

A technology leader in hydrogen (H₂)

Update on Recent Business Developments and H1 2021/2022 Financials

June 10, 2022



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1. Update on Business & Strategy



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Impact of recent geopolitical and macro-economic developments

Current political and economic environment provides even more positive mid- to long-term backdrop for AWE



Step change in political willingness to support AWE capacity expansion, providing a setting for **increased customer demand**



Increase in energy prices and political desire for independence from Russian gas supply











Ongoing solid demand in CA and **strong build-out** of renewable energy and expedited energy transition with previous EU renewable hydrogen annual domestic production targets of 10 mn tons being **doubled by an additional 10 mn tons of annual hydrogen imports**¹



Demand for gH₂ solutions – particularly for large scale applications – **growing** globally evidenced by **increasing number of customer** inquiries

1. Estimated by the European Commission in their Joint Declaration of the European Electrolyzer Summit; additional demand for green hydrogen would require installed electrolyzer capacity of ~150 GW depending on utilization factors and efficiency rates


Push for hydrogen demand and large scale gH₂ solutions reflected in a stronger pipeline and actively pursued projects

| | | At CMD | As of Mar 2022 | | | At CMD | As of Mar 2022 |
|--|--|--------|----------------|---------|--|---------|----------------|
| Substantial Pipeline ¹ |  No. of projects | #91 | ↗ | #113 |  Potential contract value | >13 €bn | ↗ >17 €bn |
| |  Median project size | 100 MW | → | 100 MW |  Aggregated size | 33 GW | ↗ >41 GW |
| pursue | | | | | | | |
| Actively Pursued Projects ² |  No. of projects | #17 | ↗ | #27 |  Potential contract value | 0.9 €bn | ↗ >2.6 €bn |
| |  Average project size | >90 MW | ↗ | ~220 MW |  Aggregated size | >1.6 GW | ↗ ~6.0 GW |

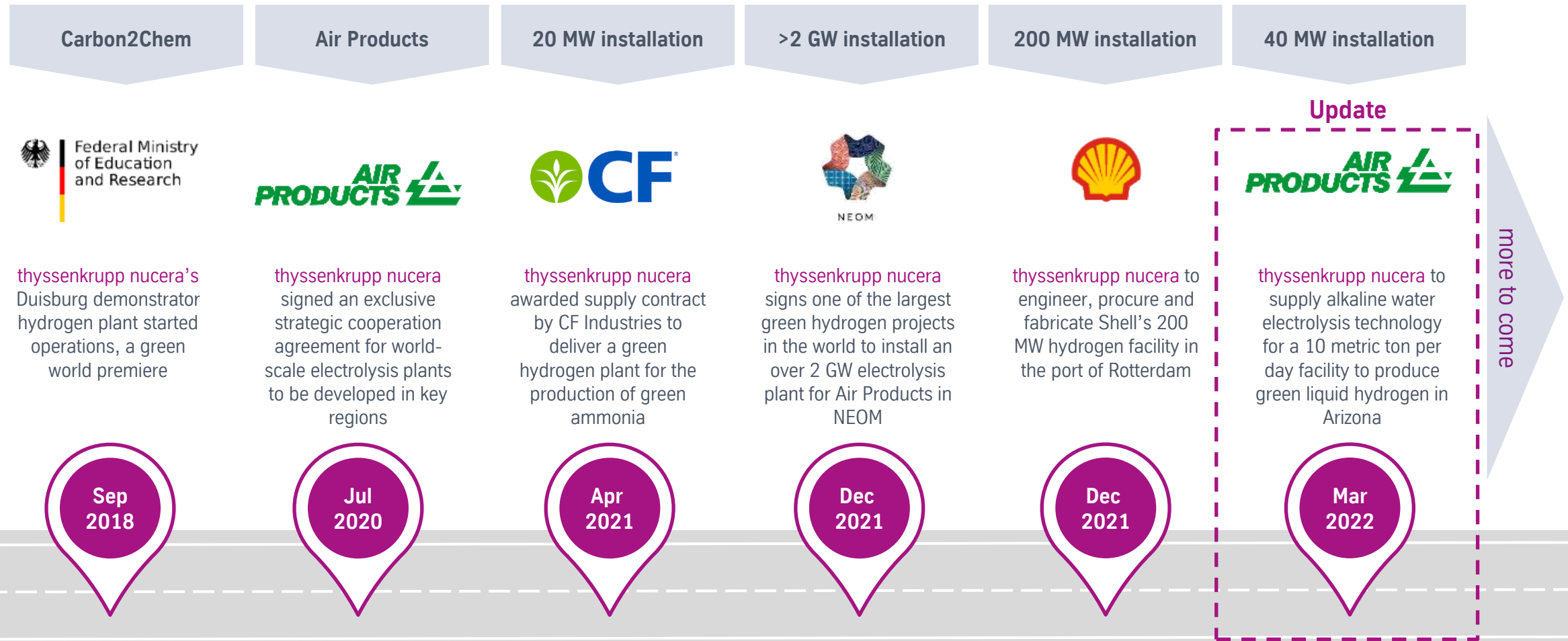
1. Projects which thyssenkrupp nucera had first interactions with and that are being monitored closely 2. Projects which already passed the pursue / non-pursue gate

Supply chain observations

Short-term uncertainties are closely monitored and risk mitigation actions are in place

- 
- **Uncertainty in supply chain** causing limited price validity and limited number of quotations **with normalization expected in the short-term**
 - Inflation across the supply chain **generally passed through to customers** for new projects and **for significant parts of the backlog**
 - **Risk mitigation** by intensive vendor management and increased inventory build-up

Select thyssenkrupp nucera green hydrogen milestones timeline solidifies position as an industry leader – update H1 FY2022

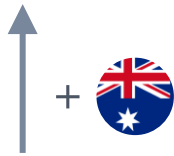


thyssenkrupp nucera's stringent ramp-up progress

Well on track to cater the growing green hydrogen demand

New offices

H1 2022      



FY 2021     

- Ramp-up in Australia kicked-off with Managing Director for Australia onboarded in 2021
- Establishment of office in Saudi Arabia on track to open within this fiscal year

New talents



~470
Headcount in April 22



~400
Headcount at CMD

- Well on track to build-out nucera platform
- Strong talent attraction across functions

Capacity build-out



- Ongoing capacity expansion already exceeding 1 GW in Germany with total available capacity foreseen to **exceed 5 GW globally by 2025/26**

2. Update on H1 Financials & Outlook



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H1 21/22 demonstrates our capabilities to win and drive the success of AWE



Demand for green hydrogen solutions growing across all regions including North America demonstrated by **strong momentum of customer in-bounds** and new **40 MW project** secured with **Air Products**



Strong top-line development supported by **large service orders in CA** business and **growing AWE revenue**



Increased focus on mitigation of soaring raw material, energy and transport costs **by refined price escalation clauses** for future projects

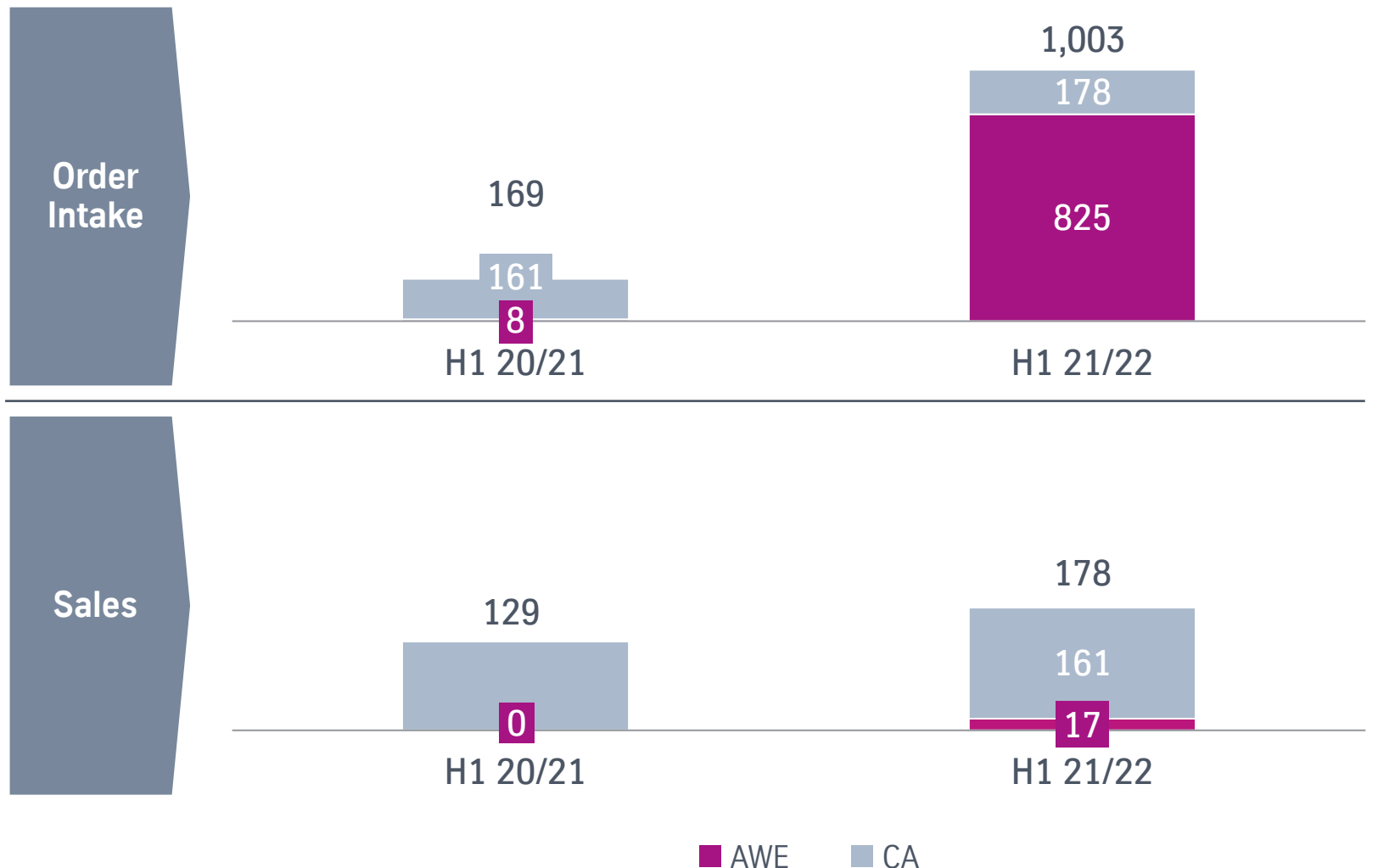


H1 operating cash flow development additionally benefitting from large prepayments received

H1 21/22 has recorded a strong top-line performance

Strong increase in sales resulting from large service orders and NEOM and Shell ramp-up

Key financials (mn €)



Order Intake

- H1 21/22 mainly driven by AWE projects with NEOM, Shell and Air Products
- Strong CA service order intake
- H1 21/22 backlog for AWE / CA amounts to ~0.9bn € / ~0.4bn €

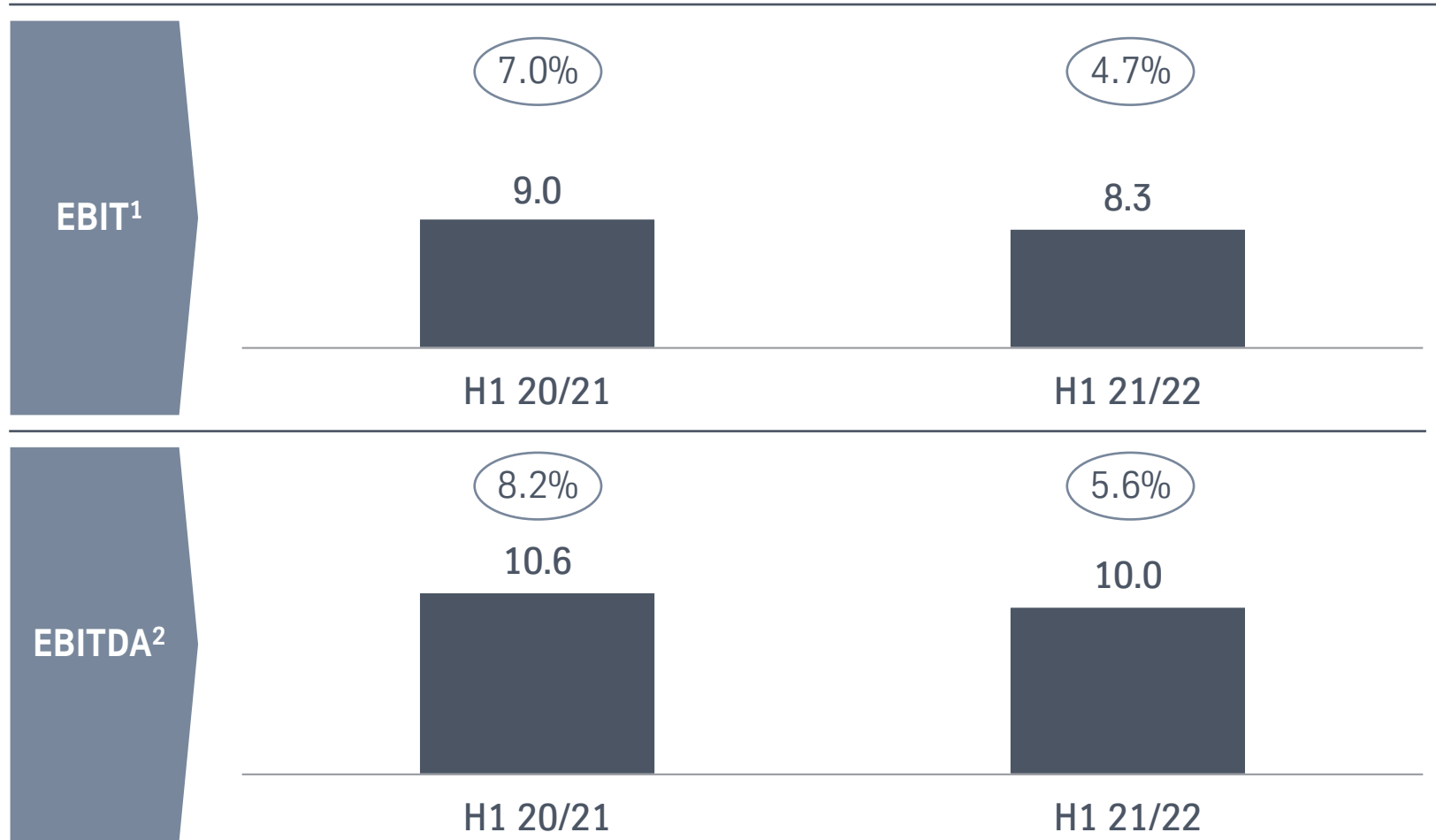
Sales

- CA sales driven by combination of new build in China and Japan and large service projects in Europe
- AWE continues to ramp-up in line with expectations driven by NEOM and Shell projects

H1 21/22 driven by organizational scale-up for future growth

Positive H1 EBIT, despite current pressure on raw materials

Key financials (mn €)



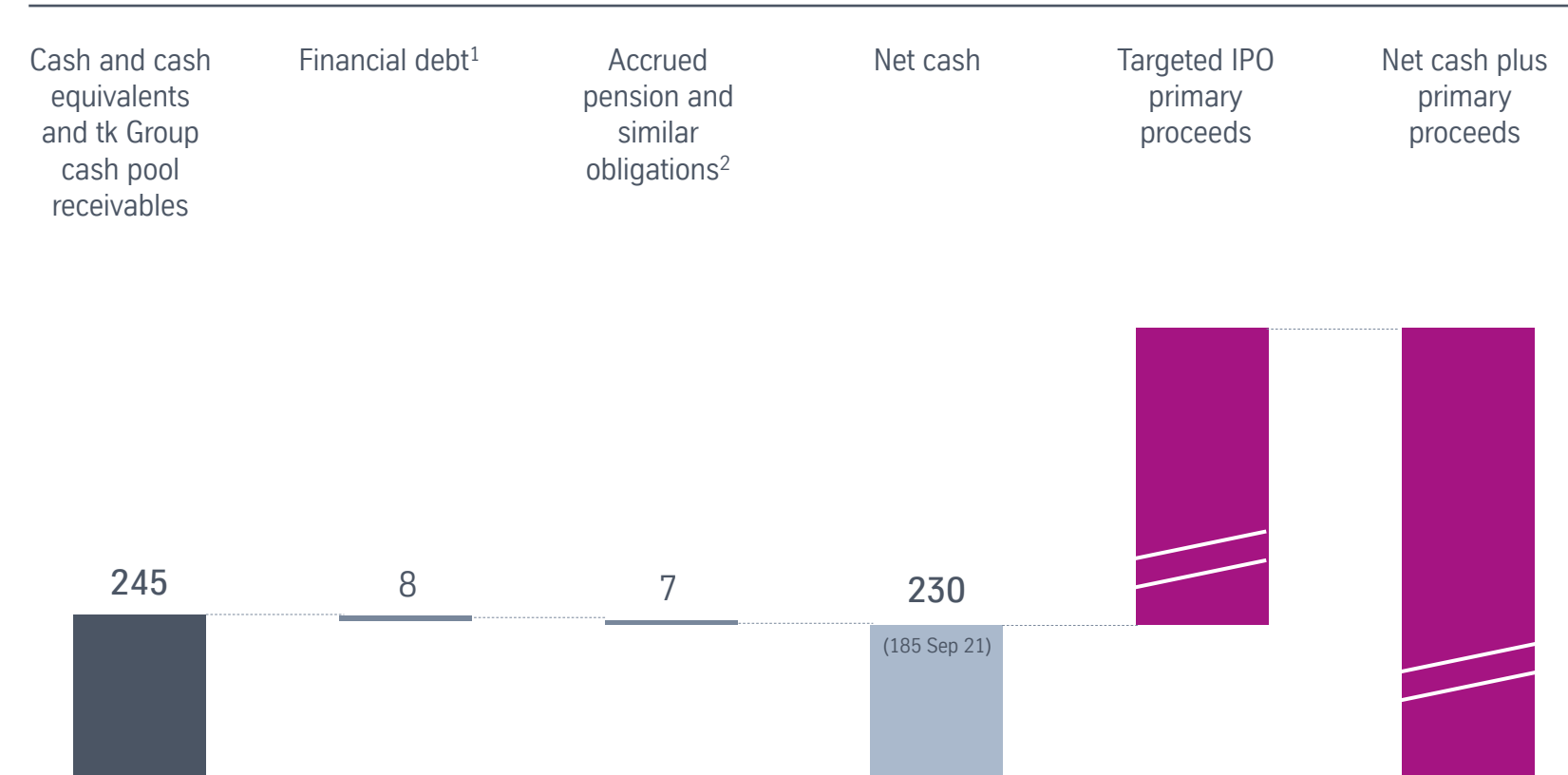
- H1 21/22 business mix provides for a normalised level compared to Q1 21/22 which benefitted from large service share
- Slight margin impact due to cost/price increases which cannot be fully passed imminently on to backlog customers
- Growth investments to capitalize on the promising sales funnel with growing R&D and SG&A expense in H1 21/22
 - SG&A further driven by a small single digit Euro amount of IPO preparation costs (non-recurring)

1. Refers to income from operations 2. Income / (loss) from operations plus depreciation, amortization and impairment of non current assets

(%) % of sales

Solid balance sheet will be further scaled up by IPO Proceeds

Capital structure as of March 31, 2022 (mn €)



- Strong and well capitalised balance sheet driven by profitable operations and advance payments in CA
- Targeted IPO primary proceeds of 500-600 mn €:
 - Funding of strong AWE growth (R&D and capex)
 - Strengthening of the financial position to meet counterparty requirements
 - Ability to deliver on large scale projects incl. provision of required guarantees
- Optionality for secondary offering

1. Includes lease liabilities current and non-current and other financial liabilities 2. Includes accrued pension and similar obligations and provisions for other non current employee benefits

Updated outlook with strong upside potential in the long-term

Financial targets reflecting thyssenkrupp nucera's attractive positioning and strong order backlog in AWE

AWE

Sales

- 600 mn € – 700 mn € Sales by FY23/24 (*prev. FY24/25*)
 - *Faster realisation of certain backlog orders*
 - *Additional order volume expected driven by secular tailwinds*
- Service Sales expected to ramp up 6-8 years after installation

EBIT

- Break-even around FY23/24
 - *Assumes a normalization of the supply chain cost environment*
 - *Increasing prices expected to be passed on for future projects and for significant parts of the backlog*
- In the long-term increase to low double-digit margin also driven by growing service share

CA

Sales

- Sales reflect project business related Order Intake movements, expected at around 300 mn € by FY25/26
- Thereafter, expected to grow in line with GDP

EBIT

- Mid-term target to achieve high single-digit EBIT margin

Group

R&D expense





- Aggregate R&D expense between FY21/22 and FY24/25 is expected to amount to 50 mn € – 100 mn € (reflected in EBIT margin)

Cash flow

- Aggregate Capex between FY21/22 and FY24/25 is expected to amount to 150 mn € – 200 mn € (incl. investments in technology)
- NWC expected to increase slightly into positive territory over time
- FCF break-even expected around FY25/26

EBIT and EBIT margin on product group level are not expected to be reported as part of the segment reporting in the near future

Key messages | H1 21/22 demonstrates our capabilities to win and drive the success of AWE

-  Strong bottom- and top-line development despite challenging market environment
-  Successful expansion of AWE business underlined by growing order intake and sales
-  Strong and well-capitalised balance sheet
-  Updated financial targets, reflecting in particular long-term upside potential

Group | Summary income statement

| (in mn €) | H1 20/21 | H1 21/22 |
|----------------------------------|--------------|--------------|
| Sales | 129.1 | 177.7 |
| <i>% growth</i> | n/a | 37.6% |
| Cost of sales | (99.7) | (142.0) |
| <i>% of sales</i> | 77.2% | 80.0% |
| Gross margin | 29.4 | 35.6 |
| <i>% margin</i> | 22.8% | 20.0% |
| R&D | (4.6) | (6.7) |
| SG&A | (13.5) | (19.7) |
| Other income /(expense), net | (2.3) | (0.9) |
| EBIT¹ | 9.0 | 8.3 |
| <i>% margin</i> | 7.0% | 4.7% |
| Financial income /(expense), net | (0.2) | (0.3) |
| Income tax expense | (1.7) | (2.6) |
| Net income | 7.1 | 5.3 |

1. Refers to income from operations

Group | Summary cash flow statement

| (in mn €) | H1 20/21 | H1 21/22 |
|---|---------------|---------------|
| Net income | 7.1 | 5.3 |
| Depreciation & amortisation | 1.6 | 1.7 |
| Change in NWC ¹ | 7.1 | 40.7 |
| Other operating cash flow ² | 0.7 | 5.9 |
| Operating cash flow | 16.5 | 53.6 |
| Capital expenditures | (0.0) | (0.2) |
| Proceeds from disposals | 0.0 | 0.1 |
| Investing cash flow | 0.0 | (0.1) |
| Dividends paid to equity holders | (3.1) | (10.0) |
| Cashpool withdrawals/(deposits) | (8.6) | (37.6) |
| Other financing cash flow ³ | (1.0) | 1.8 |
| Financing cash flow | (12.7) | (45.8) |
| Effect of exchange rate changes | (0.1) | (0.1) |
| Increase/(decrease) in cash and cash equivalents | 3.8 | 7.7 |

1. As per Cash Flow Statement and defined as: Changes in assets and liabilities, net of non-cash effect, for Inventories, Trade accounts receivable, Contract assets, Trade accounts payable, Contract liabilities current assets, Changes in assets and liabilities, net of non-cash effects in - Accrued pension and similar obligations and Other provisions, Other assets/liabilities not related to investing financing activities from tk Group

2. Includes Deferred income taxes, net, (Gain)/loss on disposal of non-current assets

3. Includes Cash flows from redemption of lease liabilities, Cash receipts

Group | Summary balance sheet assets

| (in mn €) | FY 20/21 | H1 21/22 |
|--|--------------|--------------|
| Property, plant and equipment | 8.2 | 8.0 |
| Goodwill | 57.2 | 57.6 |
| Intangible assets other than goodwill | 1.3 | 1.0 |
| Other non-current assets ¹ | 7.8 | 13.2 |
| Total non-current assets | 74.5 | 79.8 |
| Inventories | 61.3 | 75.3 |
| Trade accounts receivable | 38.3 | 29.5 |
| Contract assets | 16.1 | 11.9 |
| Cash and cash equivalents and tk Group cash pool receivables | 198.5 | 245.4 |
| Other current assets ² | 26.9 | 27.4 |
| Total current assets | 341.0 | 389.5 |
| Total assets | 415.6 | 469.3 |

1. Includes Other financial assets and Deferred tax assets 2. Includes Other financial assets, Other non financial assets, Current income tax assets excluding Receivables from cash pooling arrangements with tk Group

Group | Summary balance sheet equity and liabilities

| (in mn €) | FY 20/21 | H1 21/22 |
|--|--------------|--------------|
| Equity attributable to equity holders | 203.4 | 204.4 |
| Accrued pension and similar obligations ¹ | 8.0 | 7.1 |
| Other provisions | 3.0 | 2.8 |
| Deferred tax liabilities | 7.6 | 13.6 |
| Lease liabilities | 2.3 | 2.1 |
| Total non-current liabilities | 20.9 | 25.6 |
| Trade accounts payable | 37.6 | 44.4 |
| Contract liabilities | 115.1 | 150.3 |
| Lease liabilities and other financial liabilities | 3.0 | 6.2 |
| Other current liabilities ² | 35.7 | 38.4 |
| Total current liabilities | 191.3 | 239.2 |
| Total liabilities | 212.2 | 264.9 |
| Total equity and liabilities | 415.6 | 469.3 |

1. Includes Accrued pension and similar obligations and Provisions for other non-current employee benefits 2. Includes Provisions for current employee benefits, Other provisions, Current income tax liabilities and Other non-financial liabilities



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We shape
the new era.