thyssenkrupp

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thyssenkrupp interim report
1st quarter 2022 / 2023

thyssenkrupp in figures

		Full group				Group – continuing operations[1]			
		1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022	Change	in %	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022	Change	in %
Order intake	million €	10,398	9,177	(1,222)	(12)	10,398	9,177	(1,222)	(12)
Sales	million €	9,023	9,018	(5)	0	9,023	9,018	(5)	0
EBITDA	million €	554	485	(70)	(13)	554	485	(70)	(13)
EBIT[2]	million €	298	246	(52)	(18)	298	246	(52)	(18)
EBIT margin	%	3.3	2.7	(0.6)	(17)	3.3	2.7	(0.6)	(17)
Adjusted EBIT[2]	million €	378	254	(123)	(33)	378	254	(123)	(33)
Adjusted EBIT margin	%	4.2	2.8	(1.4)	(33)	4.2	2.8	(1.4)	(33)
Income/(loss) before tax	million €	203	167	(37)	(18)	203	167	(37)	(18)
Net income/(loss) or earnings after tax	million €	122	98	(24)	(20)	122	98	(24)	(20)
attributable to thyssenkrupp AG's shareholders	million €	106	75	(31)	(29)	106	75	(31)	(29)
Earnings per share (EPS)	€	0.17	0.12	(0.05)	(29)	0.17	0.12	(0.05)	(29)
Operating cash flows	million €	(599)	(137)	462	77	(599)	(137)	462	77
Cash flow for investments	million €	(253)	(227)	25	10	(253)	(227)	25	10
Cash flow from divestments	million €	25	14	(10)	(41)	25	14	(10)	(41)
Free cash flow[3]	million €	(827)	(350)	477	58	(827)	(350)	477	58
Free cash flow before M&A[3]	million €	(858)	(365)	494	58	(858)	(365)	494	58
Net financial assets (Dec. 31)	million €	(2,701)	(3,258)	(557)	(21)				
Total equity (Dec. 31)	million €	11,425	14,476	3,051	27				
Gearing (Dec. 31)	%	—[4]	—[4]	—	—				
Employees (Dec. 31)		100,386	97,323	(3,063)	(3)				

[1] See preliminary remarks.
[2] See reconciliation in segment reporting (Note 08).
[3] See reconciliation in the analysis of the statement of cash flows.
[4] Due to the strongly positive total equity and the reported net financial assets, the significance of the gearing key ratio is of no relevance.

THYSSENKRUPP STOCK / ADR MASTER DATA AND KEY FIGURES

ISIN		Number of shares (total)	shares	622,531,741
Shares (Frankfurt, Düsseldorf stock exchanges)	DE 000 750 0001	Closing price end Dec. 2022	€	5.70
ADR (over-the-counter-trading)	US88629Q2075	Stock exchange value end Dec. 2022	million €	3,548
Symbols				
Shares	TKA			
ADR	TKAMY			

Our fiscal year begins on October 1 and ends on September 30 of the following year.

In diesem Finanzbericht verwenden wir im Interesse der besseren Lesbarkeit ausschließlich die grammatisch männliche Form, wie bspw. „Aktionär“ oder „Mitarbeiter“). Sie bezieht sich immer zugleich auf alle Geschlechter der Menschen, um die es geht: männlich, weiblich, divers.

Contents

Foreword

Dr. Klaus Keysberg
Chief Financial Officer (CFO)

Dear Shareholders,

thyssenkrupp posted a satisfactory performance in the 1st quarter of the 2022 / 2023 fiscal year, despite the challenging environment, and continued to drive forward the transformation to a group of largely independent, high-performing technology companies.

The development of the key financial indicators in the 1st quarter was dominated by two main effects: on the one hand, the expected normalization of prices, especially at Materials Services, and on the other, the portfolio changes at Multi Tracks, resulting in corresponding reductions in order intake, sales and adjusted EBIT. Overall, we nevertheless managed to hold sales in our group of companies at the prior-year level thanks to the positive performance of the other segments. As expected, the group's order intake and adjusted EBIT in the 1st quarter were lower than in the prior-year period. We achieved a significant year-on-year improvement in free cash flow before M&A and therefore took a big step towards our target of at least breaking even over the full year. Taking into consideration the ongoing constraints on the reliability of planning due to the macroeconomic and geopolitical uncertainties, we are confirming our forecast for the present fiscal year.

Thanks to our decentralized structures and effective performance measures, thyssenkrupp's businesses are now far better placed to confront the challenges they face as well as to address opportunities. Even in the present uncertain situation, we intend to continue to invest in the development of our businesses so we can utilize the wide-ranging opportunities that the future offers for our technologies. For instance, we are paving the way for the green transformation of industry with the planned direct reduction plant at Steel Europe, our electrolysis business thyssenkrupp nucera, and our ammonia specialist Uhde. Businesses like Automotive Technology and Marine Systems are also excellently positioned to benefit from major future trends such as electric vehicles and self-driving cars, as well as the altered security policy situation.

At the same time, we strive to meet our cash flow target for this year. Therefore, we have a three-point plan; first, measures to safeguard earnings; second, improvements in the productivity of capital; and third, a temporary, situation-specific reduction in investments. Our plan is still for investments to exceed depreciation and amortization in the current fiscal year. However, funds will be approved on stepwise on a restrictive basis, depending on the macroeconomic situation and the progress made by the businesses in safeguarding earnings and the productivity of capital. In other words, the businesses have to earn their investments – in keeping with our concept as a group of companies.

In this way, the thyssenkrupp Group is assuming the role of an active owner. We see our role, above all, as empowering the management teams of our businesses to utilize the full potential of their businesses and actively supporting them in realizing their plans for the future. Operational performance and productivity still have top priority for us. This approach strengthens the businesses, makes the group as a whole more resilient, and realizes value-maximizing development paths for you as shareholders. The thyssenkrupp Group is therefore on the right road to achieve a sustained increase in competitiveness and the long-term ability to pay dividends.

Many thanks for your continued support in the transformation of our group of companies.

Dr. Klaus Keysberg

Interim management report

Preliminary remarks

This report follows thyssenkrupp's internal control concept.

The disposal of the mining, infrastructure, and stainless steel businesses in the Multi Tracks segment was initiated in fiscal year 2020 / 2021. The disposal of the stainless steel business was completed at the end of January 2022. In connection with this sale, it was agreed that thyssenkrupp retains shares in the amount of 15% in the Italian company Acciai Speciali Terni S.p.A. (AST). These shares are allocated to "Reconciliation" in segment reporting. Further, the divestment of the infrastructure activities was completed at the end of January 2022 and the disposal of the mining business was completed at the end of August 2022.

Since the sale of the Elevator Technology business at the end of July 2020, thyssenkrupp has held an investment that was part of the consideration received for the sale. This investment is allocated to the Multi Tracks segment. For further details regarding this investment, see also Note 02 (Single assets held for sale and discontinued operation) and Note 07 (Financial instruments). Irrespective of the deconsolidation already recognized, in the previous year, subsequent expenses and income and cash flows directly related to the sale of the Elevator activities were still reported separately in the statement of income and the statement of cash flows. In the 1st quarter of the reporting year, there were no corresponding subsequent expenses and income; subsequent cash flows are no longer presented separately on the grounds of immateriality.

thyssenkrupp AG and its subsidiaries are referred to in this interim management report as a "group." The group comprises the entities included in the legal scope of consolidation. Furthermore, the presentation of the business performance is presented by segment. The disclosures on each segment start with a brief description of the business model and the explanation of the mid-term targets.

Report on the economic position

	Order intake million €		Sales million €		EBIT[1] million €		Adjusted EBIT[1] million €		Employees	
	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022
Materials Services	3,722	3,348	3,290	3,246	219	22	219	20	15,454	16,040
Industrial Components	601	783	604	663	57	38	56	38	12,591	12,056
Automotive Technology	1,090	1,383	1,106	1,302	38	28	38	43	19,695	20,598
Steel Europe	2,481	3,035	2,669	2,945	112	186	124	177	26,247	26,222
Marine Systems	479	133	377	508	(2)	18	6	20	6,555	7,159
Multi Tracks[2]	2,567	913	1,540	779	(50)	(18)	(1)	(17)	17,661	13,068
Corporate Headquarters	1	2	2	2	(61)	(44)	(51)	(43)	622	609
Reconciliation	(543)	(420)	(565)	(427)	(15)	15	(14)	16	1,561	1,571
Group continuing operations[2]	**10,398**	**9,177**	**9,023**	**9,018**	**298**	**246**	**378**	**254**	**100,386**	**97,323**
Discontinued elevator operations[2]	0	0	0	0	0	0	0	0	0	0
Full group	**10,398**	**9,177**	**9,023**	**9,018**	**298**	**246**	**378**	**254**	**100,386**	**97,323**

[1] See reconciliation in segment reporting (Note 08).
[2] See preliminary remarks.

Summary

Business performance in the 1st quarter confirms the group's expectations for the full year; fiscal year still affected by uncertainty about the macroeconomic development

- Performance of the group in the 1st quarter compared with the prior year
  - Order intake lower than in the prior year, mainly due to transaction-related declines in the Multi Tracks segment and a price-driven decline at Materials Services; positive development at Industrial Components, Automotive Technology, and Steel Europe
  - Sales at the prior-year level overall; declines at Multi Tracks and Materials Services offset by increases in the other segments
  - Adjusted EBIT down significantly year-on-year, mainly as a result of the expected sharp drop in prices at Materials Services; by contrast, higher earnings contribution from Steel Europe in particular and year-on-year increases at Automotive Technology and Marine Systems
  - Net income down year-on-year, mainly due to the operating performance
  - FCF before M&A improved significantly year-on-year as expected due to lower increase in working capital, but still negative
- 1st quarter performance of the segments compared with prior year:
  - Materials Services reports slight drop in sales and significantly lower adjusted EBIT, mainly due to declining prices

- Industrial Components reports a significant rise overall in order intake and sales due to increases in both business units; adjusted EBIT considerably lower than in the prior year, partly as a result of the significant rise in factor costs and tougher competition in the wind energy area (especially China)
- Automotive Technology shows a significant increase in order intake, sales, and adjusted EBIT, driven among other factors by higher demand from customers (despite the still restricted availability of semiconductors) and the improvement in operating earnings; higher factor costs mainly offset by price and efficiency measures
- Steel Europe reports a significant increase in sales and adjusted EBIT because revenues have risen and remain high thanks to the long-term structure of contracts and the positive effects from the valuation of CO_2 forward contracts; shipment volumes down year-on-year due to cautious business activity in almost all customer groups
- Marine Systems reports significantly higher sales and adjusted EBIT, mainly due to submission of the final invoice for the delivery of a frigate to a customer in the North Africa region
- Multi Tracks reports a significant transaction-related decline in order intake, sales, and adjusted EBIT, principally driven by the deconsolidation of the stainless steel business; positive trend at the majority of the remaining businesses
- Corporate Headquarters reports an improvement in adjusted EBIT, mainly due to a shift in the timing of general administrative expenses and to IT cost savings

- Full-year forecast confirmed: adjusted EBIT in the mid to high three-digit million euro range and FCF before M&A should increase to at least break even (see section headed “Forecast”)
- Portfolio and performance measures continue to be pursued undiminished; further year-on-year reduction of a total of 3,063 employees
- Mid-term targets for the group of companies published in the Annual Report 2021 / 2022 and at the Capital Market Update on November 25, 2022 confirmed: adjusted EBIT margin of 4–6%, significantly positive FCF before M&A, and resumption of reliable dividend payment for the company as a whole; for mid-term targets at segment level, see section headed “Segment reporting”

Macro and sector environment

Energy prices, inflation, and central banks’ interest rate policy – global economy under pressure

- Sharp rise in energy prices, especially in Europe, as a result of the war in Ukraine; global economic activity held back by extremely high inflation rates and interest rises by central banks; economic growth in the industrialized countries expected to move sideways in 2023 with slight signs of a recovery towards 2024
- Projected growth in global economic output in 2022 around 3.0%; growth expectations for 2023 only 1.9%
- Industrialized countries: GDP growth of 2.6% in 2022 considerably below the prior-year level; 0.6% growth currently forecasted for 2023
- Emerging markets: GDP growth of 3.5% in 2022 also considerably lower than in the previous year; little change in 2023 with a forecast of 3.5% growth
- Risks and uncertainties: persistently high inflation and further interest rate rises by central banks; possible escalation of the war in Ukraine with implications for the energy crisis, especially in Europe; uncertainty about the future development of many other geopolitical crises and trade conflicts;

potential waves of infection in China following the end of the zero-Covid policy, impacting the Chinese economy and global supply chains; bottlenecks in the supply of semiconductors; risk of recurrent floods and other natural catastrophes as a result of climate change; possible escalation of the debt problems, especially in some European countries, as a result of central banks' interest rate policy in combination with a pronounced recession; further risks due to high energy, material, and raw material prices, especially in industrial regions

GROSS DOMESTIC PRODUCT

Real change compared to previous year in %	2022[1]	2023[2]
European Union	3.5	0.2
Germany	1.9	0.3
Eastern Europe and Central Asia	(4.1)	(1.8)
USA	2.0	0.5
Brazil	2.9	1.6
Japan	1.2	1.1
China	2.8	5.0
India	7.0	5.3
Middle East & North Africa	6.2	3.1
World	**3.0**	**1.9**

[1] Calendar year, partly estimates
[2] Calender year, Forecast
Source: IHS Markit

Automotive

- Global volume sales of cars and light trucks in 2022 around the prior-year level, growth in production, but held back by material-related production constraints (especially due to the shortage of chips) and logistics challenges in global supply chains
- Further growth expected in 2023; return to pre-pandemic level at the earliest in 2024 / 2025 due to ongoing chip shortage
- Europe: production around the prior-year level (positive in Europe); lower volumes; recovery expected in 2023, but still well below pre-pandemic levels
- North America: production in 2022 higher than in the previous year, lower volumes; 2023 expected to be positive
- China: production and volumes grew year-on-year in 2022; production in 2023 expected to be in the same range as the previous year, volumes expected to be positive

Machinery

- Germany: despite higher inflation, the impact of the war in Ukraine, and ongoing supply and material bottlenecks, real production growth of around 1% in 2022; decline of 2% expected in 2023
- USA: expected increase of around 7% in machinery production in 2022 and around 2.5% growth in 2023; potential tailwind from fiscal support (especially the Inflation Reduction Act); possible slowdown in growth due to ongoing supply chain problems
- China: growth expectations for machinery production for 2022 and 2023 unchanged at almost 6%; government focus on economic and social stability after end of the zero-Covid policy; possible disruption of production and supply chains due to waves of Covid infections

Construction

- Germany: projected drop in construction activity of around 3%, especially in residential construction around year-end 2022, driven by higher interest rates, high inflation of construction expenses, and general economic uncertainty; no sign of a reversal of the trend in 2023 although inflation rates are ebbing
- USA: sharp downturn of just under 11% in 2022 and further 5% drop expected in 2023; possible stimulus from infrastructure investment programs (especially the Inflation Reduction Act); presumably further expenses, especially in residential construction, as a consequence of sustained high inflation and interest rate rises
- China: relatively weak growth of around 5% projected for 2022; slight recovery to 7% expected in 2023; weaker situation in residential construction will presumably be offset by strong growth in the infrastructure sector, driven by government measures

Steel

- Global demand for finished steel probably contracted by 2.3% in 2022; declines in many countries and regions, for example by 4% in China and 3.5% in the EU27 including UK; by contrast, growth of 2.1% in USA and 6.1% in India; moderate recovery in global demand of 1.0% expected for 2023, but high uncertainty
- Slight upturn on the EU market for premium flat carbon steel at the beginning of the fiscal year, but still significantly below the prior-year level; proportion of imports still high
- Following the continuous declines in flat steel prices on the global spot markets since April 2022, slight growth has been seen since the end of last year; raw material prices have also dropped since spring 2022 but have risen considerably again in recent weeks
- Challenging market environment for steel due to the general economic weakness and a wide range of risks, above all the war in Ukraine, inflation, and coronavirus waves, especially in China

IMPORTANT SALES MARKETS

	2022[1]	2023[2]
Vehicle production, million cars and light trucks[3]		
World	82.0	85.0
Western Europe (incl. Germany)	9.8	10.8
Germany	3.6	4.1
North America (USA, Mexico, Canada)	14.3	15.1
USA	9.8	10.3
Mexico	3.3	3.5
Japan	7.4	7.9
China	26.1	26.4
India	5.1	5.5
Brazil	2.2	2.3
Machinery production, real, in % versus prior year		
World	6.5	3.0
European Union	5.0	(0.2)
Germany	1.0	(2.0)
USA	7.1	2.2
Japan	11.4	3.0
China	5.8	5.8
India	8.7	5.9
Construction output, real, in % versus prior year		
World	1.3	1.9
European Union	2.4	(1.1)
Germany	(2.7)	(2.3)
USA	(10.9)	(5.1)
Japan	(0.4)	7.9
China	5.3	6.9
India	11.3	3.2
Demand for steel, in % versus prior year		
World	(2.3)	1.0
Germany	(4.9)	(3.9)
EU(27) + Great Britain	(3.5)	(1.3)
USA	2.1	1.6
China	(4.0)	0.0
India	6.1	6.7

[1] Calendar year, partly estimates
[2] Calender year, Forecast
[3] Passenger cars and light commercial vehicles up to 6t
Sources: IHS Markit, Oxford Economics, wordsteel, national associations, own estimates

Segment reporting

Materials Services

Materials Services is the largest independent materials distributor and service provider in the western world (Europe & North America). Our portfolio ranges from high-quality materials and raw materials to technical services and intelligent processes for automation, extended supply chains, warehousing and inventory management.

Based on our "Materials as a Service" strategy, we want to continue to develop our position in both smart materials distribution and the integrated supply chain business. Our primary goal here is to reinforce and further extend our leading market positions in Europe and North America. Our medium-term planning envisages warehouse shipments of more than six million tons worldwide, an adjusted EBIT margin of 2 to 3% and a ROCE of more than 9%. The cash conversion rate is expected to be approximately 0.8.

In the current fiscal year, our initiatives are concentrated on profitable growth in North America and sharpening the focus of our network of locations in Europe. For example, our investment projects in the USA and Mexico are making good progress. In addition, the agenda at Materials Services includes further enhancement of digital and sustainable products and services with the aid of a systematic innovation process. In the 1st quarter, for instance, we were able to drive forward our digital transformation by launching the online marketplace SteelBuy.

Climate-neutral worldwide from 2030 – and from 2023 at the Materials Processing location in El Puig, Spain

€3.2 bn

Sales

16,040

Employees worldwide

Performance in the 1st quarter

MATERIALS SERVICES IN FIGURES

		1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022	Change in %
Order intake	million €	3,722	3,348	(10)
Sales	million €	3,290	3,246	(1)
EBITDA	million €	251	56	(78)
EBIT	million €	219	22	(90)
Adjusted EBIT	million €	219	20	(91)
Adjusted EBIT margin	%	6.7	0.6	—
Investments	million €	15	17	9
Employees (Dec. 31)		15,454	16,040	4

Order intake

- Considerably lower than in the prior year, mainly due to price declines, especially in warehousing and distribution and direct-to-customer business; by contrast, year-on-year increases in the entire supply chain services business and warehousing and distribution in North America, principally due to positive USD exchange rate effects

Sales

- Down slightly year-on-year, mainly as a result of price declines in almost all product areas
- Lower sales especially in European warehousing and distribution and the direct-to-customer business
- Positive development of the automotive-related service centers, supply chain services, and North American warehousing and distribution activities, mainly attributable to exchange rates
- Volumes slightly up overall compared with the prior year (2.2 million tons vs. 2.1 million tons) driven by significant rise in direct-to-customers business at Materials Trading; declining shipment volumes in all other businesses

Adjusted EBIT

- Still positive despite a significant year-on-year reduction, mainly due to a lower margin caused by lower prices

Main special items in the reporting period

- No material special items

Investments

- Acquisition of Westphalia DataLab GmbH to strengthen expertise in digital supply chain services and accelerate the development of specific solutions in this area
- Further progress payments for construction of the two North American service centers in Texas, USA, and San Luis Potosi, Mexico
- Modernization and replacement investment at warehousing and service units; continuing digital transformation

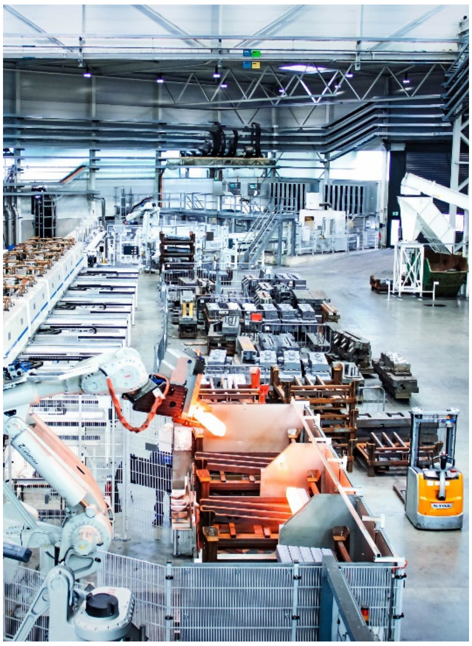
Industrial Components

Industrial Components comprises two business units: Bearings and Forged Technologies. Overall, our aim for the medium term is annual sales growth of 3-5%, an adjusted EBIT margin of at least 10% and a cash conversion rate of 0.6 to 0.8.

As the global market leader for bearings and one of the largest manufacturers of seamless rolled slewing rings, we at Bearings are striving for average sales growth in the mid-term of at least 5% per year. To increase our performance, we intend to continually implement measures to cut costs and improve efficiency – and this continues to be the case in the current fiscal year. In addition, we have a long-term investment strategy to enable us to benefit from the expected significant market growth in the wind energy sector for energy and hydrogen production in the medium term. For example, the first part in a new production line in India came into service. As a reliable partner, our aim is to pave the way for the sustainable transformation of many sectors and industries and drive forward the expansion of onshore and offshore wind energy installations with our solutions and global network

Forged Technologies is a specialist in the forgings business and is among the leading global manufacturers of components for engines, undercarriages and construction machinery. Our medium-term goal is to increase our market share and achieve growth with new products. The main focus in the current fiscal year continues to be on enhancing our personnel efficiency and optimizing our production and logistics processes. Another key focus is on successfully implementing our investment projects to transform the business unit. At the start of the fiscal year, for example, we were able to support the successful start-up of serial production of chassis components for trucks. Our sustainability focus remains steadily improving our energy efficiency. We want to achieve this through savings programs, supported by selective investment in our plant and machinery.


System solutions from thyssenkrupp rothe erde


Induction furnace supplemented by holding furnaces

€289 m
Sales at Bearings

6,214
Bearings employees worldwide

€375 m
Sales at Forged Technologies

5,842
Forged Technologies employees worldwide

Performance in the 1st quarter

INDUSTRIAL COMPONENTS IN FIGURES

		1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022	Change in %
Order intake	million €	601	783	30
Sales	million €	604	663	10
EBITDA	million €	84	67	(20)
EBIT	million €	57	38	(33)
Adjusted EBIT	million €	56	38	(32)
Adjusted EBIT margin	%	9.4	5.8	—
Investments	million €	30	18	(40)
Employees (Dec. 31)		12,591	12,056	(4)

Order intake

- Up significantly year-on-year: positive development in both business units
- Bearings: year-on-year increase, especially for wind energy applications (Germany and Europe); heterogeneous development of industrial application areas; significant decline in construction machinery, strong rise in exploration, crane engineering up slightly year-on-year, general engineering at the prior-year level
- Forged Technologies: considerable year-on-year increase, underpinned by price adjustments due to higher factor costs and positive USD exchange rate effects; continued high level in the industrial business and at powertrain components for trucks; passenger cars (Europe) still affected by semiconductor problems and disrupted supply chains; undercarriages for construction machinery experiencing continued high demand in all relevant regions, supported slightly by the expanded product offering and development of new markets and business areas

Sales

- Significant improvement compared with the prior year due to the increase at both Forged Technologies and Bearings
- Bearings: slightly above the prior year; slight rise in wind energy sector due to increase in Germany and Europe, declining trend in China; industrial applications slightly down, principally due to declining sales of construction machinery in China
- Forged Technologies: sales follow order intake and are up significantly year-on-year, with positive exchange rate and price adjustment effects

Adjusted EBIT

- Significantly lower than prior year: decrease in both business units
- Bearings: down significantly year-on-year, mainly driven by higher competition in the wind energy sector (especially China) and a sharp rise in factor costs (especially materials and energy); countered by measures to raise efficiency (including restructuring) and positive effects from a change in the product structure of sales volume
- Forged Technologies: down year-on-year, mainly due to production stoppages and maintenance measures; also sharp rise in energy costs; continued cost-cutting measures with associated optimization of the personnel cost ratio

Main special items in the reporting period

- No material special items

Investments

- Mainly growth capex to increase production capacity above all in the wind energy segment, primarily at European and Asian production sites
- Continued investment in fully automated forging press for truck front axles at Homburg site in Germany and in the further localization of the construction machinery business in North America

Automotive Technology

Automotive Technology is a leading German supplier and engineering partner to the international automotive industry. The product and services offering comprises high-tech components, systems and automation solutions for vehicle manufacturing, as well as mechatronic solutions with electronics and internally developed software. Our growth and performance goal is to be among the best in our competitive environment. We have aligned our product portfolio with the next-generation trends in the automotive industry, such as electric vehicles and self-driving vehicles. In the medium term we aim to report sales of at least €5.5 billion a year. To achieve our medium-term performance targets – an adjusted EBIT margin of 7–8% and a cash conversion rate of at least 0.5 – we are focusing primarily on improving production efficiency and on measures in the field of procurement.

The goal set by our sustainability strategy is carbon-free production at our own sites by 2024. We have already achieved major milestones in this. For example, through our energy efficiency program we have already saved around 42 GWh. We have also concluded an agreement on green electricity, which ensures the supply of power from renewable energy to all our sites in Germany. We have already taken the first photovoltaic installations into service to supply our Chinese sites, with successive expansion scheduled for the current fiscal year.

The 1st quarter was dominated by increased demand from customers, while the market environment remained challenging. Examples were ongoing bottlenecks in the supply of semiconductors and the related higher procurement costs, price rises for purchased components and higher energy and personnel costs. We addressed these challenges through strict cost management, negotiating new price conditions and continuing our efficiency measures.

Steer-by-wire test vehicle in action

€1.3 bn

Sales

20,598

Employees worldwide

Performance in the 1st quarter

AUTOMOTIVE TECHNOLOGY IN FIGURES

		1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022	Change in %
Order intake	million €	1,090	1,383	27
Sales	million €	1,106	1,302	18
EBITDA	million €	94	100	6
EBIT	million €	38	28	(26)
Adjusted EBIT	million €	38	43	13
Adjusted EBIT margin	%	3.4	3.3	—
Investments	million €	47	56	20
Employees (Dec. 31)		19,695	20,598	5

Order intake

- Significantly above the prior year; higher customer demand in the serial business and increase in plant engineering at Automotive Body Solutions; growth held back by restricted availability of semiconductors
- Positive USD and CNY exchange rate effects

Sales

- Sales follow order intake in the automotive serial business; significant year-on-year increase

Adjusted EBIT

- Operational improvements in earnings led to significant increase compared with the prior year, which was boosted by a one-time effect (revaluation of selected pension commitments)
- Cost increase (e.g. for purchased components as well as transportation and logistics due to semiconductor shortage) largely offset by price and efficiency measures

Main special items in the reporting period

- Mainly impairment losses in the steering business due to higher cost of capital

Investments

- Focus on investments for order-related projects, with the goal of supporting cost and profitability targets and leveraging growth opportunities

Steel Europe

Steel Europe is Germany's largest steel producer. It concentrates on attractive market segments for high-quality flat carbon steel, where it is one of the leading suppliers in its core European market.

Our growth and performance goal is to be among the best in our competitive environment. By systematically continuing to implement our Steel Strategy 20-30, we intend to significantly increase our operating performance and strengthen and enhance our market position.

The macroeconomic situation remains challenging as a consequence of the war in Ukraine, continued higher energy costs and the subdued economic outlook. We see signs of a positive trend in the automotive market, which is important for us but currently weak. We are retaining our targets: in the medium term we aim to increase shipment volumes to around 11 million tons and report an adjusted EBIT margin of 6% to 7%, a cash conversion rate of at least 0.4 and adjusted EBITDA of around €100 per ton over the steel cycle.

In the current fiscal year, in addition to ongoing restructuring, initiatives are geared to investments in enhancing the efficiency of the core units of our production network. We are also pressing ahead with our ESG-oriented initiatives such as the green transformation to climate-neutral steel production. Our goal is to be climate-neutral by 2045 at the latest and, going forward, to offer our premium portfolio as "green." In the 1st quarter, we once again signed a number of letters of intent with customers from various sectors on the supply of bluemint® Steel.


New hot dip coating line in Dortmund

€2.9 bn

Sales

26,222

Employees worldwide

Performance in the 1st quarter

STEEL EUROPE IN FIGURES

		1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022	Change in %
Order intake	million €	2,481	3,035	22
Sales	million €	2,669	2,945	10
EBITDA	million €	198	256	29
EBIT	million €	112	186	66
Adjusted EBIT	million €	124	177	42
Adjusted EBIT margin	%	4.7	6.0	—
Investments	million €	124	110	(11)
Employees (Dec. 31)		26,247	26,222	0

Order intake

- Considerably above prior year; increase in volumes to 2.2 million tons; order intake from the automotive industry higher than in the exceptionally weak prior-year period, but still subdued

Sales

- Significantly higher year-on-year; high level of revenue only slightly affected by declining spot market prices due to long-term contract structure
- Shipment volumes fell to 1.9 million tons due to lower orders from almost all customer sectors

Adjusted EBIT

- Up significantly year-on-year; considerably higher revenues and positive effects from the valuation of CO_2 forward contracts largely offset higher raw material and energy costs and lower shipments
- Hedge accounting for CO_2 forward contracts discontinued at the beginning of fiscal year 2022 / 2023; changes in fair value now recognized in profit or loss in the statement of income
- Effects from progressive restructurings and the ongoing performance program continue to provide support

Main special items in the reporting period

- Mainly disposal gains from the sale of land

Investments

- New hot-dip coating line 10 in Dortmund, which is intended to service the growing demand from automotive manufacturers for higher-quality hot-dip coated products, officially opened; the line is expected to start operating in the 2nd quarter following completion of the functional tests
- Progress with major investments under Strategy 20-30 in the engineering and site preparation phases; they include transformation of the casting-rolling line in Duisburg to improve quality and cut costs; engineering work for the construction of a new double-reversing mill and an annealing and insulating line in Bochum to support the ramp-up of electric vehicles and rising demand for high-quality electrical steel completed; foundations currently being laid, assembly of the double-reversing mill planned for early 2023

Marine Systems

Marine Systems is a leading manufacturer of conventional submarines, surface vessels, and marine electronics and offers services worldwide. As a fully integrated systems supplier, we develop and manufacture holistic solutions from a single source for our customers.

Our aim is to underline our technology leadership and further strengthen our competitive position. The current order situation – particularly in the submarine business – has further enhanced the key strategic role of thyssenkrupp Marine Systems. We see additional growth opportunities as a result of rising global demand and long-term structural increases in defense budgets. Moreover, we want to make our technologies suitable for civilian applications.

We are striving in the medium term to achieve average annual sales growth of around 7%, increase the adjusted EBIT margin to industry standard levels (approximately 6% to 7%) and achieve a cash conversion rate of approximately 1.0. To safeguard profitability in the long term, we are continuing to systematically optimize processes, tools, and structures along the entire value chain, while reducing administrative expenses.

In the area of sustainability, the focus in the present fiscal year is on further strengthening the ESG strategy and fostering individual measures to achieve our sustainability goals. In addition, we have reduced our CO_2 emissions through energy efficiency measures in our real estate.

Class 125 frigates, currently the most modern marine units

€508 m

Sales

7,159

Employees worldwide

Performance in the 1st quarter

MARINE SYSTEMS IN FIGURES

		1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022	Change in %
Order intake	million €	479	133	(72)
Sales	million €	377	508	35
EBITDA	million €	15	33	++
EBIT	million €	(2)	18	++
Adjusted EBIT	million €	6	20	++
Adjusted EBIT margin	%	1.6	4.0	—
Investments	million €	20	15	(23)
Employees (Dec. 31)		6,555	7,159	9

Order intake

- Below the prior year, mainly because of high order intake for surface vessels in the prior-year period; small orders for maintenance, service, and marine electronics

Sales

- Significantly above the prior year, mainly due to submission of the final invoice for the delivery of a frigate to a customer in the North Africa region; positive project progress in the surface vessels and submarine businesses; stable sales trend is continuing as planned

Adjusted EBIT

- Significantly above the prior-year level; improved margin thanks to submission of the final invoice delivery of a frigate to a customer in the North Africa region; stabilization of older low-margin orders and securing of new orders through the performance program

Main special items in the reporting period

- Mainly provisions for restructuring

Investments

- Continuation of modernization of Kiel shipyard to optimize project execution, increase efficiency, create technical conditions for building larger boats in line with market trend and sustainably improve profitability

Multi Tracks

In the Multi Tracks segment, thyssenkrupp bundles businesses where we see differences in potential and are therefore considering different development paths. The Multi Track segment's portfolio currently comprises six businesses: two plant engineering businesses in the areas of chemicals and cement, two automotive suppliers, thyssenkrupp nucera, a subsidiary which operates in the future-oriented hydrogen market and in which thyssenkrupp has a majority stake, and the Elevator investment.

There are currently divestment processes under way for two businesses: We are currently in negotiations with potentially interested buyers for the Automation Engineering business unit. We have started the M&A process for the Springs & Stabilizers business unit.

One focus of our activities is driving forward the hydrogen business, thyssenkrupp nucera. The preferred option for thyssenkrupp nucera is a stock market listing, depending on the capital market situation. Our preferred solution is to place part of the business on the stock market but to remain the majority owner. One focus for the present fiscal year is implementing the cross-functional ESG strategy.

As an expert in the construction of ammonia plants, Uhde delivers future technology for the transportation of green hydrogen. In the present fiscal year, Uhde will focus on driving forward sustainable technologies and projects. These mainly include blue and green ammonia as source of energy. Looking forward, Uhde aims to significantly increase the pro-rate order intake of blue and green projects.

Ammonia plant to realize green ammonia projects

€779 m

Sales

13,068

Employees worldwide

Performance in the 1st quarter

MULTI TRACKS IN FIGURES

		1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022	Change in %
Order intake	million €	2,567	913	(64)
Sales	million €	1,540	779	(49)
EBITDA	million €	(7)	(4)	34
EBIT	million €	(50)	(18)	64
Adjusted EBIT	million €	(1)	(17)	--
Adjusted EBIT margin	%	(0.1)	(2.2)	—
Investments	million €	16	9	(42)
Employees (Dec. 31)		17,661	13,068	(26)

Order intake

- Transaction-related significant decline year-on-year with mixed performance in the remaining businesses
- Plant engineering: order intake at Polysius at prior-year level; good order intake at Uhde but slightly lower than in the prior year
- Considerably lower than in prior year at thyssenkrupp nucera due to order for a major hydrogen project in the Netherlands in the prior-year quarter
- Automation Engineering at prior-year level
- Price-driven increase at Springs & Stabilizers but slightly lower volumes

Sales

- Significant, transaction-related drop compared with prior year; positive contribution to sales from the remaining businesses
- Plant engineering: higher sales at Uhde as a result of high order intake in prior periods, including a major project for the production of blue ammonia; up year-on-year at Polysius
- Significant sales rise at thyssenkrupp nucera as a result of two major water electrolysis projects
- Automation Engineering above prior year thanks to revenue generation from growth in new business in previous quarters
- Springs & Stabilizers up significantly on prior year thanks to pass-through of materials price increases

Adjusted EBIT

- Down significantly year-on-year, mainly transaction-related due to strong earnings by stainless steel in the prior-year quarter; earnings improvements in all remaining businesses except for thyssenkrupp nucera
- thyssenkrupp nucera: lower than in prior year due to introduction of structures for a listed company and higher development costs in connection with planned growth
- Plant engineering: higher volumes and improved project execution at Uhde and Polysius
- Springs & Stabilizers: considerable improvement as a result of pass-through of increased material and energy costs, optimization of processes and non-recurrence of the negative one-time effects affecting the prior-year quarter (weather-related damage at a Chinese facility) but earnings contribution still negative, partly due to delayed or incomplete pass-through of higher material and energy costs

- Automation Engineering: improved order portfolio with positive impact on earnings; positive earnings contribution overall
- Restructuring and cost-cutting measures with corresponding headcount reduction continue to curb losses in almost all businesses

Main special items in the reporting period

- No material special items

Investments

- Continuing investment in the technology portfolio at plant engineering, investment at Springs & Stabilizers to preserve asset value

Corporate Headquarters

Adjusted EBIT

- Improvement mainly due to shift in the timing of general administrative expenses and IT cost savings at Corporate Headquarters

Main special items in the reporting period

- Lower project expenditure in the context of M&A transactions

Investments

- No major capital expenditures

Results of operations and financial position

Analysis of the statement of income

Income/(loss) from operations

- Sales of continuing operations almost unchanged overall; declines, which were mainly due to inclusion in the prior year quarter of sales from the stainless steel and mining disposal groups, which were deconsolidated during the further course of the past fiscal year, were offset by significant sales increases in the materials businesses in the Steel Europe segment, in the marine and automotive businesses and the remaining businesses in the Multi Tracks segment; at the same time, taking into account the aforementioned deconsolidations and despite the positive effects of CO_2 futures recognized here in the 1st quarter of the reporting period, there was an overall slight increase in the cost of sales of the continuing operations relative to sales; gross profit on sales of the continuing operations €1,167 million in the 1st quarter of the period under review and gross profit margin of 12.9% slightly lower than in the prior year
- Increase in selling expenses of continuing operations mainly due to higher sales-related freight, insurance and customs expenses and higher personnel expenses; in the prior year, also positive effects on selling expenses from the reversal of other provisions
- Reduction in general administrative expenses of continuing operations influenced by overall reduction in personnel expenses, mainly as a result of the aforementioned consolidations as well as, in particular, lower consulting expenses
- Decrease in other income of continuing operations mainly due to lower insurance claims and lower subsidies; by contrast, higher income from hedging of operating exchange rate risks
- Other expenses of continuing operations unchanged overall; in particular, higher expenses in connection with the hedging of operating exchange rate risks combined with a decline in connection the aforementioned deconsolidations
- Improvement in other gains and losses of continuing operations, mainly because of non-recurrence of losses from the sale of the infrastructure business (excluding the Australian activities) in the 1st quarter of the prior year; furthermore, improvement in result from the sale of property, plant, and equipment, giving an overall gain in the 1st quarter of the reporting period

Financial income/(expense), net

- Overall reduction in the negative financial income/(expense), net of continuing operations, principally as a result of improved income from investments recognized using the equity method, which was mainly due to lower losses from the Elevator investment, higher profits at a Chinese investment and lower interest expense for financial debt; by contrast, higher net periodic pension cost

Earnings per share (EPS)

- Net income in the 1st quarter of the reporting year down €24 million at €98 million
- Earnings per share therefore decreased by €0.05 to €0.12 in the 1st quarter of the reporting period

Analysis of the statement of cash flows

Operating cash flows

- The operating cash flows of the continuing operations were negative in the 1st quarter of the reporting period, as in the corresponding prior-year period. Nevertheless, they improved significantly, mainly as a result of the overall reduction in net working capital.

Cash flows from investing activities

- Capital expenditures of continuing operations down slightly year-on-year
- Overall cash inflows from disposals of continuing operations slightly below the prior year, mainly because of the absence of the cash inflows from the sale of the infrastructure business (excluding the activities in Australia) reported in the 1st quarter of the prior year

Cash flows from financing activities

- Strong improvement in cash flows from financing activities of the continuing operations mainly as a result of early redemption of a bond and repayment of a note loan in the 1st quarter of the prior year

Free cash flow and net financial assets

RECONCILIATION TO FREE CASH FLOW BEFORE M&A

million €	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022	Change
Operating cash flows – continuing operations (consolidated statement of cash flows)	(599)	(137)	462
Cash flow from investing activities – continuing operations (consolidated statement of cash flows)	(228)	(213)	15
Free cash flow – continuing operations (FCF)[1]	**(827)**	**(350)**	**477**
–/+ Cash inflow/cash outflow resulting from material M&A transactions	(13)	9	23
Adjustment due to IFRS 16	(18)	(24)	(6)
Free cash flow before M&A – continuing operations (FCF before M&A)[1]	**(858)**	**(365)**	**494**
Discontinued elevator operations[1]	0	0	0
Free cash flow before M&A – group (FCF before M&A)	**(858)**	**(365)**	**494**

[1] See preliminary remarks.

- FCF before M&A improved considerably year-on-year as expected due to lower increase in working capital, but still negative
- Decrease in net financial assets at December 31, 2022 to €3.3 billion compared with September 30, 2022 mainly due to negative FCF before M&A
- Available liquidity of €8.7 billion (€7.2 billion cash and cash equivalents and €1.5 billion undrawn committed credit lines)

Rating

RATING

	Long-term rating	Short-term rating	Outlook
Standard & Poor's	BB	B	stable
Moody's	Ba3	not prime	stable
Fitch	BB-	B	stable

The rating agencies Standard & Poor's and Moody's upgraded their ratings in December 2022. Standard & Poor's from BB- to BB and Moody's from B1 to Ba3. All the rating agencies give thyssenkrupp a "stable" outlook.

Analysis of the statement of financial position

Non-current assets

- Decline in property, plant and equipment mainly attributable to currency translation
- Decrease in investments accounted for using the equity method in particular because of the material exchange rates affecting the subsequent measurement of the ordinary shares recognized here in connection with the Elevator investment
- Increase in other financial assets mainly due to subsequent measurement of the interest-free loans recognized here in connection with the Elevator investment
- Increase in other non-financial assets primarily due to higher advance payments on property, plant and equipment
- Reduction in deferred taxes mainly due to changes in exchange rates

Current assets

- Increase in inventories, especially in the materials business in the Steel Europe segment and in the automotive and components businesses.
- Significant drop in trade accounts receivable mainly caused by the materials businesses in the Material Services segment and the automotive businesses
- Decrease in contract assets principally in connection with the execution of construction contracts by the plant engineering business in the Multi Tracks segment.
- Decrease in other financial assets primarily as a consequence of the measurement of currency and commodity derivatives and lower claims to rebates
- Increase in other non-financial liabilities mainly due to higher claims to refunds in connection with non-income taxes; by contrast, in particular, decrease in advance payments in connection with the operating business
- Significant reduction in cash and cash equivalents in the 1st quarter of the reporting year mainly as a result of the negative operating cash flows and cash outflows for investments in the continuing operations as well as the overall repayment of financial debt

Total equity

- Decline compared with September 30, 2022 mainly due to currency translation losses recognized in other comprehensive income; by contrast, increase in net income in the 1st quarter of the reporting year and gains recognized in other comprehensive income from the remeasurement of pensions and similar obligations as well as from cash flow hedges

Non-current liabilities

- Decrease in provisions for pensions and similar obligations primarily due to gains resulting from the remeasurement of pensions mainly as a result of the higher pension discount rate in Germany
- Slight decline in financial debt, especially due to reduction in lease liabilities and liabilities to financial institutions

Current liabilities

- Lower provisions for current employee benefits and other provisions, influenced in particular by lower additions than utilizations and reversals
- Slight reduction in financial debt due to repayment of liabilities to financial institutions and of lease liabilities
- Sharp decrease in trade accounts payable mainly at the materials businesses in the Materials Services and Steel Europe segments
- Reduction in other financial liabilities mainly related to accounting for derivatives
- Increase in contract liabilities especially because of the execution of construction contracts in the marine business
- Decline in other non-financial liabilities mainly due to reduction in personnel-related liabilities

Compliance

- Strong values as foundation of our work – particularly in difficult economic environment; anchored in Mission Statement, Code of Conduct and Compliance Commitment
- Continuous implementation and enhancement of thyssenkrupp compliance management system in the core compliance areas corruption prevention, antitrust law, data protection, prevention of money laundering, and trade compliance
- Close involvement of Compliance in various questions relating to legal sanctions and the preparations relating to the German Act on Corporate Due Diligence Obligations in Supply Chains, which came into effect on January 1, 2023 and, as in the past, in M&A activities to advise on various antitrust issues
- More information on compliance at thyssenkrupp in the 2021 / 2022 Annual Report and on the website www.thyssenkrupp.com

Forecast, opportunity and risk report

2022 / 2023 full-year forecast confirmed

Basic conditions and key assumptions

Despite the increased uncertainty about economic conditions and possible recessionary trends, in fiscal year 2022 / 2023 we will continue to focus on the performance, structural improvement and ongoing development of our businesses and also continue our targeted growth initiatives.

The main assumptions and expected economic conditions on which our forecast is based can be found in the section headed “Macro and sector environment” in the “Report on the economic position.” For the corresponding opportunities and risks see the “Opportunity and risk report” that follows this section. This forecast is also based on the following key planning assumptions:

- Necessary fossil fuels (especially natural gas) and other raw materials will remain available and there will be no major restrictions on planned production as a result.
- Business development will not be held back to a significant extent by pandemic-related restrictions.

Partially volatile price levels for raw materials, energy and other factor costs (including materials and transportation) at times could result in corresponding fluctuations in sales and earnings development.

We anticipate the following basic conditions for our businesses in fiscal year 2022 / 2023:

At **Materials Services** we are forecasting a rise in total shipments, with support also coming from ongoing efficiency measures. These planned improvements will probably be negated by the absence of the strong support from dynamic price effects registered in the previous year. Overall, we do not anticipate further significant restrictions in the availability of materials on the purchasing side, nor significant disruption in our main customer sectors; the overall development is expected to be stable.

Within the **Industrial Components** segment, the anticipated basic conditions for Bearings and Forged Technologies are as follows: In the **bearings** business we expect that demand in the wind energy area will pick up following the temporary dip and that there will be sustained high demand for industrial applications. We are continuing our ambitious program of measures to mitigate rising factor costs. For **Forged Technologies** we anticipate sustained high demand for truck components and further strong order intake for undercarriages and construction machinery components. As well as systematic implementation of measures to enhance performance and passing on rising factor costs, our focus is on diversifying our product portfolio to make selective use of the emerging market opportunities.

At **Automotive Technology** we see recovery potential in our market environment from the 2nd half of the fiscal year, including normalization of customer call-offs. This is attributable in part to the high level of orders on hand at our customers as a result of bottlenecks in the supply of starting products in the previous year. However, there are still structural problems with the supply of semiconductors; as a result it may not be possible to fully meet market demand. We will continue our price and efficiency measures to counter rising factor costs.

Taking into consideration the challenging market environment, we expect shipments at **Steel Europe** to remain largely stable year-on-year. Additional structural improvements are expected to come from further systematic implementation of our Steel Strategy 20-30 to improve productivity and performance. Furthermore, we plan to start implementing our green transformation by building Germany's largest direct reduction plant for CO_2-reduced steel, which is still contingent upon the outstanding EU approval for the subsidy.

We see additional growth opportunities for **Marine Systems** as a result of rising global demand and long-term structural increases in defense budgets. The current order situation – particularly in the submarine business – has confirmed the segment's key strategic role. We still anticipate that positive effects will come from the new transformation and growth program. These will be supported in particular by our solid order situation for the construction of submarines and surface vessels.

At **Multi Tracks,** we expect investment confidence for plant engineering to be around the prior-year level. We anticipate further strong market growth for thyssenkrupp nucera's hydrogen business and Uhde's ammonia business. Any rises in factor costs in the automotive supplier business should be translated to a large extent into high sales revenues. Overall, operational project execution is expected to be stable without major delays.

In the Multi Tracks segment, the disposal processes for the infrastructure, stainless steel and mining technologies businesses were completed in fiscal year 2021 / 2022 (see Note 03 "Discontinued operation, disposal groups and single assets held for sale" in Annual Report 2021 / 2022). Consequently, these businesses are not included in the forecast for 2022 / 2023 and are referred to below as "sold disposal groups." The sold disposal groups are, however, included in the prior-year figures on a pro rata basis until completion of the respective disposal process. In the presentation of the prior-year sales and adjusted EBIT of the Multi Tracks segment and the group in the following sections, the pro rata prior-year figures for the sold disposal groups are therefore shown on a pro forma basis.

The forecast assumes no effects from further possible portfolio measures.

Expectations for 2022 / 2023

In view of the present high economic and geopolitical uncertainty, the reliability of business development forecasts is limited. Therefore, our forecasts are expressed as ranges. Based on the expected economic conditions as of the date of this forecast, the underlying assumptions and the anticipated structural improvement in our businesses, we still consider the following view on the 2022 / 2023 fiscal year to be appropriate:

EXPECTATIONS FOR THE SEGMENTS AND THE GROUP

			Fiscal year 2021 / 2022	Forecast for fiscal year 2022 / 2023
Materials Services	Sales	million €	16,444	Significantly below the prior year
	Adjusted EBIT	million €	837	Decrease; figure in the low three-digit million euro range
Industrial Components	Sales	million €	2,766	Slightly above the prior year
	Adjusted EBIT	million €	234	Decrease; figure in the low three-digit million euro range
Automotive Technology	Sales	million €	4,825	Significantly above the prior year
	Adjusted EBIT	million €	108	Increase; figure in the low three-digit million euro range
Steel Europe	Sales	million €	13,156	Slightly below the prior year
	Adjusted EBIT	million €	1,200	Decrease; figure in the mid three-digit million euro range
Marine Systems	Sales	million €	1,831	Significantly above the prior year
	Adjusted EBIT	million €	32	Increase; figure in the mid to high two-digit million euro range
Multi Tracks	Sales	million €	4,101 / 1,399[1]	Significantly below the prior year
	Adjusted EBIT	million €	(173) / 123[1]	Increase; negative figure in the low three-digit million euro range
Corporate Headquarters	Adjusted EBIT	million €	(154)	Decrease; negative figure in the low three-digit million euro range
Group	Sales	million €	41,140 / 1,399[1]	Significant reduction
	Adjusted EBIT	million €	2,062 / 123[1]	Decrease to a figure in mid to high three-digit million euro range
	Capital spendings	million €	1,472	Above prior year; including IFRS 16 effects
	Free cash flow before M&A	million €	-476	Increase to at least break-even
	Net income	million €	1,220	Decrease to at least break-even
	tkVA	million €	529	Decrease to a negative figure in the high three-digit million euro range
	ROCE	%	11.3%	Decrease to a figure in the low to mid-single-digit percentage range

[1] Thereof sold disposal groups, pro forma

- **Sales** are expected to decline significantly, mainly as a result of the normalization of price trends at Materials Services and Steel Europe. The expected decline in the Multi Tracks segment is principally attributable to the disposal processes completed in the prior year (see above).

- For **adjusted EBIT,** we anticipate a figure in the mid to high three-digit million euro range. This assumption is based, in particular, on the absence of the previous year's strong support from dynamic price effects, which is the main reason for the declines forecast for Materials Services and Steel Europe, where higher factor costs will also have an impact. Improvements in earnings at, for example, Automotive Technology and Multi Tracks will mitigate this development.

- **Capital spending** is expected to be higher than in the previous year. At Steel Europe, the increase in investments relates principally to the Steel Strategy 20-30 and the green transformation. Furthermore, extraordinary and mainly non-cash IFRS 16 effects, especially in connection with a long-term service contract at Materials Services will have a value-increasing effect on investments. Investments for targeted growth initiatives in our businesses are also planned. Overall, investments will be approved on a restrictive basis, depending on the business performance of the business and the group.

- We aim to increase the **free cash flow before M&A** to at least break-even. This already takes into account the planned increase in capital spending to above the prior-year level, including the extraordinary IFRS 16 effects mentioned above. The still significant increase compared to the previous year is due to the planned improvement in net working capital. Furthermore, cash inflows from order intake and the payment profile of the project business (especially at Marine Systems and Multi Tracks) as well as further cash outflows for restructuring will also have an influence on this development.

- **Net income** is expected to decrease but should at least break even.

- As a result of the above effects and the increased cost of capital, **tkVA** is expected to decline to a negative figure in the high three-digit million euro range. Consequently, **ROCE** is expected to decrease to the low to mid-single-digit percentage range.

We will take into account the development of our key performance indicators – also keeping in mind economic justifiability – in preparing our dividend proposal to the Annual General Meeting.

Opportunities and risks

Opportunities

- Detailed information on opportunities described in the 2021 / 2022 Annual Report continues to apply
- Opportunities from further systematic implementation of the transformation into a high-performing, sustainable group of companies
- Major opportunities as an enabler of the green transformation with potential for further growth in the areas of hydrogen, green chemicals, renewable energies, and electric vehicles

Risks

- Detailed information on risks in the 2021 / 2022 Annual Report remains valid; no risks that threaten the company's ability to continue as a going concern
- Uncertainty about the further course of the war in Ukraine; possible escalation of the war with consequences for the energy crisis, especially in Europe; further risks due to high energy, material, and raw material prices, especially in industrial regions
- Uncertainty about the future development of many geopolitical crises and trade conflicts
- Economic risks as a consequence of persistently high inflation rates and the possibility of further interest rate rises by central banks; possible escalation of the debt problems, especially in some European countries as a result of central bank interest rate policy combined with a pronounced recession
- Potential waves of infection in China following the end of the zero-Covid policy with potential implications for the Chinese economy and global supply chains; bottlenecks in the supply of semiconductors for electronics
- Risk of recurrent floods and natural catastrophes as a result of climate change
- Risks through temporary efficiency losses in production as a result of restructuring in connection with our company transformation
- Risks of cost and schedule overruns in the execution of major projects
- Risks from further increase in attacks on IT infrastructure; countermeasure: further continuous expansion of information security management and security technologies

Condensed interim financial statements of the thyssenkrupp group

thyssenkrupp group – statement of financial position

ASSETS

million €	Note	Sept. 30, 2022	Dec. 31, 2022
Intangible assets		1,872	1,856
Property, plant and equipment (inclusive of investment property)		6,748	6,622
Investments accounted for using the equity method		642	523
Other financial assets		863	896
Other non-financial assets		304	319
Deferred tax assets		732	682
Total non-current assets		**11,161**	**10,898**
Inventories		8,889	9,208
Trade accounts receivable		5,298	4,642
Contract assets		1,895	1,737
Other financial assets		701	530
Other non-financial assets		1,745	1,756
Current income tax assets		159	167
Cash and cash equivalents	13	7,638	7,160
Assets held for sale	02	8	4
Total current assets		**26,331**	**25,206**
Total assets		**37,492**	**36,104**

See accompanying notes to financial statements.

EQUITY AND LIABILITIES

million €	Note	Sept. 30, 2022	Dec. 31, 2022
Capital stock		1,594	1,594
Additional paid-in capital		6,664	6,664
Retained earnings		4,777	4,914
Cumulative other comprehensive income		1,167	786
Equity attributable to thyssenkrupp AG's stockholders		**14,202**	**13,958**
Non-controlling interest		540	518
Total equity		**14,742**	**14,476**
Provisions for pensions and similar obligations	03	5,812	5,728
Provisions for other non-current employee benefits		226	236
Other provisions	04	431	444
Deferred tax liabilities		53	43
Financial debt	05	2,786	2,750
Other financial liabilities		41	38
Other non-financial liabilities		15	15
Total non-current liabilities		**9,363**	**9,254**
Provisions for current employee benefits		168	139
Other provisions	04	1,268	1,213
Current income tax liabilities		150	149
Financial debt	05	1,195	1,162
Trade accounts payable		4,807	4,052
Other financial liabilities		980	758
Contract liabilities		3,098	3,316
Other non-financial liabilities		1,722	1,585
Total current liabilities		**13,387**	**12,374**
Total liabilities		**22,750**	**21,627**
Total equity and liabilities		**37,492**	**36,104**

See accompanying notes to financial statements.

thyssenkrupp group – statement of income

million €, earnings per share in €	Note	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022
Sales	08, 09	9,023	9,018
Cost of sales		(7,829)	(7,851)
Gross Margin		**1,194**	**1,167**
Research and development cost		(51)	(54)
Selling expenses		(569)	(591)
General and administrative expenses		(361)	(350)
Other income	10	129	98
Other expenses		(32)	(33)
Other gains/(losses), net		(7)	4
Income/(loss) from operations		**302**	**242**
Income from companies accounted for using the equity method	11	(42)	(19)
Finance income		245	204
Finance expense		(302)	(261)
Financial income/(expense), net		**(99)**	**(75)**
Income/(loss) from continuing operations before tax		**203**	**167**
Income tax (expense)/income		(82)	(69)
Income/(loss) from continuing operations (net of tax)		**122**	**98**
Income/(loss) from discontinued operations (net of tax)	02	**0**	**0**
Net income/(loss)		**122**	**98**
Thereof:			
thyssenkrupp AG's shareholders		**106**	**75**
Non-controlling interest		16	22
Net income/(loss)		**122**	**98**
Basic and diluted earnings per share based on	12		
Income/(loss) from continuing operations (attributable to thyssenkrupp AG's shareholders)		**0.17**	**0.12**
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)		**0.17**	**0.12**

See accompanying notes to financial statements.

thyssenkrupp group – statement of comprehensive income

million €	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022
Net income/(loss)	**122**	**98**
Items of other comprehensive income that will not be reclassified to profit or loss in future periods:		
Other comprehensive income from remeasurements of pensions and similar obligations		
Change in unrealized gains/(losses), net	133	58
Tax effect	(8)	1
Other comprehensive income from remeasurements of pensions and similar obligations, net	126	59
Unrealized gains/(losses) from fair value measurement of equity instruments		
Change in unrealized gains/(losses), net	1	6
Tax effect	0	0
Net unrealized gains/(losses)	1	6
Share of unrealized gains/(losses) of investments accounted for using the equity-method	0	2
Subtotals of items of other comprehensive income that will not be reclassified to profit or loss in future periods	**127**	**67**
Items of other comprehensive income that could be reclassified to profit or loss in future periods:		
Foreign currency translation adjustment		
Change in unrealized gains/(losses), net	105	(336)
Net realized (gains)/losses	3	0
Net unrealized gains/(losses)	108	(336)
Unrealized gains/(losses) from fair value measurement of debt instruments		
Change in unrealized gains/(losses), net	0	(1)
Net realized (gains)/losses	0	0
Tax effect	0	0
Net unrealized gains/(losses)	0	(1)
Unrealized gains/(losses) from impairment of financial instruments		
Change in unrealized gains/(losses), net	0	0
Net realized (gains)/losses	0	(3)
Tax effect	0	2
Net unrealized gains/(losses)	0	(1)
Unrealized gains/(losses) on cash flow hedges[1]		
Change in unrealized gains/(losses), net	187	76
Net realized (gains)/losses	6	17
Tax effect	0	5
Net unrealized gains/(losses)	193	98
Share of unrealized gains/(losses) of investments accounted for using the equity-method	21	(102)
Subtotals of items of comprehensive income that could be reclassified to profit or loss in future periods[1]	**321**	**(342)**
Other comprehensive income[1]	**448**	**(274)**
Total comprehensive income[1]	**570**	**(177)**

million €	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022
Thereof:		
thyssenkrupp AG's shareholders[1]	544	(171)
Non-controlling interest	25	(5)
Total comprehensive income attributable to thyssenkrupp AG's stockholders refers to:		
Continuing operations[1]	544	(171)
Discontinued operations	0	0

[1] Prior-year figures were adjusted regarding the presentation of basis adjustment.

See accompanying notes to financial statements.

thyssenkrupp group – statement of changes in equity

	Equity attributable to thyssenkrupp AG's stockholders			
million €, (except number of shares)	Number of shares outstanding	Capital stock	Additional paid-in capital	Retained earnings
Balance as of Sept. 30, 2021	**622,531,741**	**1,594**	**6,664**	**1,771**
Net income/(loss)				106
Other comprehensive income[1]				126
Total comprehensive income[1]				**232**
Gains/(losses) resulting from basis adjustment				
Profit attributable to non-controlling interest				
Other changes				0
Balance as of Dec. 31, 2021	**622,531,741**	**1,594**	**6,664**	**2,002**
Balance as of Sept. 30, 2022	**622,531,741**	**1,594**	**6,664**	**4,777**
Net income/(loss)				75
Other comprehensive income				61
Total comprehensive income				**136**
Gains/(losses) resulting from basis adjustment				
Profit attributable to non-controlling interest				
Balance as of Dec. 31, 2022	**622,531,741**	**1,594**	**6,664**	**4,914**

[1] Figures were adjusted regarding the presentation of basis adjustment.

See accompanying notes to financial statements.

Equity attributable to thyssenkrupp AG's stockholders									
Cumulative other comprehensive income									
				Cash flow hedges					
Foreign currency translation adjustment	Fair value measurement of debt instruments	Fair value measurement of equity instruments	Impairment of financial instruments	Designated risk component	Hedging costs	Share of investments accounted for using the equity method	Total	Non-controlling interest	Total equity
19	**10**	**8**	**33**	**217**	**(37)**	**123**	**10,400**	**445**	**10,845**
							106	16	122
98	0	1	0	185	8	21	438	10	448
98	**0**	**1**	**0**	**185**	**8**	**21**	**544**	**25**	**570**
				21			21		21
							0	(9)	(9)
							0	(1)	(1)
117	**10**	**9**	**33**	**422**	**(29)**	**144**	**10,966**	**460**	**11,425**
524	**15**	**7**	**79**	**215**	**(26)**	**352**	**14,202**	**540**	**14,742**
							75	22	98
(305)	0	6	(1)	71	24	(102)	(247)	(28)	(274)
(305)	**0**	**6**	**(1)**	**71**	**24**	**(102)**	**(171)**	**(5)**	**(177)**
				(73)			(73)		(73)
							0	(17)	(17)
218	**15**	**13**	**79**	**213**	**(2)**	**250**	**13,958**	**518**	**14,476**

thyssenkrupp group – statement of cash flows

million €	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022
Net income/(loss)	**122**	**98**
Adjustments to reconcile net income/(loss) to operating cash flows:		
Deferred income taxes, net	17	16
Depreciation, amortization and impairment of non-current assets	258	239
Reversals of impairment losses of non-current assets	(17)	(19)
(Income)/loss from companies accounted for using the equity method, net of dividends received	42	19
(Gain)/loss on disposal of non-current assets	7	(2)
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes		
– Inventories	(1,211)	(476)
– Trade accounts receivable	(263)	495
– contract assets[1)]	175	80
– Provisions for pensions and similar obligations	(20)	(16)
– Other provisions	(143)	(45)
– Trade accounts payable	8	(638)
– contract liabilities[1)]	207	246
– Other assets/liabilities not related to investing or financing activities	219	(134)
Operating cash flows – continuing operations	**(599)**	**(137)**
Operating cash flows – discontinued operations	0	0
Operating cash flows	**(599)**	**(137)**

million €	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022
Purchase of investments accounted for using the equity method and non-current financial assets	(7)	0
Expenditures for acquisitions of consolidated companies net of cash acquired	(1)	(3)
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(237)	(217)
Capital expenditures for intangible assets (inclusive of advance payments)	(9)	(7)
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	0	1
Proceeds from disposals of previously consolidated companies net of cash disposed	18	0
Proceeds from disposals of property, plant and equipment and investment property	7	14
Cash flows from investing activities – continuing operations	**(228)**	**(213)**
Cash flows from investing activities – discontinued operations	0	0
Cash flows from investing activities	**(228)**	**(213)**
Repayments of bonds	(1,250)	0
Proceeds from liabilities to financial institutions	87	16
Repayments of liabilities to financial institutions	(73)	(77)
Lease liabilities	(35)	(34)
Proceeds from/(repayments on) loan notes and other loans	(100)	(10)
Profit attributable to non-controlling interest	(9)	(17)
Other financial activities	(53)	52
Cash flows from financing activities – continuing operations	**(1,434)**	**(70)**
Cash flows from financing activities – discontinued operations	0	0
Cash flows from financing activities	**(1,433)**	**(70)**
Net increase/(decrease) in cash and cash equivalents	(2,261)	(420)
Effect of exchange rate changes on cash and cash equivalents	8	(57)
Cash and cash equivalents at beginning of reporting period	9,017	7,638
Cash and cash equivalents at end of reporting period	**6,764**	**7,160**
thereof cash and cash equivalents within the disposal groups	46	—
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows of continuing operations:		
Interest received	3	27
Interest paid	(21)	(7)
Dividends received	0	0
Income taxes (paid)/received	(59)	(67)

[1] Prior year presentation has been adjusted; the line items contract assets and contract liabilities were reclassified.

See accompanying notes to financial statements.

thyssenkrupp group – Selected notes

Corporate information

thyssenkrupp Aktiengesellschaft (“thyssenkrupp AG” or “Company”) is a publicly traded corporation domiciled in Duisburg and Essen in Germany. The condensed interim consolidated financial statements of thyssenkrupp AG and its subsidiaries, collectively the “group”, for the period from October 1, 2022 to December 31, 2022, were reviewed and authorized for issue in accordance with a resolution of the Executive Board on February 10, 2023.

Basis of presentation

The accompanying group’s condensed interim consolidated financial statements have been prepared pursuant to section 115 of the German Securities Trading Act (WpHG) and in conformity with IAS 34 “Interim financial reporting”. They are in line with the International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) for interim financial information effective within the European Union. Accordingly, these financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

The accounting principles and practices as applied in the group’s condensed interim consolidated financial statements as of December 31, 2022 correspond to those pertaining to the most recent annual consolidated financial statements with the exception of the recently adopted accounting standards. A detailed description of the accounting policies is published in the notes to the consolidated financial statements of our annual report 2021 / 2022.

Review of estimates and judgments

The preparation of the group financial statements requires management to make judgments, 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 results of operations; they are reviewed on an ongoing basis. This applies in particular to the possible impacts of the war in Ukraine. In view of this and given the ratio of market capitalization to the thyssenkrupp group’s equity, material goodwill and other intangible assets and property, plant and equipment were tested for impairment. As a result, an impairment loss of €14 million was recognized on technical equipment and machinery in the global electric steering product area in the Steering business unit of the Automotive Technology segment in the 1st quarter ended December 31, 2022. This was due to the increase in the cost of capital (discount rate) as of December 31, 2022. The recoverable amount relevant for determining the impairment loss is the value in use, which amounts to a total of €554 million and for which a discount rate (after tax) of 8.9% was applied.

The uncertainty relating to the assessment of the impacts of the war in Ukraine and numerous other geopolitical crises and trade conflicts on current business performance, including the earnings outlook compared with September 30, 2022, remains unchanged. Going forward, the developments and impacts on business performance, for example of potential waves of infection in China following the end of the zero-Covid policy, impacting the Chinese economy and global supply chains, recurrent floods and other natural catastrophes as a result of climate change, possible escalation of debt problems, especially in some European countries, as a result of central bank interest rate policy, and persistently high energy, material and raw material prices entail enormous uncertainty from the present viewpoint; please refer to the presentation of economic conditions in the report on the economic position in the interim management report.

01 Recently adopted accounting standards

In fiscal year 2022 / 2023, thyssenkrupp adopted the following amendments to existing standards that do not have a material impact on the Group's consolidated financial statements:

- Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements to IFRSs 2018-2020 Cycle, issued in May 2020

02 Single assets held for sale and discontinued operation

Single assets held for sale

As of December 31, 2022, property, plant and equipment of €4 million relating to a property in the Stuttgart area held for sale in the Materials Services segment are reported in the line item "Assets held for sale" in the statement of financial position. The sale was completed at the beginning of the 2nd quarter of 2022 / 2023.

As of September 30, 2022, this line item contained property, plant and equipment of €8 million relating to two properties in the Dortmund area held for sale in the Steel Europe segment. These were sold in the 1st quarter of 2022 / 2023.

Discontinued Elevator operation

End of February 2020, thyssenkrupp signed an agreement with a bidding consortium led by Advent International and Cinven on the full sale of its elevator business Elevator Technology. After all the responsible authorities had approved the sale, the closing of the transaction together with the deconsolidation of Elevator Technology took place on July 31, 2020. The transaction met the criteria for presentation as a discontinued operation under IFRS 5. It encompassed Elevator Technology and individual units from Corporate Headquarters. Irrespective of the deconsolidation already recognized, in the previous year, subsequent expenses and income and cash flows directly related to the sale of the Elevator activities were still reported separately in the statement of income and the statement of cash flows, pursuant to IFRS 5. In the 1st quarter of 2022 / 2023, there were no corresponding subsequent expenses and income; subsequent cash flows are no longer presented separately due to immateriality.

In the context of the disposal of Elevator Technology business as of July 31, 2020 thyssenkrupp holds an investment that was part of the consideration received from the disposal. It comprises several financing instruments which are accounted for as follows:

- Ordinary shares (with voting rights) in Vertical Topco I S.A., Luxembourg. Due to the existence of significant influence, the ordinary shares are treated and reported as an investment accounted for using the equity method in accordance with the requirements of IAS 28. Amortization of the acquisition cost is recognized in financial income from companies accounted for using the equity method in the statement of income.

- Preference shares (with voting rights) in Vertical Topco I S.A., Luxembourg. The preference shares are treated as an equity instrument in accordance with IAS 32 and IFRS 9 and reported under other non-current financial assets. Subsequent measurement is at fair value, with changes in fair value recognized directly in equity (without recycling).

- Interest-free loans (borrower: Vertical Topco I S.A., Luxembourg). The interest-free loans are treated as debt instruments in accordance with IAS 32 and IFRS 9 and likewise reported under other non-current financial assets. They are measured at amortized cost, with income effects from subsequent measurement recognized in finance income/finance expense under financial income/expense in the statement of income.

03 Provisions for pensions and similar obligations

Based on updated interest rates and fair value of plan assets, an updated valuation of pension obligations was performed as of December 31, 2022:

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

million €	Sept. 30, 2022	Dec. 31, 2022
Pension obligations	5,573	5,507
Partial retirement	206	195
Other pension-related obligations	33	26
Total	**5,812**	**5,728**

The Group applied the following weighted average assumptions to determine pension obligations:

WEIGHTED AVERAGE ASSUMPTIONS

	Sept. 30, 2022			Dec. 31, 2022		
in %	Germany	Other countries	Total	Germany	Other countries	Total
Discount rate for accrued pension obligations	3.70	3.93	3.76	3.80	3.77	3.79

04 Other provisions

The restructuring provisions included in other provisions decreased by €17 million to €159 million compared with September 30, 2022. Additions in the amount of €4 million, mainly relating to the Marine Systems segment, were outweighed mainly by amounts utilized.

05 Financial debt

In December 2022, the Standard & Poor’s rating agency upgraded its rating from BB- to BB, with an unchanged outlook, and Moody’s upgraded its rating from B1 to Ba3 with a “stable” outlook.

06 Contingencies and commitments

Contingencies

thyssenkrupp AG as well as, in individual cases, its subsidiaries have issued or have had guarantees in favour of business partners or lenders. The following table shows obligations under guarantees where the principal debtor is not a consolidated group company:

CONTINGENCIES

million €	Maximum potential amount of future payments as of Dec. 31, 2022	Provision as of Dec. 31, 2022
Advance payment bonds	4	0
Performance bonds	202	0
Payment guarantees	53	1
Other guarantees	6	0
Total	**265**	**1**

The thyssenkrupp group has issued or has had issued guarantees for TK Elevator GmbH and its subsidiaries in favor of their customers which decreased by €2 million to €19 million as of December 31, 2022 compared to September 30, 2022. The buyer consortium has undertaken to indemnify thyssenkrupp against expenses in connection with the guarantees until they are fully discharged. As additional security, thyssenkrupp has received guarantees in the same amount from the buyer.

The basis for possible payments under the guarantees is always the non-performance of the principal debtor under a contractual agreement, e.g. late delivery, delivery of non-conforming goods under a contract or non-performance with respect to the warranted quality.

All guarantees are issued by or issued by instruction of thyssenkrupp AG or subsidiaries upon request of the principal debtor obligated by the underlying contractual relationship and are subject to recourse provisions in case of default. If such a principal debtor is a company owned fully or partially by a foreign third party, the third party is generally requested to provide additional collateral in a corresponding amount.

Commitments and other contingencies

Due to the high volatility of iron ore prices, in the Steel Europe segment the existing long-term iron ore and iron ore pellets supply contracts are measured for the entire contract period at the iron ore prices applying as of the respective balance sheet date. Compared with September 30, 2022, purchasing commitments decreased significantly by around €0.4 billion to €1.0 billion.

There have been no material changes to the other commitments and contingencies since the end of fiscal year 2021 / 2022.

07 Financial instruments

The carrying amounts of trade accounts receivable measured at amortized cost, other current financial assets as well as cash, cash equivalents and time deposits equal their fair values. For trade accounts receivable measured at fair value, the fair value equals the carrying amount less impairment losses recognized in other comprehensive income.

For the preference shares in connection with the Elevator investment, which are classified as equity instruments, the option was exercised to recognize them at fair value in equity (without recycling) due to their significance. Debt instruments disclosed in the balance sheet item “Other financial assets – non-current” include the loans from the elevator transaction, which are measured at amortized cost; see also Note 02. Other equity and debt instruments are in general measured income-effective at fair value, which is based to the extent available on market prices as of the interim balance sheet date or internal valuation models.

The fair value of foreign currency forward transactions is determined on the basis of the middle spot exchange rate applicable as of the interim balance sheet date, and taking account of forward premiums or discounts arising for the respective remaining contract term compared to the contracted forward exchange rate. Common methods for calculating option prices are used for foreign currency options. The fair value of an option is influenced not only by the remaining term of an option, but also by other factors, such as current amount and volatility of the underlying exchange or base rate.

Interest rate swaps and cross currency swaps are measured at fair value by discounting expected cash flows on the basis of market interest rates applicable for the remaining contract term. In the case of cross currency swaps, the exchange rates for each foreign currency, in which cash flows occur, are also included.

The fair value of commodity futures is based on published price quotations. It is measured as of the interim balance sheet date, both internally and by external financial partners. Since the beginning of the fiscal year 2022 / 2023, fluctuations in the fair value of CO_2 forward contracts have no longer been recognized in other comprehensive income as part of hedge accounting but income effective in cost of sales.

The carrying amounts of trade accounts payable and other current liabilities equal their fair values. The fair value of fixed rate non-current liabilities equals the present value of expected cash flows. Discounting is based on interest rates applicable as of the balance sheet date. The carrying amounts of floating rate liabilities equal their fair values.

Financial liabilities measured at amortized cost with a carrying amount of €8,042 million as of December 31, 2022 (September 30, 2022: €8,923 million) have a fair value of €8,006 million (September 30, 2022: €8,763 million) that was determined based on fair value measurement attributable to level 2.

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

FAIR VALUE HIERARCHY AS OF SEPT. 30, 2022

million €	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	117	0	117	0
Derivatives qualifying for hedge accounting	1	0	1	0
Equity instruments	13	7	5	0
Fair value recognized in equity				
Trade accounts receivable	**2,408**			**2,408**
Equity instruments	59			59
Debt instruments (measured at fair value)	38	38	0	0
Derivatives qualifying for hedge accounting	26	0	26	0
Total	**2,661**	**45**	**149**	**2,467**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	107	0	107	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	148	0	148	0
Total	**255**	**0**	**255**	**0**

FAIR VALUE HIERARCHY AS OF DEC. 31, 2022

million €	Dec. 31, 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	55	0	55	0
Derivatives qualifying for hedge accounting	5	0	5	0
Equity instruments	13	7	5	0
Fair value recognized in equity				
Trade accounts receivable	**1,510**			**1,510**
Equity instruments	65			65
Debt instruments (measured at fair value)	34	34	0	0
Derivatives qualifying for hedge accounting	13	0	13	0
Total	**1,696**	**42**	**79**	**1,575**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	80	0	80	0
Derivatives qualifying for hedge accounting	10	0	10	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	25	0	25	0
Total	**115**	**0**	**115**	**0**

The fair value hierarchy reflects the significance of the inputs used to determine fair values. Financial instruments with 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 comprises financial instruments for which the fair value measurement is based on unobservable inputs using recognized valuation models.

In the reporting quarter there were no reclassifications between level 1 and level 2. For the trade accounts receivable classified as level 3, the fair value equals the carrying amount less impairment losses recognized in other comprehensive income.

Changes of the equity instruments included in level 3 were as follows:

RECONCILIATION LEVEL 3 FINANCIAL INSTRUMENTS

million €	
Balance as of Sept. 30, 2022	**59**
Changes income non-effective	6
Balance as of Dec. 31, 2022	**65**

The equity instruments based on individual measurement parameters and recognized at fair value include only the preference shares from the Elevator investment. The shares were measured taking into account expected cash flows on the basis of recognized financial mathematical models and taking into account the market data available at the balance sheet date. The effect resulting from the measurement is reported directly in equity under other comprehensive income under the item “Fair value measurement of equity instruments”.

Impairment of trade accounts receivable and contract assets

The expected default rates for trade accounts receivable are mainly derived from external credit information and ratings for each counterparty, which allows more accurate calculation of the probability of default compared with the formation of rating classes. The customer risk numbers assigned by trade credit insurers and the creditworthiness information provided by credit agencies are translated into an individual probability of default per customer using a central allocation system. This individual probability of default per customer is used uniformly throughout the thyssenkrupp 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 December 31, 2022, the latest external credit information and ratings were used, which already take into account current expectations of the possible effects of the war in the Ukraine. Therefore, no additional adjustment of impairment is necessary in this model.

08 Segment reporting

Segment reporting follows thyssenkrupp's internal control concept.

Segment information for the 1st quarter ended December 31, 2021 and 2022, respectively is as follows:

SEGMENT INFORMATION

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Elevator Technology[1]	Group
1st quarter ended Dec. 31, 2021										
External sales	3,193	600	1,103	2,317	377	1,427	0	4	0	9,023
Internal sales within the group	97	4	3	351	0	113	1	(569)	0	0
Sales	3,290	604	1,106	2,669	377	1,540	2	(565)	0	9,023
EBIT	219	57	38	112	(2)	(50)	(61)	(15)	0	298
Adjusted EBIT	219	56	38	124	6	(1)	(51)	(14)	0	378
1st quarter ended Dec. 31, 2022										
External sales	3,175	659	1,300	2,605	509	764	0	6	0	9,018
Internal sales within the group	71	4	2	341	(2)	15	2	(433)	0	0
Sales	3,246	663	1,302	2,945	508	779	2	(427)	0	9,018
EBIT	22	38	28	186	18	(18)	(44)	15	0	246
Adjusted EBIT	20	38	43	177	20	(17)	(43)	16	0	254

[1] Discontinued operation (see Note 02).

Compared with September 30, 2022, average capital employed decreased by €(184) million to €1,034 million at Marine Systems, while it increased by €61 million to €361 million at Multi Tracks as of December 31, 2022.

The column "Reconciliation" breaks down as following:

BREAKDOWN RECONCILIATION

million €	Service Units	Special Units	Consolidation	Reconciliation
1st quarter ended Dec. 31, 2021				
External sales	4	0	0	4
Internal sales within the group	47	8	(624)	(569)
Sales	51	8	(624)	(565)
EBIT	(3)	(4)	(8)	(15)
Adjusted EBIT	(3)	(3)	(8)	(14)
1st quarter ended Dec. 31, 2022				
External sales	6	1	0	6
Internal sales within the group	55	7	(495)	(433)
Sales	61	8	(495)	(427)
EBIT	3	(6)	18	15
Adjusted EBIT	4	(6)	18	16

The reconciliation of the earnings figure EBIT to EBT according to the statement of income is presented below:

RECONCILIATION EBIT TO INCOME/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX

million €	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2022
Adjusted EBIT as presented in segment reporting	**378**	**254**
Special items[1]	(79)	(8)
EBIT as presented in segment reporting	**298**	**246**
+ Non-operating income/(expense) from companies accounted for using the equity method	(38)	(27)
+ Finance income	245	204
– Finance expense	(302)	(261)
– Items of finance income assigned to EBIT based on economic classification	0	0
+ Items of finance expense assigned to EBIT based on economic classification	0	4
Income/(loss) group (before tax)	**203**	**167**
– Income/(loss) from discontinued operations (before tax)	0	0
Income/(loss) from continuing operations before tax as presented in the statement of income	**203**	**167**

[1] Refer to the explanation of the special items of the quarter in the “Report on the economic position” in “Segment reporting”.

09 Sales

Sales and sales from contracts with customers are presented below:

SALES

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Group
1st quarter ended Dec. 31, 2021									
Sales from sale of finished products	443	511	839	2,443	13	885	0	(418)	4,717
Sales from sale of merchandise	3,000	68	84	64	2	125	0	(122)	3,221
Sales from rendering of services	133	2	47	48	12	126	2	(33)	337
Sales from construction contracts	4	0	133	0	348	392	0	(6)	871
Other sales from contracts with customers	0	24	4	117	2	11	0	(3)	155
Subtotal sales from contracts with customers	**3,581**	**606**	**1,107**	**2,672**	**377**	**1,539**	**2**	**(582)**	**9,301**
Other sales	(290)	(1)	0	(3)	0	1	0	17	(278)
Total	**3,290**	**604**	**1,106**	**2,669**	**377**	**1,540**	**2**	**(565)**	**9,023**
1st quarter ended Dec. 31, 2022									
Sales from sale of finished products	448	551	987	2,705	8	165	0	(316)	4,548
Sales from sale of merchandise	2,765	86	104	45	4	10	0	(29)	2,986
Sales from rendering of services	185	2	60	53	13	92	2	(37)	369
Sales from construction contracts	1	0	140	0	435	490	0	(3)	1,062
Other sales from contracts with customers	0	24	5	139	50	20	0	(2)	236
Subtotal sales from contracts with customers	**3,399**	**663**	**1,296**	**2,942**	**509**	**776**	**2**	**(388)**	**9,201**
Other sales	(153)	0	6	3	(2)	2	0	(39)	(183)
Total	**3,246**	**663**	**1,302**	**2,945**	**508**	**779**	**2**	**(427)**	**9,018**

SALES FROM CONTRACTS WITH CUSTOMERS BY CUSTOMER GROUP

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Group
1st quarter ended Dec. 31, 2021									
Automotive	445	212	1,037	630	0	359	1	32	2,715
Trading	277	55	59	634	1	130	0	(332)	824
Engineering	406	300	6	69	8	33	0	(13)	808
Steel and related processing	746	12	1	700	0	443	0	(189)	1,713
Construction	269	7	0	11	0	26	0	(14)	299
Public sector	26	1	0	2	364	0	0	10	403
Packaging	37	0	0	311	0	0	0	7	356
Energy and utilities	27	4	0	125	0	12	0	3	171
Other customer groups	1,348	14	4	192	4	536	0	(86)	2,012
Total	**3,581**	**606**	**1,107**	**2,672**	**377**	**1,539**	**2**	**(582)**	**9,301**
1st quarter ended Dec. 31, 2022									
Automotive	518	248	1,229	794	0	206	1	31	3,028
Trading	386	60	57	618	(1)	11	1	(277)	855
Engineering	321	302	6	74	3	46	0	(2)	749
Steel and related processing	573	10	1	660	0	15	0	(108)	1,151
Construction	170	7	0	13	0	0	0	(6)	185
Public sector	20	3	0	2	501	0	0	8	534
Packaging	43	0	0	414	0	0	0	8	465
Energy and utilities	64	3	0	183	0	0	0	2	252
Other customer groups	1,303	29	4	184	7	499	0	(44)	1,983
Total	**3,399**	**663**	**1,296**	**2,942**	**509**	**776**	**2**	**(388)**	**9,201**

SALES FROM CONTRACTS WITH CUSTOMERS BY REGION

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Group
1st quarter ended Dec. 31, 2021									
German-speaking area[1]	1,029	121	372	1,575	84	287	1	(413)	3,055
Western Europe	634	114	137	531	49	593	0	(79)	1,979
Central and Eastern Europe	597	12	40	194	3	87	0	(65)	868
Commonwealth of Independent States	18	6	3	12	0	25	0	0	64
North America	1,020	145	260	170	1	113	1	(49)	1,660
South America	16	43	11	30	20	51	0	4	175
Asia / Pacific	206	16	12	10	75	79	0	(5)	393
Greater China	16	129	246	29	0	105	0	12	537
India	18	11	1	18	5	82	0	2	138
Middle East & Africa	27	9	25	102	140	118	0	11	432
Total	**3,581**	**606**	**1,107**	**2,672**	**377**	**1,539**	**2**	**(582)**	**9,301**
1st quarter ended Dec. 31, 2022									
German-speaking area[1]	1,048	133	414	1,611	132	98	1	(318)	3,120
Western Europe	519	128	163	648	109	97	0	(28)	1,636
Central and Eastern Europe	499	9	62	230	0	40	0	(22)	818
Commonwealth of Independent States	2	0	1	1	0	3	0	0	7
North America	1,089	170	344	271	1	151	1	(42)	1,986
South America	7	68	7	29	77	45	0	4	237
Asia / Pacific	113	14	13	8	46	30	0	(1)	224
Greater China	48	120	256	22	0	121	0	9	576
India	34	12	9	17	4	85	0	2	162
Middle East & Africa	41	8	28	105	140	108	0	7	435
Total	**3,399**	**663**	**1,296**	**2,942**	**509**	**776**	**2**	**(388)**	**9,201**

[1] Germany, Austria, Switzerland, Liechtenstein

Of the sales from contracts with customers €1,385 million (prior year: €1,160 million) results from long-term contracts and €7,816 million (prior year: €8,141 million) from short-term contracts in the 1st quarter ended December 31, 2022, €1,844 million (prior year: €1,289 million) relates to sales recognized over time, and €7,356 million (prior year: €8,012 million) to sales recognized at a point in time in the 1st quarter ended December 31, 2022.

10 Other income

Gains from premiums and from grants in the amount of €5 million in the 1st quarter ended December 31, 2022 (prior year: €10 million) mainly include refunds of social security contributions in connection with the utilization of short-time work allowance in Germany, which the group received from the public sector. Furthermore other income includes €3 million (prior year: €23 million) resulting from insurance compensation.

11 Financial income/(expense), net

The line item “Income from investments accounted for using the equity method” includes expenses in the amount of €27 million (prior year: €38 million) from ordinary shares in Vertical Topco I S.A., Luxembourg, which are part of the Elevator investment (cf. Note 02).

12 Earnings per share

Basic earnings per share are calculated as follows:

EARNINGS PER SHARE (EPS)

	1st quarter ended Dec. 31, 2021		1st quarter ended Dec. 31, 2022	
	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €
Income/(loss) from continuing operations (net of tax) (attributable to thyssenkrupp AG's shareholders)	106	0.17	75	0.12
Income/(loss) from discontinued operations (net of tax) (attributable to thyssenkrupp AG's shareholders)	0	0.00	0	0.00
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)	**106**	**0.17**	**75**	**0.12**
Weighted average shares	622,531,741		622,531,741	

There were no dilutive securities in the periods presented.

13 Additional information to the statement of cash flows

The liquid funds considered in the statement of cash flows can be derived from the balance sheet position "Cash and cash equivalents" as following:

RECONCILIATION OF LIQUID FUNDS

million €	Dec. 31, 2021	Sept. 30, 2022	Dec. 31, 2022
Cash and cash equivalents according to the balance sheet	6,717	7,638	7,160
Cash and cash equivalents of disposal groups	46	0	0
Liquid funds according to statement of cash flows	6,764	7,638	7,160

As of December 31, 2022 cash and cash equivalents of €16 million (December 31, 2021: €18 million; September 30, 2022: €19 million) result from the joint operation HKM.

Essen, February 10, 2023

thyssenkrupp AG
The Executive Board

Merz

Burkhard Keysberg

Review report

To thyssenkrupp AG, Duisburg and Essen

We have reviewed the condensed interim consolidated financial statements of thyssenkrupp AG, Duisburg and Essen – comprising the consolidated statement of financial position, the consolidated statement of income and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and selected notes – together with the interim group management report of thyssenkrupp AG, for the period from October 1, 2022 to December 31, 2022 that are part of the quarterly financial report according to § 115 WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Düsseldorf, February 13, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

Marc Ufer Wirtschaftsprüfer	Dr. Markus Zeimes Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Additional information

Contact and 2023 / 2024 financial calendar

For more information please contact:

Communications
Phone: +49 201 844-536043
Fax: +49 201 844536041
Email: press@thyssenkrupp.com

Investor Relations
Email: ir@thyssenkrupp.com

Institutional investors and analysts
Phone: +49 201 844536464
Fax: +49 201 8456531000

Private investors
Phone: +49 201 844536367
Fax: +49 201 8456531000

Published by
thyssenkrupp AG
thyssenkrupp Allee 1, 45143 Essen, Germany
Postfach, 45063 Essen, Germany

Phone: +49 201 8440
Fax: +49 201 844536000
Email: info@thyssenkrupp.com

www.thyssenkrupp.com

2023 / 2024 financial calendar

May 11, 2023
Interim report 1st half 2022 / 2023 (October to March)

August 10, 2023
Interim report 9 months 2022 / 2023 (October to June)

November 22, 2023
Annual report 2022 / 2023 (October to September)

February 2, 2024
Annual General Meeting

February 14, 2024
Interim report 1st quarter 2023 / 2024 (October to December)

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Forward-looking statements
This document contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond thyssenkrupp's ability to control or estimate precisely, such as the future market environment and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. Therefore, the actual results may differ materially from the results explicitly presented or implicitly contained in this financial report. The forward-looking statements contained in this financial report will not be updated in the light of events or developments occurring after the date of the report.

Rounding differences and rates of change
Percentages and figures in this report may include rounding differences. The signs used to indicate rates of change are based on economic aspects: Improvements are indicated by a plus (+) sign, deteriorations are shown in brackets ( ). Very high positive and negative rates of change (≥100% or ≤(100)%) are indicated by ++ and −− respectively.

Variances for technical reasons
Due to statutory disclosure requirements the Company must submit this financial report electronically to the Federal Gazette (Bundesanzeiger). For technical reasons there may be variances in the accounting documents published in the Federal Gazette.
German and English versions of the financial report can be downloaded from the internet at www.thyssenkrupp.com. In the event of variances, the German version shall take precedence over the English translation.

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