (CODM). At thyssenkrupp nucera Group, the operating segments are represented by the individual legal entities (cf. Note 3) and their respective country of incorporation:

Legal Entity	Operating Segment	Disclosures in Segment Reporting
thyssenkrupp nucera AG & Co. KGaA	Germany	Germany
thyssenkrupp nucera Italy S.R.L.	Italy	Italy
thyssenkrupp nucera Japan Ltd.	Japan	Japan
thyssenkrupp nucera (Shanghai) Co. Ltd	China	China
thyssenkrupp nucera USA Inc.	USA	Rest of World (RoW)
thyssenkrupp nucera (Australia) Pty. Ltd., Perth	Australia	Rest of World (RoW)
thyssenkrupp nucera Arabia for Contracting Limited LLC	Saudi Arabia	Rest of World (RoW)
thyssenkrupp nucera Participations GmbH, Dortmund	Germany	Rest of World (RoW)
thyssenkrupp nucera India Private Limited, Mumbai	India	Rest of World (RoW)

While technology-related parts are procured centrally by the Germany segment (BM 2.7 single-element technology) or the Japan segment (BiTAC filter press technology), each segment is responsible for its own activities, operates largely independently within the Group, and has full responsibility for its operations and operating results. The legal entities' managing directors directly report to the thyssenkrupp nucera Group Management Board. The thyssenkrupp nucera Group Management Board regularly reviews the operating results of the segments to assess their performance and make decisions about resources to be allocated to each segment.

All segments of thyssenkrupp nucera Group generally cover the Group's product portfolio and provide comprehensive solutions for electrolysis plants to customers in regions they are responsible for.

The **Germany** segment mainly serves clients located in Europe and the Middle East and offers the entire product group portfolio covering New Build CA, Service, and New Build AWE, which is expected to further grow significantly. The Germany segment is driving the ramp-up of the New Build AWE product group. The Germany segment is also responsible for research and development activi-

ties, identifying business opportunities across different markets and industries and rolling out new products and product groups to the other segments. The Germany segment manages the BM 2.7 single-element technology and centrally procures technology-related parts for the other segments.

The **Italy** segment offers its New Build CA and Service products to a wide range of clients located in different geographical areas, primarily in the Middle East and North Africa (MENA), as well as Sub-Saharan Africa, South America, and in the Commonwealth of Independent States (CIS).

The segment is primarily using the BM 2.7 single-element technology. The New Build AWE business is developing.

The **Japan** segment offers its New Build CA and Service products to clients primarily concentrated in the Asia-Pacific (APAC) area. The segment is primarily using the BiTAC filter press technology. The New Build AWE business is developing. The Japan segments owns the BiTAC filter press technology and centrally procures technology-related parts for the other segments.

The **China** segment has established a clear focus on clients in the local Chinese market, offering New Build CA and Service products and predominately applying BiTAC filter press technology.

The **RoW** segment combines the financial information of all other operating segments that are not required to report individually, i.e., the Group's operating segments in the US, Australia, Saudi Arabia and the newly established nucera company in India. The companies in Australia and Saudi Arabia were newly established in 2022 are still in the ramp-up phase and therefore did not have any significant business activities for the period ended September 30, 2023 and September 30, 2022). The newly established company in India is also in the ramp-up phase and did not have any significant business activities for the period ended September 30, 2023. Accordingly, the segment RoW mainly reflects the business activities of the company in the US, which primarily covers operations with clients in the US market, as well as with clients located in several other regions in the Americas, such as Canada and Mexico. The segment primarily offers Service products by employing both the BiTAC filter press technology and BM 2.7 single-element technology. The AWE business is developing and considered a high priority.

Consolidation of the segments sales and results contains the elimination of intercompany sales and profits.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

The accounting principles for the segments are the same as those described for the Group in the summary of significant accounting principles. Intersegment pricing is determined on an arm's length basis.

Management decisions are primarily taken on the key performance indicators – sales and income from operations – described below:

Sales is a key performance indicator used to measure the performance of the operating segments. Sales helps to measure the viability and the growth potential of the different operational segments while also providing the resources needed to spur continual growth and assess business performance.

Sales are allocated to the segments (countries) based on where the sales were generated.

thyssenkrupp nucera Group's key earnings performance indicator is income from operations. It provides information on the profitability of segments and contains all elements of the income statement relating to operating performance.

Adjusted EBIT (earnings before interest and taxes) is income from operations adjusted for special items (e.g., restructuring expenses, impairment losses/impairment reversals, and other non-operating expenses and income), as well as the tk Group trademark fee. It is considered more suitable than income from operations for comparing operating performance over several periods in case there are significant non-recurring items (special items).

in EUR millions	Year ended						Reconciliation/ Consolidation	Group
	Germany	Italy	Japan	China	RoW	Sept. 30, 2022		
Sales (external)	216.9	29.2	41.2	63.2	32.6	–	383.1	
Sales (internal)	18.7	1.8	20.2	1.4	0.3	(42.3)	–	
Total Sales	235.6	31.0	61.4	64.5	32.9	(42.3)	383.1	
Income from operations	(11.0)	4.4	8.1	7.1	1.6	(1.4)	8.8	
Adjusted EBIT	(4.2)	5.3	8.6	7.7	1.9	(1.4)	17.8	
Thereof depreciation	1.3	0.4	1.0	0.6	0.2	–	3.4	

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

in EUR millions	Year ended Sept. 30, 2023						Reconciliation/ Consolidation	Group
	Germany	Italy	Japan	China	RoW			
Sales (external)	388.7	80.1	41.3	88.9	53.8	–	652.8	
Sales (internal)	30.2	1.4	31.6	2.4	0.5	(66.2)	–	
Total Sales	419.0	81.5	72.8	91.3	54.3	(66.1)	652.8	
Income from operations	(5.1)	10.9	11.4	6.8	(0.3)	0.2	23.8	
Adjusted EBIT	(2.8)	10.9	11.4	6.8	(0.3)	0.2	26.1	
Thereof depreciation	1.9	1.1	0.8	1.0	0.2	–	4.9	

Reconciliation of adjusted EBIT to earnings before taxes

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Total adjusted EBIT of reportable segments	19.3	26.0
Reconciliation/Consolidation	(1.4)	0.1
Adjusted EBIT as presented in segment reporting	17.8	26.1
Special Items:		
tk Group trademark fee (cf. Note 20)	(3.5)	–
Expenses incurred in connection with services relating to the preparation of the IPO	(5.5)	(2.3)
Other special items	(0.0)	(0.0)
Total special items	(9.0)	(2.3)
Income from operations	8.8	23.8
+ Finance income	3.1	13.8
– Finance expense	(1.3)	(3.2)
Earnings before tax	10.6	34.4

In fiscal year 2022/2023, 31.8% (2021/2022: 16.2%) of total Group sales were achieved by one major customer. In fiscal year 2022/2023, the second- and third-largest customer accounted for 12.2% (2021/2022: 7.3%) and 2.9% (2021/2022: 7.0%) of total Group sales, respectively. Sales from major customers is all included within the Germany segment.

The following table discloses the amount of sales from external customers, broken down by location of the customers.

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Saudi Arabia	98.3	231.2
China	69.9	89.5
US	42.2	52.1
Germany	38.4	35.2
Spain	27.2	8.9
Other	107.2	235.9
Total	383.1	652.8

External sales by type of electrolysis technology

Segment Italy and China generate revenues predominantly from Chlor Alkaline new build activities and to a slightly lesser extent from Chlor Alkaline service activities. For segment Germany, revenues are mostly generated through AWE new build activities. Chlor Alkaline service activities contributed significantly to the revenues generated. Revenues for segment Japan are purely driven by Chlor Alkaline activities, whereas service activities are the dominant factor. For segment RoW, revenues are mostly generated by Chlor Alkaline service activities.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Non-current assets by segment

in EUR millions	Germany	Italy	Japan	China	RoW	Group
Non-current assets						
Sept. 30, 2022	29.2	8.2	15.7	15.4	10.7	79.2
Sept. 30, 2023	50.1	7.5	12.6	14.2	2.9	87.3

in EUR millions	Germany	Italy	Japan	China	RoW	Reconciliation	Group
Total current liabilities							
Sept. 30, 2022	176.3	43.6	43.4	62.4	9.4	(23.1)	312.1
Sept. 30, 2023	238.8	89.4	72.0	36.7	48.9	(107.6)	378.2
Total non-current liabilities							
Sept. 30, 2022	15.8	2.3	2.7	0.2	9.4	(12.4)	17.9
Sept. 30, 2023	16.6	2.1	1.2	0.8	0.5	0.0	21.2

For sales split by region, please to Note 22.

22 Sales

Sales, including sales from contracts with customers, are presented below:

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Sales category	Revenue recognition method	
Sales from sale of finished products ¹	Point in time	53.7
Sales from sale of merchandise	Point in time	7.3
Sales from rendering of services	Over time	151.0
Sales from construction contracts	Over time	171.2
Total		383.1

¹ includes revenues from short term service contracts

Sales from contracts with customers by region were as follows:

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Europe	90.8	144.6
North America	44.0	55.4
South America	8.0	42.5
Asia / Pacific	34.7	39.4
Greater China	76.7	90.7
India	18.2	17.1
Middle East & Africa	110.6	263.1
Total	383.1	652.8

In presenting information for geographical areas, the allocation of sales is based on the location of the construction site of each project. Segment assets are presented based on the location of the assets.

In the fiscal year ended September 30, 2023, of the sales from contracts with customers, EUR 433.3 million (2022: EUR 243.6 million) results from long-term contracts and EUR 219.5 million (2022: EUR 139.5 million) from short-term contracts.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information

23 Functional cost

Research and development cost

The future competitiveness of the Group is guaranteed through the sustained development of new products, applications, and processes. This is also reflected in the Group's research and development cost amounting to EUR 19.4 million in fiscal year 2022/2023 (2021/2022: EUR 16.0 million). Research and development are largely centralized and mainly occur in the Germany segment, serving as a pioneer with regards to the increasing AWE technology. AWE technology-related research and development cost increased from EUR 11.3 million in fiscal year 2021/2022 to EUR 14.7 million in fiscal year 2022/2023 and were the main driver of the overall research and development cost increase. Research and development cost relating to the CA technology remained largely stable.

Selling expenses

Selling expenses include 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.

The Group's selling expenses increased by EUR 4.2 million, or 27%, from EUR 15.5 million in fiscal year 2021/2022 to EUR 19.7 million in fiscal year 2022/2023. Selling expenses are primarily driven by AWE project bids, including proposal and pre-engineering costs, mainly incurred in Germany.

Selling expenses also include impairment losses and reversals of trade accounts receivable and contract assets in line with the Group's accounting policies. In fiscal year 2022/2023, the change of the valuation allowance amounted to an expense of EUR 0.5 million (2021/2022: expense of EUR 0.1 million).

General and administrative expenses

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, as well as other costs related to the functional area of general administration. The Group's general and administrative expenses increased by EUR 8.5 million, or 30%, from EUR 28.4 million in fiscal year 2021/2022 to EUR 36.9 million in fiscal year 2022/2023. The increase was primarily driven by the increase in personnel and advisory expenses in Germany related to the ramp-up of the AWE business.

Expenses by nature

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

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Amortization (cf. Note 4)	0.5	0.5
Depreciation (cf. Note 5)	2.9	4.4
Total	3.4	4.9

24 Other income

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

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Government grants	2.2	1.7
Other miscellaneous	0.1	2.3
Foreign exchange gains	0.1	–
Income from derivatives not qualifying for hedge accounting	1.3	2.7
Total	3.7	6.8

Government grants relate to research and 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.

01 _ About us

02 _ Combined Management
Report

03 _ Consolidated
Financial Statements

04 _ Further information

25 Other expenses

Other expenses include all operating expenses that are not included in or attributable to the functional categories and consisted of the following categories:

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
tk Group trademark fee (cf. Note 20)	3.5	–
Foreign exchange losses/ (gains)	1.5	0.0
Other miscellaneous	1.3	0.9
Expenses from derivatives not qualifying for hedge accounting	0.0	1.2
Total	6.4	2.1

In fiscal year 2021/2022, other miscellaneous expenses contained a possible claim amounting to EUR 1.2 million unrelated to any contractual performance obligation (cf. Note 13).

26 Financial income/(expense), net

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Interest income from cash pooling with tk Group (cf. Note 20)	1.1	5.8
Other financial income	2.0	8.0
Financial income	3.1	13.8
Interest expense from lease liabilities	(0.1)	(0.1)
Net interest cost of pensions and similar obligations	(0.1)	(0.1)
Other financial expenses	(1.1)	(3.0)
Financial expense	(1.3)	(3.2)
Total	1.8	10.6

Other financial income and expenses comprised mainly interest gains and foreign currency valuation in connection with the Group's project business.

27 Income taxes

Income tax expenses incurred by the Group consisted of the following:

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Current income tax expense/(benefit)	8.1	12.2
Deferred income tax expense/(benefit)	(4.2)	(1.1)
Withholding tax expenses (direct cash-out)	0.6	0.9
Total	4.6	12.0

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

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Income tax expense as presented on the statement of profit or loss	4.6	12.0
Taxes recorded directly in equity	–	(4.4)
Income tax effect on other comprehensive income	0.9	(0.1)
Total	5.5	7.4

In connection with the IPO, transaction costs amounting to EUR 13.8 million were recorded directly in equity. In this context, taxes amounting to EUR 4.4 million were also recorded directly in equity.

The temporary differences associated with investments in the Group's subsidiaries, for which a deferred tax liability has not been recognized aggregate to EUR 1.7 million as of September 30, 2023 (2022: EUR 2.1 million). The Group has determined that the undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

01 _ About us

02 _ Combined Management
Report

03 _ Consolidated
Financial Statements

04 _ Further information

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

in EUR millions	Sept. 30, 2022		Sept. 30, 2023	
	DTA	DTL	DTA	DTL
Deferred income taxes on non-current items				
Intangible assets	0.2	0.0	0.1	–
Property, plant and equipment	0.1	0.3	0.3	0.3
Financial assets	0.2	–	0.5	–
Other assets	–	–	–	–
Accrued pension and similar obligations	1.5	0.8	1.3	0.9
Other provisions	0.5	0.0	0.3	–
Other liabilities	0.2	0.1	0.2	–
Deferred income taxes on current items				
Inventories	89.2	0.1	1.1	0.5
Other assets	1.6	–	–	2.2
Other provisions	0.8	8.7	1.2	5.9
Other liabilities	4.1	93.6	9.3	11.0
Valuation allowance – temporary differences	–	–	–	–
Subtotal	98.4	103.6	14.3	20.8
Tax loss carried forward	7.8	–	14.4	–
Valuation allowance – tax loss carried forward etc.	–	–	–	–
Subtotal	7.8	–	14.4	–
Gross amount before offsetting	106.2	103.6	28.7	20.8
Offsetting	(96.2)	(96.2)	(10.6)	(10.6)
Balance sheet amount	10.0	7.4	18.1	10.2

As of September 30, 2023, based on the existing tax losses carried forward, deferred tax assets of EUR 14.4 million (2022: EUR 7.8 million) were recognized, as these are supported by substantial evidence for sufficient future taxable income. Substantial evidence is achieved through altered trademark license agreements that results in significant charges to subsidiaries. According to tax legislation as of September 30, 2023, the tax losses may be carried forward indefinitely and in unlimited amounts.

The German corporate income tax law applicable for 2022/2023 sets a statutory income tax rate of 32.3% (2021/2022: 32.4%). The applicable tax rates for companies outside Germany range from 20.0% to 30.6% (2021/2022: 21.0% to 30.6%).

in EUR millions	Year ended Sept. 30, 2022	in %	Year ended Sept. 30, 2023	in %
Expected income tax expense	3.4	32.4	11.1	32.3
Tax rate differentials to the German combined income tax rate	(0.6)	(6.0)	1.5	4.5
Changes in tax rates or laws	–	–	–	0.1
Change in valuation allowance	(0.1)	(0.7)	–	0.0
Permanent items	1.8	16.7	(0.5)	(1.8)
Non-creditable withholding taxes	–	–	–	–
Tax expense related to prior periods	0.1	1.4	0.1	0.2
Others	(0.1)	(0.6)	(0.2)	(0.5)
Income tax expense as presented on the statement of profit or loss	4.6	43.1	12.0	34.7

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

28 Variable Compensation

The Group currently has the following management incentive plans, comprising plans implemented at the Company level and, exclusively with respect to members of the Management Board at thyssenkrupp nucera Management AG level.

Long-term incentive plan (LTI)

Under the Long-term incentive plan (LTI), share rights of the company are granted to management board members of thyssenkrupp nucera Management AG. The LTI is granted in annual installments at the beginning of the year, vesting over the fiscal year they are granted in, with a performance period of 4 years. The final number of virtual shares at the end of the performance period is determined by the level of target achievement. The Level of target achievement depends on the relative Total Shareholder Return (TSR) performance of thyssenkrupp nucera AG & Co. KGaA compared to a peer group (market-condition). Ranking below the 25th percentile results in 0% target achievement. A positioning at the 50th percentile corresponds to a target achievement of 100%, while a positioning at the 75th percentile corresponds to a target achievement of 200%. The maximum target achievement of 250% is reached at the 100th percentile. Intermediate values are interpolated linearly.

The fair value of the share rights is estimated at the grant date of August 18, 2023, taking into account the terms and conditions on which the share rights were granted.

The LTI is granted by thyssenkrupp nucera Management AG. The transaction qualifies as a share-based payment transaction among group entities as to which the company accounts for the LTI as an equity-settled transaction with no obligation of settlement.

There were no cancellations or modifications to the awards in 2023.

Movements during the year

In FY 2022/2023, two tranches of the LTI were granted: LTI tranche 2021/2022 and LTI tranche 2022/2023. The following table illustrates the number and weighted average fair value of, and movements in, equity instruments for each of the tranches separately:

Tranche 1 - 2021/2022	2023	2023
	Number	Fair Value
Outstanding at 1 October	-	-
Granted during the year ¹	11,785	22.56
Exercised during the year	-	-
Outstanding at 30 September	11,785	22.56
Exercisable at 30 September	0	0.00
Tranche 2 - 2022/2023	2023	2023
	Number	Fair Value
Outstanding at 1 October	-	-
Granted during the year ¹	26,190	23.06
Exercised during the year	-	-
Outstanding at 30 September	26,190	23.06
Exercisable at 30 September	0	0.00

¹ The weighted average fair value (WAFV) is calculated by 11,785 shares with a fair value of 25.89€ per share and 26,190 shares with a fair value of 24.91€ per share.

As of 30 September 2023 two installments of the LTI have been granted. The fair values were measured at grant date using 22,91 EUR per share.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

As of 30 September 2023 two installments of the LTI have been granted. The fair values were measured at grant date using Monte Carlo Simulations, simulating the expected target achievement as well as the expected thyssenkrupp nucera AG & Co. KGaA stock price at the end of the performance period. The following table lists the significant valuation parameters used for each installment.

in EUR	Installment 1	Installment 2
	2021/2022	2022/2023
Simulation iterations	50,000	50,000
Expected volatility (%)	31.21	31.21
Risk-free interest rate (%)	3.50	3.50
Target achievement (%)	87.14	82.56
Expected payout	24.30	25.53
Fair value at grant date	22.56	23.06

In fiscal year 2022/2023, the Group recorded a total expense of EUR 0.6 million from the LTI (2021/2022: expense of EUR 0.3 million).

Short-term incentive program (STI)

Short-term incentive plan (STI), is an annual performance bonus linked to the degree of achievement of several predefined targets for each executive, is comprised of corporate targets and individual targets. A substantial 70% of the bonus calculation is tied to the company's financial performance criteria, with 40% contingent on Order Intake and 30% on EBITDA while the remaining 30% depend on the personal performance of Executive Board members. The financial targets set by the Supervisory Board, drawing from annual planning and individual performance criteria for each fiscal year. At the start of each fiscal year, the Supervisory Board sets target and threshold values for the financial performance criteria. The target value of each performance criterion is derived from the corporate planning and corresponds to 100% target achievement. The lower threshold value is 0% and target achievement is capped at an upper threshold value of 200%.

As of September 30, 2023, a liability of € 1.7 million (September 30, 2022: 0.1 million) was recognized for the STI for the current members of the Executive Board. The entitlement is fully vested on the basis of the work performed in the reporting year, and the actual payout is calculated by reference to the target achievement determined by the Supervisory Board on the basis of the current compensation system for the Executive Board and will be made in December following the respective fiscal year-end.

29 Additional disclosures on the Statement of Profit and Loss

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

in EUR millions	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Wages and salaries	40.9	53.9
Net periodic pension costs – defined contribution	1.3	1.3
Net periodic pension costs – defined contribution	0.3	0.2
Other expenses for pensions and retirements	6.7	8.2
Related fringe benefits	1.0	1.1
Total	50.2	64.7

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

The annual average number of employees for each local entity was as follows:

	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
thyssenkrupp nucera Italy srl.	63	75
thyssenkrupp nucera AG & Co. KGaA	240	335
thyssenkrupp nucera Japan Ltd.	84	88
thyssenkrupp nucera (Shanghai) Co., Ltd.	72	81
thyssenkrupp nucera USA Inc.	11	26
thyssenkrupp nucera Australia Pty.	–	3
thyssenkrupp nucera Arabia for Contracting Limited LLC, Riyadh	–	5
thyssenkrupp nucera Participations GmbH, Dortmund		
thyssenkrupp nucera India Private Limited, Mumbai		
Total	470	613

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Auditors' fees and Services

KPMG AG Wirtschaftsprüfungsgesellschaft has been the auditor of the Consolidated financial Statements since fiscal year 2022/2023. For the Services performed in 2022 / 2023 by KPMG AG the following fees were recognized as expenses:

in EUR millions	Year ended Sept. 30, 2023
Audit-related fees	0.8
Tax fees	0.0
Fees for other Services	0.0
Total	0.8

The audit fees include primarily fees for the year-end audit of the Consolidated financial Statements and the statutory auditing of thyssenkrupp nucera AG & Co.KGaA.

30 Notes to the statement of cash flows

Cash and cash equivalents

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

The maximum exposure to credit risk for cash and cash equivalents is equal to the respective carrying value.

Non-cash investing activities

In the year ended September 30, 2023, a non-cash addition of EUR 4.4 million (September 30, 2022: EUR 2.4 million, September 30) resulted from right-of-use assets according to IFRS 16.

Changes in liabilities from financing activities

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

Reconciliation in accordance with IAS 7

In EUR millions	Sept. 30, 2021	Cash flow		Non-cash changes			Sept. 30, 2022
		Principal portion	Interest paid	Currency differences	Additions	Other changes	
Cash flows from redemption of lease liabilities	4.0	(2.3)	(0.1)	0.0	2.4	0.2	4.1
Total	4.0	(2.3)	(0.1)	0.0	2.4	0.2	4.1

Reconciliation in accordance with IAS 7

In EUR millions	Sept. 30, 2022	Cash flow		Non-cash changes			Sept. 30, 2023
		Principal portion	Interest paid	Currency differences	Additions	Other changes	
Cash flows from redemption of lease liabilities	4.1	(3.3)	(0.1)	(0.2)	3.4	0.8	4.7
Total	4.1	(3.3)	(0.1)	(0.2)	3.4	0.8	4.7

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Cash flow from financing activities

Withdrawals are driven by dividends or other capital distributions made to the Group's equity holders. The dividends paid in fiscal years 2021/2022 and 2022/2023, amounting to EUR 10.0 million and EUR zero, related to the distribution of profit to the equity holders of the Group.

On July 5, 2023 thyssenkrupp AG and Industrie De Nora S.p.A. together with thyssenkrupp nucera had set the final offer price for the shares of thyssenkrupp nucera at 20.00 euros per share and placed a total of 30,262,250 shares (including over-allotments) with investors; 26,315,000 of these were new shares. The IPO resulted in a net capital increase of EUR 512.5 million.

Leases in the statement of cash flows

In the statement of cash flows, the interest component of the leases carried on the statement of financial position is shown under cash flow from operating activities. The repayment component of leases is shown under cash flow from financing activities. In the year ended September 30, 2023, the total cash outflows of the Group as a lessee in the statement of cash flows amounted to EUR 3.4 million (September 30, 2022: EUR 3.2 million). Expenses from short-term leases and leases for low-value assets are shown under cash flow from operating activities (cf. Note 17).

31 Subsequent events

Other subsequent events

On 3 October 2023, the newly established entity in India signed an agreement with thyssenkrupp Industrial Solutions (India) Private Limited ("tkIS India") to transfer assets and know how in regard to chlorine alkaline technologie. The acquisition supports nucera presense in India and the region. In total, a transaction price of EUR 3.5 million has to be paid. The transaction qualifies as acquisition of a business. As tkIS India and the Group are controlled by thyssenkrupp AG, the transaction qualifies as a transaction under common control. The group applies the accounting policies choice to recognize the acquisition as merger under equals. In conclusion, acquired asset are recognized at historical cost and any difference is reflected directly in equity.

01 _ About us

02 _ Combined Management
Report

03 _ Consolidated
Financial Statements

04 _ Further information

32 Other Information

Compensation of Executive and Supervisory Board members active in the fiscal year

Total compensation paid to current members of the Executive Board for their work in the reporting year according to Art. 314 Par. 1 No. 6a of German Commercial Code (HGB) amounted to around EUR 1.2 million (prior year: EUR 1.7 million). Alongside fixed salaries, fringe benefits and short-term incentives (STI), this also includes the long-term incentive (LTI) as a share-based, long-term, performance-related component. In fiscal year 2022 / 2023, the STI amounted to EUR 0.5 million (prior year: EUR 1.2 million) and is fully vested on the basis of the work performed in the reporting year.

Share rights were issued in the past fiscal year for the LTI with a fair value of EUR 0.6 million (prior year: EUR 0.3 million) at grant date. The individual variable compensation was determined taking into account the requirement for appropriateness.

As of September 30, 2023, a liability of EUR 0.5 million (prior year: EUR 0.3 million) was recognized for the STI for the members of the Executive Board active in the fiscal year. The entitlement is fully vested on the basis of the work performed in the reporting year, and the actual payout is calculated by reference to the target achievement determined by the Supervisory Board on the basis of the current compensation System for the Executive Board and will be made in January 2024 following the respective fiscal year-end. This fixing is based on financial (70% weighting) and performance criteria (30% weighting). There is an Obligation to invest 25% of the net payout from the STI in thyssenkrupp nucera AG & Co. KGaA shares until an individual Investment target is achieved and to hold them for the duration of the Executive Board appointment.

There are post-employment pension commitments for the current members of the Executive Board. The plans are described below and organized via outside pension funds and represent defined benefit plans. The defined benefit obligation for the plans amounts to EUR 1.7 million (prior year: EUR 1.7 million) of which EUR 0.2 million is attributable to former members of the Executive Board (previous year: EUR - million).

Transactions with key management personnel

Key management personnel within the meaning of IAS 24 are those persons having the authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, particularly members of the Management Board and the Supervisory Board.

The members of the Management Board comprising Dr. Werner Ponikwar (Chief Executive Officer), Denis Krude (CEO until June 30, 2022, Chief Operations Officer since July 1, 2022 until March 30, 2023), Dr. Arno Pfannschmidt (Chief Financial Officer), and Fulvio Federico (Chief Technology Officer), represent key management personnel of the Group.

Compensation of the members of the Management Board was as follows:

in EUR millions	Sept. 30, 2022	Sept. 30, 2023
Short-term benefits	1.2	1.5
Long-term benefits		
MTI program	0.1	–
LTI program (cf. Note 28)	–	–
Post-employment benefits	0.1	0.2
Total	1.4	1.7

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

in EUR millions	Sept. 30, 2022	Sept. 30, 2023
Short-term benefits	0.2	0.5
Long-term benefits		
MTI program	–	–
LTI program (cf. Note 28)	–	–
Post-employment benefits	1.7	1.7
Total	1.8	2.2

Short-term benefits comprise of fixed compensation, Fringe benefits, pension benefits, annual bonus, and compensation for company cars.

Post-employment benefits comprise of pension benefits granted to the members of the Management Board, in accordance with the provisions included in the individual employment contracts. The two German board members are eligible for pension benefits in accordance with plan rules stipulated by “Essener Verband”. The plans represent defined benefit plans and are either designed as a career-average plan or contribution-based plan, granting benefits in case of retirement, disability or death. In the case of an insured event, the benefits are paid as annuities.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

For the third board member, the Group provides statutory severance benefits (“Trattamento di fine rapporto” – TFR) complemented by special termination benefits for executives in Italy. Both plans are organized via outside pension funds and represent defined contribution plans. In both cases, the benefits are paid as a lump sum.

Compensation attributable to members of the Supervisory Board in fiscal year 2022/2023 comprised base compensation and additional compensation for committee work and amounted to EUR 0.7 million (2021/2022: EUR 0 million), including meeting fees.

As of September 30, 2023 and 2022, respectively, no loans or advance payments were granted to members of the Executive or Supervisory Board; also as in the previous year no contingencies were assumed for the benefit of Executive Board or Supervisory Board members.

Declarations of conformity with the German Corporate Governance Code in accordance with Art. 161 of the German Stock Corporation Act (AktG)

The Management Board of thyssenkrupp nucera Management AG as the General Partner of thyssenkrupp nucera AG & Co. KGaA and the Supervisory Board of thyssenkrupp nucera AG & Co. KGaA issued the declaration of conformity in accordance with Art. 161 of the Stock Corporation Act (AktG) and made it publicly available to the Shareholders on the company’s website on October 10, 2023. For further information please refer to <https://thyssenkrupp-nucera.com/corporate-governance/declaration-of-conformity/>.

Dortmund, December 15, 2023

thyssenkrupp nucera Management AG,
General Partner of thyssenkrupp nucera AG & Co. KGaA

Management Board

Dr. Werner Ponikwar

Dr. Arno Pfannschmidt

Fulvio Federico

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated financial Statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the group, and the combined management report includes a fair review of the development and performance of the business and the Position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Dortmund, December 15, 2023

thyssenkrupp nucera Management AG,
General Partner of thyssenkrupp nucera AG & Co. KGaA

Management Board

Dr. Werner Ponikwar

Dr. Arno Pfannschmidt

Fulvio Federico

01 _ About us

02 _ Combined Management
Report

03 _ Consolidated
Financial Statements

04 _ Further information

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

Independent Auditor's Report

To thyssenkrupp nucera AG & Co. KGaA, Dortmund

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of thyssenkrupp nucera AG & Co. KGaA, Dortmund, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2023, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 October 2022 to 30 September 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of thyssenkrupp nucera AG & Co. KGaA for the financial year from 1 October 2022 to 30 September 2023.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2023, and of its financial performance for the financial year from 1 October 2022 to 30 September 2023, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the

consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from October 1, 2022, to September 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Revenue recognition for customized construction contracts

For information on the accounting policies applied please refer to the comments under note 2 to the consolidated financial statements "Revenue recognition" and "Estimates and assessments – revenue recognition from contracts with customers". Disclosures on revenue from construction contracts and the gross amounts due from and to customers for contract work can be found under note 8 "Assets and liabilities from contracts with customers" and note 22 "Revenue" to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

Revenue in the amount of EUR 488,1 million was generated from construction contracts in financial year 2022/2023. As at 30 September 2023, the gross amount due from customers for contract work (contract assets) was EUR 29.8 million and the gross amount due to customers for contract work (contract liabilities) was EUR 185.2 million.

Revenue is recognized over time by reference to the stage of completion of the transaction at the end of the reporting period. The stage of completion is determined as the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs (cost to cost method). If an overall loss is expected from the construction contract, this loss is to be recognized as a provision for onerous contracts.

The calculation of realizable revenue from customized construction contracts is complex and based on estimates. The main estimates made by management in this context concern:

- Estimation of the total contract costs including projected cost increases
- Determination of stage of completion

There is a financial statement risk for thyssenkrupp nucera AG & Co. KGaA in that the recognition of the incurred costs and the estimation of the total costs as initial values for estimating the stage of completion (cost-to-cost) for customized construction contracts include elements that cannot be recognized or have not been incurred, and onerous contracts from manufacturing contracts are not recognized.

OUR AUDIT APPROACH

We assessed the procedure for recognizing already incurred contract costs and estimating expected contract costs as well as the method for determining the respective stages of completion.

We performed the following audit procedures (among others) for construction contracts specifically selected on the basis of risk:

- Analysis of the agreements underlying the selected construction contracts
- Audit of the included cost components to determine their eligibility for recognition
- Enquiries of employees involved in the project, including questions regarding estimates of total contract costs, existing risks and the status of the projects
- Reconciliation of actual costs allocated to the contracts with internal cost schedules and external documents, especially for costs incurred shortly before or after the cut-off date, using an expanded sample size
- Audit of assumptions used for estimates of total contract costs, including analyses of current project progress and any deviations from budget
- Assessment of computational accuracy of the determined stage of completion as well as any anticipated losses and the proper accounting presentation of construction contracts and any provisions for onerous contracts under IAS 37
- Consultation with specialists to assess the total contract costs still to be incurred

OUR OBSERVATIONS

The approach taken for recognizing and measuring revenue from customized construction contracts is appropriate. The assumptions and methods are overall appropriate.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the integrated combined non-financial statement in the combined management report of thyssenkrupp AG, Duisburg/Essen, which is referred to in the combined management report
- the combined corporate governance statement for the Company and Group, which is included in a separate section of the combined management report, and
- information extraneous to management reports and marked as unaudited.

The other information also include the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

01 _ About us

02 _ Combined Management
Report

03 _ Consolidated
Financial Statements

04 _ Further information

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Declaration of Non-issuance of an Assurance Opinion on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We were engaged to perform assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") prepared for publication purposes complies, in all material respects, with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format").

We do not express an opinion on the ESEF documents. As a result of the significance of the circumstances described below, we have not been able to obtain sufficient appropriate assurance evidence as a basis for an opinion on the ESEF documents.

As management has not provided us with any ESEF documents for examination by the date of the issuance of the independent auditor's report, we do not express an assurance opinion on the ESEF documents.

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management board is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

It is our responsibility to perform assurance work on the ESEF documents in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). As a result of the above circumstances, we have not been able to obtain sufficient appropriate assurance evidence as a basis for an assurance opinion on the ESEF documents.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the annual general meeting on 26 January 2023. We were engaged by the supervisory board on 10 October 2023. We have been the group auditor of thyssenkrupp nucera AG & Co. KGaA without interruption since financial year 2022/2023.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Charlotte Salzmann.

Essen, 18 December 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Salzmann	Georgi
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

- 01** _ About us
- 02** _ Combined Management Report
- 03** _ Consolidated Financial Statements
- 04** _ Further information

Towards the energy future through ...

collaboration

The business of the future will also be defined by the ability to unite different partners and involve more industries, allies, and fresh talent. This calls for close, trust-based collaboration suppliers to successfully ramp up the hydrogen economy. It's also essential that we work with our customers to successfully develop solutions.

July 7, 2023: **IPO**
Member of the **SDAX** since
September 18, 2023

Collaborations with **13**
leading research institutions
and universities for the
Element ONE, Prometheus,
NextH2, and H2Giga projects

ESG strategy based on the
5
most relevant Sustainable
Development Goals (SDGs)

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information



Global collaboration of **675 employees** at **9 locations** in the focus markets of North America and Europe

11,300 m²

Office space at the new headquarters in Dortmund featuring **attractive workspaces** for a rapidly expanding workforce

25%

Energy savings vs. conventional chlor-alkali electrolysis with a new process using NaCl-ODC technology further co-developed with Covestro

thyssenkrupp nucera is a globally operating, dynamically innovative high-tech company in the field of water electrolysis technology for the production of green hydrogen. This would not be possible without cross-industry and cross-border partnerships along the entire value chain. Collaboration enables us to stay one step ahead when it comes to technological development. Our employees are the cornerstone of our success. They stand out by their expertise and wealth of ideas, personal commitment and social competence.

All of our employees contribute to thyssenkrupp nucera's success. Their knowledge and experience in electrolysis technology are what have made us a provider of market-ready, scaled solutions for water electrolysis technology for the production of green hydrogen in sufficiently high volumes.

With chemical engineering at the core of our DNA, we have laid a solid foundation for this technology, which promises to usher in a new era in energy history. Customers benefit from our decades of experience in chemical plant engineering, where we have installed more than 10 gigawatts of electrolyzer capacity in over 600 projects.

Above all, our expertise offers the required safety in dealing with chemical plants and chemicals to new customers who need hydrogen for decarbonization but lack a chemistry background (e.g., steel industry, energy supply). This is what has made thyssenkrupp nucera a driver of the green transformation.

- 01 _ About us
- 02 _ Combined Management Report
- 03 _ Consolidated Financial Statements
- 04 _ Further information



Chlorine symposium in Japan – a platform for collaboration with close to 60 customer representatives

Estimated service demand in chlor-alkali electrolysis

- EUR 12,000**

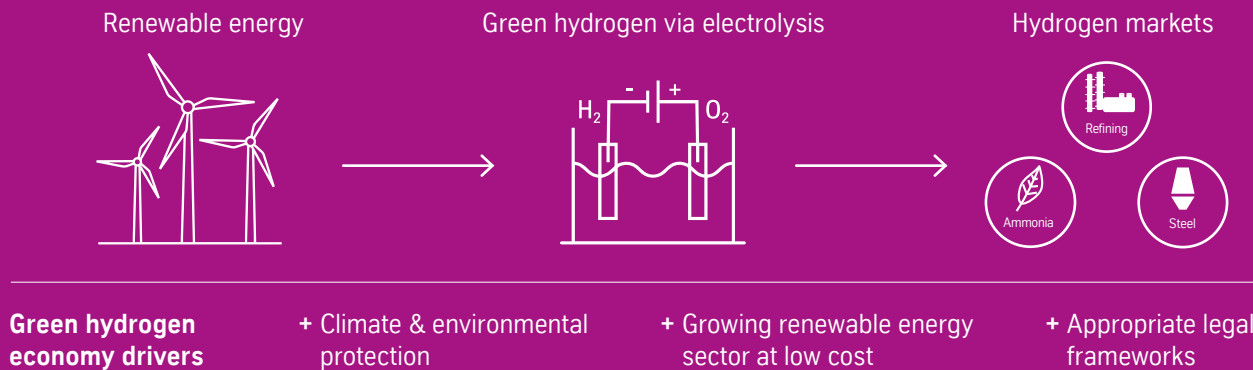
Average investment per element for restoration/recoating/refurbishment
- 200,000+**

Approximate number of elements in operation
- 8 years**

Average expenditure during the schedule
- ~ 300**

million euros per year

thyssenkrupp nucera makes industrial decarbonization possible



Further information

158 _ Management Board and Supervisory Board

161 _ Glossary

164 _ Imprint

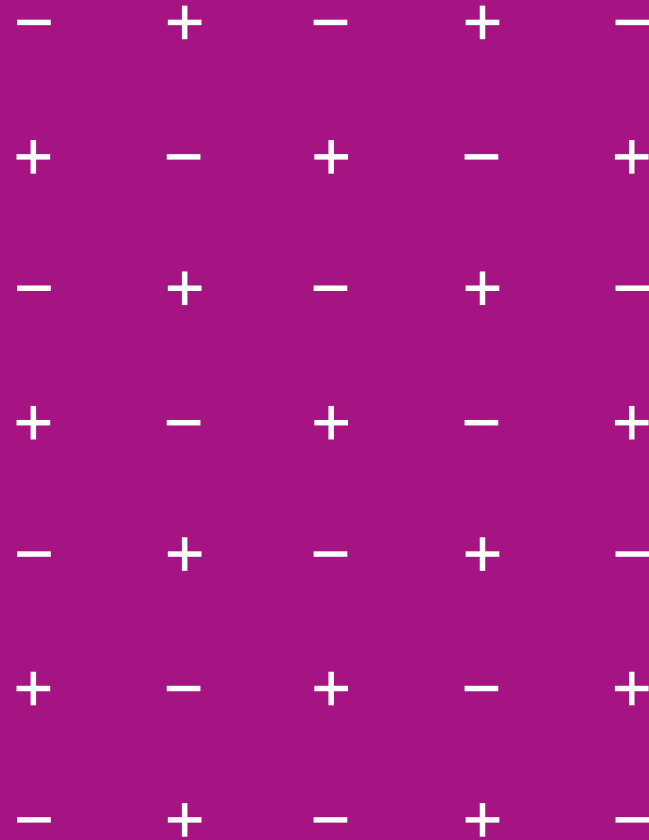
164 _ Financial calendar

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information



Management Board and Supervisory Board

Management Board

Dr. Werner Ponikwar

- Born 1969
- CEO since 2022
- Appointed until 2025 // German

Responsible for the Corporate Functions Business Development/Sales, Communications/ESG & Governmental Affairs, Engineering, Human Resources & HSE, Internal Audit, Legal & Compliance/Board Office, Module & Cell Fabrication, Strategy & M&A

In addition, Dr. Ponikwar is responsible for the business activities of the subsidiaries in Germany, Italy and in the US.

Current external Board Seats: none

Dr. Arno Pfannschmidt

- Born 1961
- CFO, Member of the Board since 2022
- Appointed until 2025 // German

Responsible for the Corporate Functions Commercial Operations/Tax, Controlling, Accounting & Risk, Finance, Information Technology, Investor Relations, Project Execution/Procurement, Project Risk Control & QM

In addition, Dr. Pfannschmidt is responsible for the business activities of the subsidiaries in Australia, India and Saudi Arabia.

Current external Board Seats: none

Fulvio Federico

- Born 1966
- CTO, Member of the Board since 2022
- Appointed until 2025 // Italian

Responsible for the Corporate Functions Innovation Center, IP Management, Product Management, Technology Service

In addition, Fulvio Federico is responsible for the business activities of the subsidiaries in China and Japan.

Current external Board Seats: none

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Supervisory Board

Jennifer Cooper

- Position: Member of the Supervisory Board
- Principal occupation: Senior Project Manager, Group Function Mergers & Acquisitions, thyssenkrupp AG

Current Board Seats:

Since 2022: Member of the Supervisory Board of thyssenkrupp Marine Systems GmbH

Paolo Dellachà

- Position: Deputy Chair of the Supervisory Board
- Principal occupation: CEO of De Nora

Current Board Seats:

Since 2023: Independent Director of Technoprobe S.p.A.

Since 2022: Director of Ekon Capital S.r.l.

Since 2020: Advisory Board Member of De Nora Deutschland GmbH

Since 2012: Director of Soppa Srl

Since 2009: CEO of Industrie De Nora S.p.A.

Dr. Volkmar Dinstuhl

- Position: Chairman of the Supervisory Board
- Principal occupation: CEO of business segment Multi Tracks of thyssenkrupp AG

Current Board Seats:

Since 2020: Chairperson of the Supervisory Board of thyssenkrupp Industrial Solutions AG

Since 2020: Board Member of Vertical Topco S.à r.l.

Markus Fuhrmann

- Position: Member of the Supervisory Board
- Principal occupation: CEO of GROPYUS AG

Current Board Seats:

Since 2020: Managing director of GROPYUS Project Properties GmbH

Since 2019: CEO of GROPYUS AG

Michael Höllermann

- Position: Member of the Supervisory Board
- Principal occupation: Member of the Executive Board and Chief Human Resources Officer of the Decarbon Technologies business segment of the thyssenkrupp Group

Current Board Seats:

Since 2023: Chairman of the Supervisory Board, thyssenkrupp Polysius Engineering GmbH

Since 2023: Chairman of the Supervisory Board, thyssenkrupp Uhde GmbH

Since 2021: Member of the Supervisory Board of thyssenkrupp Automation Engineering GmbH

Since 2021: Chief Executive Officer and CHRO (since 2016) of thyssenkrupp Industrial Solutions AG

Dr. Klaus Keysberg

- Position: Member of the Supervisory Board
- Principal occupation: CFO of thyssenkrupp AG

Current Board Seats:

Since 2022: Chair of the Supervisory Board of thyssenkrupp Marine Systems GmbH

Since 2022: Chair of the Board of Directors of thyssenkrupp (China) Ltd.

Since 2020: CFO of thyssenkrupp AG

Since 2020: Chair of the Board of Directors of thyssenkrupp NA Holding Corp.

Since 2020: Member of the Management Board of thyssenkrupp Trust e.V.

Since 2019: Member of the Supervisory Board of thyssenkrupp Steel Europe AG (chair 2019-2022)

Since 2019: Chair of the Board of Directors of thyssenkrupp North America. LLC

Since 2019: Chair of the Supervisory Board of thyssenkrupp Materials Services GmbH

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Dr. Arnd Köfler

- Position: Member of the Supervisory Board
- Principal occupation: CTO of thyssenkrupp Steel Europe AG

Current Board Seats:

Since 2021: Chair of the Supervisory Board of Hüttenwerke Krupp Mannesmann GmbH, Duisburg
Since 2018: Chair of the Supervisory Board of Ertsoverslagbedrijf Europort CV (EECV), Rotterdam
Since 2017: CTO and Member of the Executive Board of thyssenkrupp Steel Europe AG

Dr. Sebastian Lochen

- Position: Member of the Supervisory Board
- Principal occupation: Group General Counsel of thyssenkrupp AG

Current Board Seats:

Since 2020: Member of the Board of Managers of thyssenkrupp North America, LLC
Since 2020: Member of the Board of Directors of thyssenkrupp (China) Ltd.
Since 2020: Member of the Supervisory Board of thyssenkrupp Materials Services GmbH
Since 2019: Member of the Supervisory Board of thyssenkrupp Industrial Solutions AG
Since 2019: Member of the Supervisory Board of thyssenkrupp Marine Systems GmbH

Miguel Ángel López Borrego

- Position: Member of the Supervisory Board
- Principal occupation: CEO of thyssenkrupp AG

Current Board Seats:

Since 2023: Chief Executive Officer of thyssenkrupp AG
Since 2023: Member of the Supervisory Board of Norma Group SE
Since 2023: Member of the Supervisory Board of thyssenkrupp Steel Europe AG

Massimiliano Moi

- Position: Member of the Supervisory Board
- Principal occupation: CFO of De Nora

Current Board Seats:

Since 2023: Chief Financial Officer of Industrie De Nora S.p.A.

Prof. Dr. Franca Ruhwedel

- Position: Member of the Supervisory Board
- Principal occupation: Professor for Finance & Accounting at Rhine-Waal University

Current Board Seats:

Since 2023: Member of the Supervisory Board of United Internet AG, Montabaur
Since 2022: Member of the Board of Directors (non-executive) of MGI – Media and Games Invest SE, Stockholm
Since 2013: Member of the Supervisory Board of National-Bank AG, Essen

Dr. Robert Scannell

- Position: Member of the Supervisory Board
- Principal occupation: Regional Chief Officer for EMEA & India region of De Nora / Managing Director of De Nora Deutschland

Current Board Seats:

Since 2023: Managing Director for shotec GmbH, Hanau
Since 2021: President for De Nora Italy S.p.A. Milano
Since 2014: Director (Non- Executive) of De Nora India Plc, Goa
Since 2010: De Nora Regional Chief Officer EMEA & India region
Since 2003: Managing Director, De Nora Deutschland GmbH

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Glossary

Adjusted EBIT → Earnings before interest, taxes, and special items.

Alkaline water electrolysis → Alkaline water electrolysis (AWE) is the process used to produce hydrogen from water using electricity. When electricity from renewable energy sources is used, it is referred to as green hydrogen.

Ammonia (green) → Green ammonia is produced using electricity from renewable energy sources as part of the water electrolysis process. The resulting hydrogen is then catalytically reacted with atmospheric nitrogen to form ammonia (NH₃). Ammonia is a chemical compound with significant technical importance, among other things, for the production of nitrogen fertilizers, purification of exhaust gas in power plants, and as a refrigerant.

AWE → Abbreviation for alkaline water electrolysis.

BiTAC® → Product name of the electrolysis technology marketed by thyssenkrupp nucera in the form of a filter press.

Blue hydrogen → Hydrogen generated from natural gas (steam reforming), in which the resulting CO₂ is not emitted into the atmosphere but instead stored or further processed industrially (carbon capture and storage [CCS]; carbon capture and utilization [CCU]; in combined processes also referred to as CCUS).

BM → The product name of the single-element bipolar membrane electrolysis technology marketed by thyssenkrupp nucera.

CA → Abbreviation for chlorine-alkaline electrolysis.

Capital employed → The capital required for operations comprises mainly non-current assets, inventories, and receivables. Certain non-interest-bearing liability items, such as trade accounts payable, are deducted.

Cash flow from operating activities → Inflow/outflow of cash and cash equivalents outside investing, divesting or financing activities.

Chlor-alkali electrolysis (CA) → Process for producing the important basic chemicals chlorine, hydrogen, and sodium hydroxide (caustic) soda from sodium chloride and water.

CO₂ emission → Emissions of carbon dioxide (CO₂), which consists of carbon and oxygen. CO₂ emissions are considered one of the driving forces of global warming.

Decarbonization → Decarbonization involves the reduction of carbon dioxide to the greatest extent possible. Complete industrial decarbonization is not possible because carbon in bound form is an important element for many basic chemical products, such as methanol.

Defossilization → Defossilization involves replacing fossil fuels such as oil and natural gas with renewable energy sources such as green hydrogen and avoiding carbon dioxide emissions (defossilized).

Diaphragm method → An important chlor-alkali electrolysis process. This process prevents the mixing of reaction products in the electrolysis cell using a porous diaphragm.

EBIT → Earnings before interest and taxes.

EBIT margin → The ratio of EBIT to sales.

EBITDA → Earnings before deduction of interest, taxes, depreciation and amortization on property, plant and equipment and intangible assets.

EBITDA margin → The ratio of EBITDA to sales.

Electrolysis → A process in which a chemical compound is decomposed using electrical current. In water electrolysis, water is split into its elementary components – hydrogen (H₂) and oxygen (O) – in an electrolysis cell using electrical energy.

Electrolyzer → An electrolyzer consists of several electrolysis cells arranged in a series, within which a redox reaction forced by supplied electrical energy takes place and breaks down water into the basic components – hydrogen and oxygen. In the redox reaction (reduction-oxidation reaction), one reaction partner transfers electrons to another.

Equity ratio → The ratio of equity to total capital.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Free cash flow → The liquid funds available to a company to distribute dividends or repay debt capital.

Gray hydrogen → Hydrogen generated from fossil fuels (natural gas, oil, coal). Currently, a common process is the generation from natural gas through the process of steam reforming. The production of one ton of hydrogen releases around ten tons of carbon dioxide.

Greater China → Consists of China, Hong Kong, Mongolia, Macau and Taiwan according to thyssenkrupp nucera boundary delimitation.

Green hydrogen → Hydrogen, in which the electricity required to split water into hydrogen and oxygen comes from renewable energy sources (e.g., solar energy, wind, or hydropower).

HCl → Abbreviation for hydrochloric acid.

HCl electrolysis → HCl electrolysis is a process for converting hydrochloric acid into chlorine and hydrogen.

HCl-ODC electrolysis → The process of HCl membrane electrolysis with oxygen depolarized cathodes (HCl-oxygen depolarized cathodes).

High-temperature electrolysis (HTEL) → A form of water electrolysis in which processes are carried out at very high temperatures (up to 900 degrees Celsius), which increases efficiency and, consequently, reduces the power requirement.

Hydrogen → The element with atomic number 1 and the most common atom in the universe. The combustible gas can serve as an energy carrier that does not release any environmentally or climate-damaging substances (especially CO₂) during combustion. The degree of climate neutrality differs depending on the production method used.

KGaA → The partnership limited by shares (KGaA) representing a hybrid form between a stock corporation and a limited partnership. The KGaA has personally liable partners (general partners), which is its main distinction from the corporate form of the AG.

Long-term incentive plan (LTI) → Multi-year variable compensation through stock rights for Management Board members and other selected executives.

Membrane process → An important chlor-alkali electrolysis processes. A plastic membrane cell prevents the reaction products from mixing in the electrolysis cell.

Net financial debt/cash → The balance of cash, cash equivalents and fixed-term deposits reported on the statement of financial position, in addition to current debt instruments and current and non-current financial debt.

Net income/(loss) → Corresponds to the net income/loss within a fiscal year and is calculated as the balance of all income and expenses.

ODC → Abbreviation for oxygen depolarized cathodes.

ODC process → In chlorine electrolysis with oxygen depolarized cathode, the same electrolysis cell is used as in the membrane process, but the conventional cathode is replaced by a cathode with a special oxygen diffusion surface. Oxygen is introduced behind this and is reduced together with water to hydroxide ions.

Order intake → Represents projects contracted by customers with the Group within a fiscal year or interim period, as well as any subsequent changes relating to these projects, including new construction projects and all service projects.

PEM electrolysis → Proton exchange membrane (PEM) electrolysis is a water electrolysis process. In contrast to alkaline electrolysis, it is carried out in an acidic medium.

Pink hydrogen → Climate-neutral hydrogen generated by electrolysis using electricity from nuclear power.

Power-to-X → Processes that convert electricity into other energy carriers (usually into chemical energy carriers) that can be used for electricity storage, as fuels, or as raw materials for the chemical industry. Depending on the intended use and the form of energy produced, other references include power-to-fuel, power-to-chemicals, power-to-gas or power-to-heat.

Reverse power generation → The further processing of artificially produced hydrogen with CO₂ into methane and use via the gas grid. If required, the gas can also be converted back into electricity in gas and steam power plants ("reverse power generation").

SDG → The 17 Sustainable Development Goals agreed by the UN member states to ensure sustainable development at the economic, social, and environmental levels.

Short-term incentive plan (STI) → One-year variable compensation.

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Steam reforming → Process for generating hydrogen from fossil, carbon-containing energy sources, usually natural gas and water. Because of the associated CO₂ emissions into the atmosphere, gray hydrogen is not climate-neutral.

Turquoise hydrogen → Turquoise hydrogen is produced when methane in natural gas is split by pyrolysis into hydrogen and solid carbon, which can be stored or reused but not avoided. The production of turquoise hydrogen is climate-neutral when energy from renewable sources is used in the process.

UN Global Compact → Worldwide UN initiative to shape globalization in social and environmental terms, with the aim of raising awareness and encouraging companies to act in order to achieve the Sustainable Development Goals (SDGs) by 2030.

Water electrolysis → The splitting of water in an electrolyzer with the aid of electricity into the elements of hydrogen and oxygen.

- 01** _ About us
- 02** _ Combined Management Report
- 03** _ Consolidated Financial Statements
- 04** _ Further information

Imprint and Financial calendar

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This annual report was published on December 18, 2023

Financial section (management report/financial statements):
Produced in-house with firesys

Concept and design:
HGB Hamburger Geschäftsberichte GmbH & Co. KG - www.hgb.de

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Financial calendar

February 7, 2024
Ordinary Annual General Meeting

February 13, 2024
Quarterly Statement Q1 2023/2024

May 15, 2024
Half-Year Financial Report 2023/2024

August 13, 2024
Quarterly Statement Q3 2023/2024

December 17, 2024
Annual Report 2023/2024

01 _ About us

02 _ Combined Management Report

03 _ Consolidated Financial Statements

04 _ Further information

Rounding and percentage deviations

The key figures in this report have been rounded to the nearest whole number. Rounding differences may therefore occur in figures and percentages.

The algebraic signs for the rates of change are from a business perspective: An improvement is shown as a positive percentage value, and a deterioration is preceded by a minus sign (-).

Disclaimer

This report contains forward-looking statements based on current expectations, assumptions and forecasts of the Management Board and currently available information. Forward-looking statements are not guarantees of future performance or results. Rather, future developments and results depend on a variety of factors, involve various risks and uncertainties, and are based on assumptions that may not prove to be accurate. Therefore, actual results may differ materially from those expressed or implied by this financial report. The forward-looking statements contained in this financial report are not modified to reflect events or developments occurring after the date of this report.

This report is a translation of the original report in German, which is also available. In the event of any discrepancies, the German authoritative version of this report shall take precedence over the English translation.

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