



thyssenkrupp

annual report 2020/2021

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thyssenkrupp at a glance



56 countries

~ 890 locations

4 regional platforms

6 segments



Materials
Services



Industrial
Components



Automotive
Technology



Steel
Europe



Marine
Systems



Multi
Tracks

		2020/2021	Change in %
Order intake ¹⁾	million €	39,571	41
Net sales ¹⁾	million €	34,015	18
Adjusted EBIT ^{1) 2)}	million €	796	++
Net loss ¹⁾	million €	(19)	100
Earnings per share (EPS) ¹⁾	€	(0.17)	98
Free cash flow before M & A ¹⁾	million €	(1,273)	77
Net financial assets	million €	(3,586)	29
tkVA	million €	(622)	--
Market capitalization	million €	5,715	++
Dividend per share	€	–	–

¹⁾ Group continuing operations

²⁾ See preliminary remarks.



~ 101,000

employees work together on
forward-looking solutions for our
customers. (as at September 30, 2021)

	2020/2021		
million €	Order intake	Net sales	Adjusted EBIT ^{1) 2)}
Materials Services ²⁾	12,710	12,315	587
Industrial Components	2,556	2,512	322
Automotive Technology ²⁾	4,506	4,522	264
Steel Europe ²⁾	9,283	8,932	116
Marine Systems	6,662	2,022	26
Multi Tracks ²⁾	5,883	5,651	(298)
Corporate Headquarters ²⁾	5	13	(194)
Reconciliation ²⁾	(2,035)	(1,953)	(26)
Group continuing operations ²⁾	39,571	34,015	796
Discontinued elevator operations ²⁾	0	0	0
Full Group	39,571	34,015	796

¹⁾ See reconciliation in segment reporting (Note 24).

²⁾ See preliminary remarks.

~ 34 billion

sales generated by thyssenkrupp
in fiscal 2020/2021.

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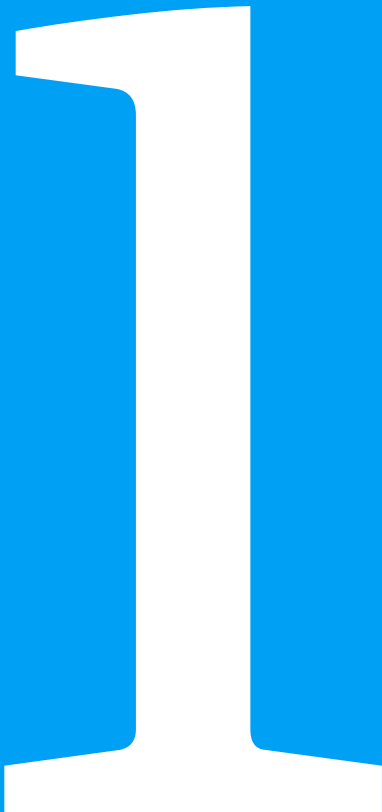
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Our fiscal year begins on October 1 and ends on September 30 of the following year.

To our shareholders

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Interview with the Executive Board

“Moving ahead briskly”



thyssenkrupp is in the midst of a transformation to a high-performing group of companies. The focus is on aligning the portfolio, structural change, employee development and measures to improve performance. At the same time, thyssenkrupp has embarked on the green transformation of its businesses. The company aims to be completely climate-neutral by 2050¹⁾. Martina Merz, Klaus Keysberg and Oliver Burkhard outline how thyssenkrupp is managing this dual transformation, the progress made in the past fiscal year and the road ahead.

Dr. Klaus Keysberg, Martina Merz and Oliver Burkhard (from left)

¹⁾ In view of the current debate and the German Climate Change Act we are reviewing whether we can become climate-neutral at an earlier date.

The past fiscal year was another challenging period for thyssenkrupp. In addition to the pandemic, the realignment of the group was once again the focus of attention. How is that progressing?

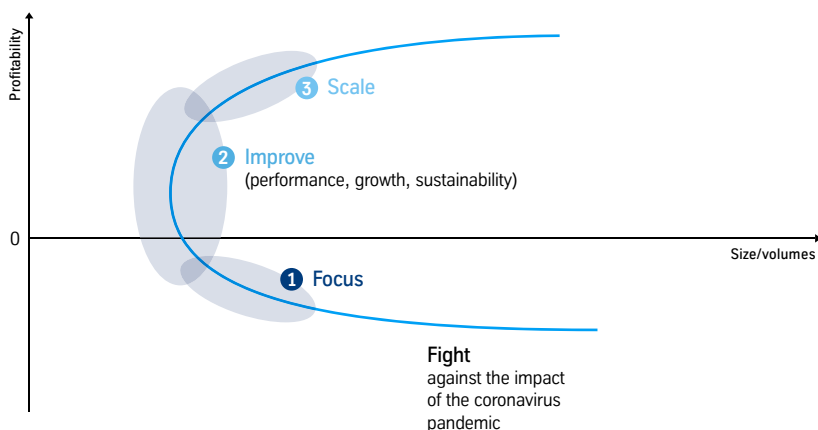
Martina Merz We've achieved quite a lot in the past months. We've worked through our priorities and restructured thyssenkrupp step by step – as well as dealing with the considerable challenges resulting from the coronavirus pandemic. We're moving ahead briskly, examples being the transactions in the Multi Tracks segment. We are continuing to move resolutely along the course we have set.

Klaus Keysberg Sustainable profitability and a stable and positive cash flow are our key performance metrics at the moment. Here we're making good progress – and we're confident that we'll be able to achieve these goals in the present fiscal year.

“We're in the second year of the transformation and we can see that the measures already introduced are having an impact.”

Martina Merz

TRANSFORMATION OF THE THYSSENKRUPP GROUP



What makes you so optimistic?

Martina Merz We have a plan and we're optimistic that it will work. Last year we described our plan as a “U” lying on its side, encompassing four phases: following the fight against the impact of the pandemic, the next phases are focus, improve and scale. We're structuring the group's portfolio and simultaneously improving the profitability of all businesses. To achieve that, we're disposing of some activities and introducing measures to enhance performance everywhere in the group. Through the “Focus” and “Improve” phases, we're therefore laying the foundations that will enable us to concentrate on the scale phase – in other words, becoming profitable again. We said from the beginning that a realignment like this will take about three years – without taking the effects of the pandemic into account. We're in the second year of the transformation and we can see that the measures already introduced are having an impact. Now, it's particularly important to pave the way for growth. For us that does not simply mean focused investments; it also means focusing on strengthening our competencies and thus on the development of our employees. I'll be perfectly honest: we're moving in the right direction but the road ahead remains challenging.

Klaus Keysberg The figures for the past fiscal year also show that our measures are having an

impact: all segments improved significantly and contributed to the group's positive net income. Another important factor is that in the past fiscal year the amount invested in our businesses was again well above depreciation and amortization. That means we're extending our core and actively shaping the future.

The realignment of thyssenkrupp also affects jobs. How much progress have you made with the job cuts you announced?

Oliver Burkhard We have now made about 7,800 of the 12,000 job cuts we announced. Together with our employee representatives, we've managed to find socially acceptable solutions for all employees affected. I'm particularly pleased that we've been able to arrange new employment opportunities for many employees outside the group with the aid of a professional outplacement support company. Nevertheless, reducing our headcount is painful for us all. However, it's the only way to build a successful future for thyssenkrupp.

The realignment of the group includes disposing of some activities. What progress has been made with the restructuring of the portfolio in recent months?²⁾

Martina Merz At the end of July, we signed the agreements on the sale of the mining business. Shortly after that, we took steps to divest the infrastructure business, carbon components and the Italian stainless steel plant AST. That shows we're moving ahead with the focusing of our portfolio ...

Oliver Burkhard ... while taking great care in the selection of the new owners. We want to make sure our employees are in good hands. The realignment of the portfolio means thyssenkrupp will become smaller in the first step. As a second



Martina Merz

*1963, CEO since October 1, 2019, appointed until March 31, 2023

step, it will become stronger because it is more focused. That will benefit everyone – investors, customers and employees.

A stand-alone solution for the steel business is still a key project. What's the latest on that?

Martina Merz We're still convinced that a stand-alone solution offers the best future prospects for the steel business. We're continuing to focus on improving operating performance and implementing the steel strategy 20-30. When the time comes, we'll be able to assess whether and, if so how, the steel business can stand on its own feet. That remains a complex and economically challenging task. The decision depends on a wide range of factors – including external factors. We need a regulatory framework that offers planning

²⁾ Further details can be found in the "Multi Tracks" section of the "Report on the economic position".

certainty, especially with a view to the green transformation. We're working flat out on the issues, but it takes time, even though the present market trend is helpful.

Klaus Keysberg In any case, we've made good progress in improving our competitiveness thanks to our steel strategy 20-30. We're continuing along this route. That is shown not least by another portfolio adjustment, the closure of the heavy plate business, which we completed at the end of the last fiscal year as scheduled.

You mentioned the green transformation of the steel business. That's a herculean task, isn't it?³⁾

Klaus Keysberg Green steel is the future – and as one of the technology and innovation leaders in the sector, thyssenkrupp is at the forefront. Basically, we're already right in the middle of the transformation to climate-neutral steel production.

Oliver Burkhard In the long term, we want to completely avoid CO₂ emissions in steel production. To do that, we're focusing on the direct reduction process. This process is an environment-friendly alternative to blast furnaces using hydrogen instead of carbon. We've proven that the technology works: our production process is TÜV-certified and we can supply the same quality of steel to our customers in the future – but climate-neutral.

“Green steel is the future – and as one of the technology and innovation leaders in the sector, thyssenkrupp is at the forefront.”

Dr. Klaus Keysberg

That sounds promising but it requires considerable investment. Has thyssenkrupp got the money for that?

Klaus Keysberg The switch to direct reduction plants is the biggest change in the steel industry since the invention of the blast furnace. At the same time, it's an enormous step towards reducing CO₂ emissions throughout the industry. No steel producer can accomplish this transformation on its own. This is a task for society as a whole, for which we need a clear political will and an intelligent mix of instruments that facilitates the investments and cushions the higher operating costs. We also need to create incentives to develop attractive markets for green steel.

Martina Merz Our other businesses are also helping our customer industries to become climate-neutral. Therefore, I see the green transformation above all as an opportunity.

³⁾ You can find further details in the “Climate, energy and environment” and “Technology and innovations” sections.

And what contribution is thyssenkrupp making?⁴⁾

Martina Merz I firmly believe that our engineering expertise can make a big contribution to the decarbonization of the industry. We want to make thyssenkrupp completely climate-neutral by 2050⁵⁾ – that means in terms of our own direct emissions, emissions from purchased energy and emissions along the entire value chain. In 2021, thyssenkrupp was included in the Carbon Disclosure Project's A list for the fifth time in succession. That means we were once again singled out as one of the world's leading companies ...

Klaus Keysberg ... and we're currently examining how we could become climate-neutral even faster. Our groupwide Climate Action Program for Sustainable Solutions ensures that our climate targets are realized. Specifically, that means we're optimizing our own processes, enabling our customers to achieve their climate targets through

our products and solutions, and engaging in the socio-political debate on a climate-neutral future.

What does that mean exactly?⁴⁾

Klaus Keysberg As a company, we can become carbon-neutral by changing our own production processes, recycling resources, becoming more energy-efficient and, wherever possible, using electricity from renewables ...

Martina Merz ... as well as help our customers to achieve their climate targets. Take our automotive supply operations, for example: we're already 80 percent independent of the type of powertrain and we're concentrating on e-mobility, self-driving vehicles and sustainability. We embarked on the transformation of our powertrain components business very early on. Coming from the conventional combustion engine side, we started to develop and industrialize new products for electric vehicles about ten years ago. Today, we

⁴⁾ You can find further details in the "Climate, energy and environment" and "Technology and innovations" sections.

⁵⁾ In view of the current debate and the German Climate Change Act we are reviewing whether we can become climate-neutral at an earlier date.



Dr. Klaus Keysberg
*1964, CFO,
member of the Executive Board
since October 1, 2019,
appointed until July 31, 2024

manufacture rotor shafts and other products for e-mobility and self-driving vehicles. We're driving the transformation of this business from within.

Are there examples of other sectors that thyssenkrupp is supporting as they become carbon-neutral?

Oliver Burkhard The energy sector. We've been supplying slewing rings to all major wind turbine producers worldwide for many years. This business will continue to grow in the long term because of the need to massively expand renewable energy. To extend our leading market and technology position still further, we're investing specifically in research and development and expansion of production. In this way, we can also supply components for the new generation of increasingly large wind turbines.

Klaus Keysberg Our Materials Services business also makes a contribution to protecting natural resources. By optimizing global material flows with the aid of artificial intelligence, resources can be used more efficiently, leading to less waste and therefore less CO₂.

Green hydrogen plays an important role in the energy transition. What are your plans for the development of thyssenkrupp's hydrogen business?

Martina Merz Worldwide, green hydrogen is one of the markets with the best growth prospects. Our water electrolysis technologies are a very good basis for us to benefit from the high demand for production processes for green hydrogen. We want to make best use of this upfront advantage. Therefore, we're currently looking intensively at the best way to drive forward our hydrogen business. One option is a stock market listing to optimize growth.

So thyssenkrupp is stepping up its sustainability? What role does the workforce play in that?⁶⁾

⁶⁾ Further details can be found in the "Employees" section.

Oliver Burkhard I think the dimension of our present transformation is already clear. There will be fundamental changes in technologies, production processes and workflows in the coming years. That will bring a need for completely new competencies. We can only become a climate-neutral

"Our aim is for all businesses to be among the best in their respective sectors. That requires continual hard work."

Oliver Burkhard



Oliver Burkhard

*1972, CHRO since February 1, 2013, Labor Director since April 1, 2013, appointed until September 30, 2023

and sustainably profitable group of companies if we have well-trained and motivated employees. They are the basis for every type of success. We therefore do many things to foster training and development. We also invest in working conditions that encourage diversity and equality of opportunity and provide the ideal basis for innovations.

Martina Merz thyssenkrupp is more attractive than ever, especially for talented young people. We can offer opportunities to work on major projects driving the green transformation of whole industries.

In the coming fiscal year, there are key decisions to be made on steel and the hydrogen business. Is the realignment of thyssenkrupp entering the home straight?

Oliver Burkhard We've definitely made good progress with the structural aspects of the realignment. But overall we're still some way from our target. Our aim is for all businesses to be among the best in their respective sectors. That requires permanent hard work.

Klaus Keysberg Therefore, "Performance first" – i.e. improving the performance and competitiveness of all businesses – still has top priority. Our endeavors will be clearly visible in our figures in the current fiscal year as well, especially the development of the cash flow. The steel business will also show a further significant improvement.

Martina Merz The green transformation is a goal which all efforts are worthwhile. Our plan for the realignment of thyssenkrupp is right and the progress we're making in implementing it is admirable. That motivates us every day to continue systematically along this challenging route.

Thank you for your time.

Report by the Supervisory Board



Prof. Dr.-Ing.
Siegfried Russwurm
Chairman of the Supervisory Board

Dear Shareholders,

Before I inform you about the work of the Supervisory Board and its committees in fiscal year 2020/2021, I would first like to take a brief look back at this year as a whole and the diverse range of topics to which we devoted our time and attention. It was another year of uncertainty over the further course of the coronavirus pandemic. Nevertheless, the lesser effects of coronavirus and the easing of the lockdown measures necessitated by the pandemic had a positive impact year-on-year. As in the previous year, the Executive Board was resolute in its response, working systematically to drive forward both the operating performance of the businesses and the further development of the company's portfolio as part of the transformation journey on which it has embarked. One good example here is the Multi Tracks segment, where agreements were signed for the sale of further businesses to new owners that are able to develop these lines of business with an eye to the future.

In the process, it was possible to safeguard employees' future rights. Further progress was also made in changing the organization, on the one hand by implementing additional restructuring measures and on the other by treading new paths in the workplace and strengthening the performance culture. The Supervisory Board closely oversaw the gradual implementation of the transformation process and will continue to do so. Progress is reported and discussed regularly at the meetings of the Supervisory Board and its committees.

The work of the Supervisory Board and the committees was also dominated by the implementation of numerous statutory requirements, such as the time limit placed on audit engagements, resulting in the engagement being put out to tender, and the compensation system for Executive Board members.

Cooperation between Supervisory Board and Executive Board

In fiscal year 2020/2021 the Supervisory Board regularly advised the Executive Board on the management of the company and continuously supervised its conduct of business. We satisfied ourselves that the Executive Board's work complied with all legal and regulatory requirements at all times. The Executive Board fulfilled its duty to inform. It furnished us with regular written and verbal reports containing up-to-date and comprehensive information on all issues of relevance to the company and the group relating to strategy, planning, business performance, the risk situation and compliance. This also included information on variances between actual performance and previously reported targets as well as on budget variances (follow-up reporting). Due especially to pandemic-related economic developments, the Supervisory Board devoted time and attention to the regular interim planning updates established by the Executive Board. In the committees and in full Supervisory Board meetings, the members of the Supervisory Board had ample opportunity to critically examine the reports and resolution proposals submitted by the Executive Board and contribute suggestions. In particular, we discussed intensively and examined the plausibility of all transactions of importance to the company on the basis of written and verbal reports by the Executive Board. On several occasions, the Supervisory Board dealt at length with the company's targets, the risk situation, and in this context with cybersecurity in particular, refinancing and liquidity planning and the equity situation. Based on the analysis of the value potential of the group's businesses and the opportunities and risks of strategic steps, critical operating issues were presented to the Supervisory Board for discussion. Where required by law, the Articles of Association or the rules of procedure for the Executive Board, the Supervisory Board provided its approval of individual business transactions.

In view of the current situation, the Supervisory Board and Executive Board continued the significantly intensified collaboration and information exchange begun in fiscal year 2018/2019 and in particular discussed the framework for the transformation of thyssenkrupp as well as the impacts of and reactions to the coronavirus pandemic in monthly meetings of the Executive Committee attended by Executive Board members and occasionally by external advisors, too.

In addition, in the periods between meetings the chairmen of the Supervisory Board and its committees engaged in a close and regular exchange of views and information with the Executive Board and were informed about major developments. Important facts were reported immediately to the subsequent Supervisory Board or committee meetings. Before the Supervisory Board meetings the shareholder and the employee representatives each held separate meetings to discuss the agenda items. Conflicts of interest of Executive Board and Supervisory Board members, which must be disclosed to the Supervisory Board immediately, did not occur in the past fiscal year.

thyssenkrupp assists the members of the Supervisory Board with the training and professional development measures that the members themselves are generally responsible for undertaking in fulfilling their duties. For this, the company offers subject-specific information and training events. These include plant tours, such as the tour of the Duisburg steel works conducted in June of the reporting year. The lines of business within the group of companies are presented in detail to new Supervisory Board members in particular.

The attendance rate at the meetings of the Supervisory Board and its committees was 100%. The following table shows attendance in individualized form:

ATTENDANCE RATE AT THE MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES FY 2020 / 2021

	Supervisory Board Meetings			Committee Meetings		
	Attended	Meetings	Attendance rate in %	Attended	Meetings	Attendance rate in %
Prof. Dr.-Ing. Siegfried Russwurm, Chairman	4	4	100.00%	34	34	100.00%
Jürgen Kerner, Vice Chairman	4	4	100.00%	32	32	100.00%
Birgit A. Behrendt	4	4	100.00%	./.	./.	./.
Stefan Erwin Buchner (since Feb. 5, 2021)	2	2	100.00%	./.	./.	./.
Dr. Wolfgang Colberg	4	4	100.00%	./.	./.	./.
Prof. Dr. Dr. h.c. Ursula Gather	4	4	100.00%	6	6	100.00%
Angelika Gifford	4	4	100.00%	./.	./.	./.
Dr. Bernhard Günter	4	4	100.00%	31	31	100.00%
Achim Haas	4	4	100.00%	./.	./.	./.
Friederike Helfer	4	4	100.00%	11	11	100.00%
Tanja Jacquemin	4	4	100.00%	5	5	100.00%
Daniela Jansen (since Feb. 5, 2021)	2	2	100.00%	./.	./.	./.
Dr. Norbert Kluge (until Feb. 5, 2021)	2	2	100.00%	./.	./.	./.
Barbara Kremser-Bruttel	4	4	100.00%	./.	./.	./.
Dr. Ingo Luge	4	4	100.00%	6	6	100.00%
Tekin Nasikkol	4	4	100.00%	4	4	100.00%
Peter Remmler	4	4	100.00%	4	4	100.00%
Dirk Sievers	4	4	100.00%	32	32	100.00%
Dr. Lothar Steinebach (until Feb. 5, 2021)	2	2	100.00%	1	1	100.00%
Dr. Verena Volpert (since Oct. 1, 2020)	4	4	100.00%	4	4	100.00%
Friedrich Weber	4	4	100.00%	./.	./.	./.
Isolde Würz	4	4	100.00%	./.	./.	./.

The members of the Executive Board took part in Supervisory Board and committee meetings; however the Supervisory Board also met regularly without the Executive Board.

Supervisory Board meetings

A total of four Supervisory Board meetings were held in the reporting year. The range of topics that the Supervisory Board dealt with included the current business and earnings situation and the parent-company and consolidated financial statements for the year ended September 30, 2020. On the recommendation of the Audit Committee and after discussion with the auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), the Supervisory Board approved the parent-company and consolidated financial statements for fiscal year 2019/2020 and thus adopted the parent-company financial statements.

At two meetings, the Supervisory Board dealt with the business and investment planning for fiscal year 2020/2021 and the updates to the planning. The Supervisory Board also turned its attention to the necessary tender of the audit engagement under the direction of the Audit Committee and its final assessment of the audit firms. In line with the Audit Committee's recommendation, a new statutory and group auditor for fiscal year 2022/2023 onwards will be proposed at the Annual General Meeting on February 4, 2022.

Matters related to Executive Board and Supervisory Board compensation were also on the agenda. Besides setting the variable compensation for the Executive Board, this mainly involved passing a resolution on the new system of Executive Board compensation drafted by the Personnel Committee, which was subsequently approved at the 2021 Annual General Meeting. The Supervisory Board also assessed the current system of Supervisory Board compensation, which was likewise approved at the Annual General Meeting. In addition, the Supervisory Board dealt with corporate governance, the thyssenkrupp Internal Control System (ICS), the subject of compliance, the 2020 EMIR compliance audit pursuant to § 32 German Securities Trading Act (WpHG) and the regular updates on all segments. At the Supervisory Board meetings, the individual segments gave detailed presentations on their business performance and business prospects.

In connection with the Executive Board reports on the state of the thyssenkrupp group and the realization of the transformation journey, a large part of the discussions focused on improving performance, portfolio measures and the thyssenkrupp group's short- and medium-term earnings targets. On the basis of a focused analysis of value levers along the entire length of the segments' value chain, the Supervisory Board regularly discussed the performance targets and the extent to which they had been achieved, combined with recommendations for implementing the necessary measures faster. Other points of discussion included the target returns for the various businesses derived from competitor benchmarking, the respective action plans for achieving them and the consequences of the business and investment plans for the financing of the group. The portfolio issues dealt with at length included the options for disposals in the Multi Tracks segment. In the reporting year, new owners were found for the Mining, Infrastructure, Carbon Components and AST businesses. The options for the Steel Europe segment were also explored. As there were no viable external consolidation options that could be actioned, the Executive Board proposed an in-depth examination of the option of spinning off the Steel Europe segment, which the Supervisory Board approved. Due to the complexity of this option, the process of examination is still ongoing; the Executive Board reports regularly to the Supervisory Board or its committees on the progress of the examination. The Supervisory Board also looked at the growth opportunities of the remaining thyssenkrupp group excluding the Steel Europe segment.

In fiscal year 2020/2021, after considering the recommendations and suggestions of the German Corporate Governance Code (GCGC) as amended on December 16, 2019, the Supervisory Board

decided to issue and publish a total of two declarations of conformity – including during the year. The current declaration of conformity, issued at October 1, 2021, is available on the thyssenkrupp website. In addition, the Executive Board and Supervisory Board report on corporate governance at thyssenkrupp in the corporate governance statement.

Report on the work of the committees

The primary task of the Supervisory Board's six committees is to prepare decisions and topics for discussion at the full meetings. The Supervisory Board has delegated individual decision-making powers to the committees where this is legally permissible. The powers of the committees and the requirements on committee members are set out in the rules of procedure for the respective committees. The chairs of the committees provided the Supervisory Board with regular detailed reports on the work of the committees in the reporting year. The chairs of the committees were also in close contact with the other members of their committees outside the regular meetings to exchange views on particularly important topics. The compositions of the six committees as at September 30, 2021 are shown in the section "Supervisory Board".

The **Executive Committee** (Präsidium) met 16 times in the past fiscal year due to the current situation and the preparations for the seminal meetings of the Supervisory Board. In addition to preparing the full Supervisory Board meetings, the work of this committee focused on the financial position and earnings performance of the group, topics in connection with the transformation of thyssenkrupp as well as appropriate reactions to the effects of the coronavirus pandemic.

The **Personnel Committee** held seven meetings in fiscal year 2020/2021 in order to prepare personnel matters concerning active Executive Board members and matters related to benefits for former Executive Board members of thyssenkrupp AG for the Supervisory Board. Where required, resolutions were passed or recommendations for resolutions were made to the Supervisory Board. The meetings focused on the new system of Executive Board compensation, which was approved at the Annual General Meeting on February 5, 2021, the related decisions setting the variable compensation and the disclosures in the compensation report in the new format pursuant to § 162 German Stock Corporation Act (AktG). The committee also dealt with general Executive Board matters, partly in the context of benefits for former Executive Board members, as well as management development and succession planning in the thyssenkrupp group.

The **Audit Committee** met five times in fiscal year 2020/2021. Alongside Executive Board members, the meetings were also attended by representatives of the auditors PwC, who were elected by the 2021 Annual General Meeting and subsequently appointed by the Audit Committee. The auditors declared to the Audit Committee that no circumstances exist that could lead to the assumption of prejudice on their part. The Audit Committee obtained the required auditors' statement of independence, reviewed their qualification, and concluded a fee agreement with the auditors. In addition a groupwide survey of auditing quality was carried out; the results of this as well as the additional services provided by PwC alongside the audit of the financial statements were discussed in the Audit Committee. Dr. Bernhard Günther, chairman of the Audit Committee, was also in regular contact with the auditors between meetings. The heads of relevant group functions were also available to provide reports and take questions in the committee meetings.

In the reporting year, the committee's work focused on examining the 2020/2021 parent-company and consolidated financial statements along with the combined management report including the fully integrated non-financial statement, the combined corporate governance statement of the Executive Board and Supervisory Board regarding the statements issued by the Executive Board and the auditors' reports, as well as on preparing the Supervisory Board resolution on these items. In addition, the interim financial reports (half-year and quarterly reports) were also discussed in detail and adopted, taking into account the auditors' review report. With regard to PwC, the list of non-audit services by the statutory auditor that require approval was established, and the budget for the performance of non-audit services for fiscal year 2020/2021 was set. Regulation (EU) 537/2014 mandates regular external rotation of the statutory or group auditor. thyssenkrupp AG is legally required to rotate its auditor in this way for fiscal year 2022/2023. The Audit Committee therefore set up a structured process for putting the audit out to tender and conducted that tender. In doing so, it was assisted by an internal project team engaged by the committee. The Audit Committee documented the tender in a report and, after carefully analyzing the bids and presentations received, recommended two candidates to the Supervisory Board, at the same time expressing a duly justified preference.

In several meetings the Audit Committee monitored the accounting process and discussed the effectiveness of the internal control system and optimizations made to it, the effectiveness of the risk management system and the internal auditing system. It also dealt in detail with the main legal disputes and compliance in the company and discussed at length the development of strategic compliance measures at thyssenkrupp.

The Audit Committee defined the following mandate as the focus of the audit: "Accompanying audit of preparatory measures to implement the EU Taxonomy Regulation (taxonomy readiness check)". The auditors reported the results of their audit to the Audit Committee at its meeting on November 15, 2021. The recommended actions proposed at that meeting are to be promptly implemented in fiscal year 2021/2022 following evaluation by the Executive Board and the specialist departments.

In addition, in the presence of the head of Corporate Internal Auditing the committee discussed the internal audit results, the audit processes and the audit planning of the internal auditing team for fiscal year 2020/2021. Further points of focus were the non-financial statement fully integrated into the management report, the equity capital and rating situation, the EMIR compliance audit for fiscal year 2019/2020 pursuant to § 32 WpHG and the current performance of all segments.

The **Strategy, Finance and Investment Committee** held four meetings in fiscal year 2020/2021. Discussions focused on preparing decision recommendations in its area of responsibility for the Supervisory Board. At each meeting, the committee dealt with the operational situation of the group and its further development. As in the previous year, the other main topics addressed by the committee included the thyssenkrupp group's transformation journey and its progress, the narrowing-down of the options for the Steel Europe segment and the recommendation put to the Supervisory Board for an examination of the option of a spin-off, the award of the Norwegian submarine contract to the Marine Systems segment, performance and restructurings in the Multi Tracks segment, including the disposals of individual businesses to external buyers, the general trend toward climate protection and the dynamic market environment for hydrogen, the risk assessment regarding cyber attacks on thyssenkrupp and IT security measures, financing and liquidity planning, business and investment planning and the review of the profitability of specific completed investment projects. In September 2021, the committee dealt at length with the group's business and investment

plans for fiscal year 2021/2022 and decided on those plans. The committee also dealt extensively with the key sustainability topics in the reporting year.

The members of the **Nomination Committee** convened for two meetings in the past fiscal year, firstly to make preparations for the appointment of a replacement shareholder representative on the Audit Committee. Secondly, it received and approved the 2020/2021 profile of required skills and expertise prepared for the Supervisory Board with external support. The profile of required skills and expertise is to be regularly reviewed in the course of the thyssenkrupp group's gradual development.

There was once again no cause to convene the **Mediation Committee** under § 27 (3) Codetermination Act (MitbestG) in the reporting year.

Audit of the parent-company and consolidated financial statements

Elected by the Annual General Meeting on February 5, 2021 to audit the financial statements for fiscal year 2020/2021, PwC audited the parent-company financial statements for the fiscal year from October 1, 2020 to September 30, 2021 prepared by the Executive Board in accordance with HGB (German GAAP) rules and the management report on thyssenkrupp AG, which is combined with the management report on the thyssenkrupp group. The auditors issued an unqualified audit opinion. In accordance with § 315e HGB, the consolidated financial statements of thyssenkrupp AG for the fiscal year from October 1, 2020 to September 30, 2021 and the management report on the thyssenkrupp group, which is combined with the management report on the company, were prepared on the basis of International Financial Reporting Standards (IFRS) as applicable in the European Union. The consolidated financial statements and the combined management report were also given an unqualified audit opinion by PwC. The auditors also confirmed that the Executive Board has installed an appropriate reporting and monitoring system which is suitable in its design and handling to identify at an early stage developments which could place the continued existence of the company at risk.

The financial statement documents and audit reports for fiscal year 2020/2021 were discussed in detail in the meetings of the Audit Committee on November 15, 2021 and the Supervisory Board on November 17, 2021. The auditors reported on the main findings of their audit. They also outlined their findings on the internal control system in relation to the accounting process as well as the risk early detection system, and were available to answer questions and provide additional information. The Chairman of the Audit Committee reported in depth at the full Supervisory Board meeting on the Audit Committee's examination of the parent-company and consolidated financial statements. The Supervisory Board examined the parent-company and consolidated financial statements and the combined management report, including the non-financial statement fully integrated into the management report, as well as the compensation report pursuant to § 162 AktG and raised no objections. The parent-company and consolidated financial statements were approved. The parent-company financial statements prepared by the Executive Board of thyssenkrupp AG were thus adopted.

A resolution on profit appropriation is not required at the 2022 Annual General Meeting, as the parent-company financial statements of thyssenkrupp AG show an unappropriated loss. No dividend proposal for fiscal year 2020/2021 will therefore be presented for resolution at the Annual General Meeting on February 4, 2022.

Personnel changes on the Supervisory Board and Executive Board

There were the following personnel changes on the Supervisory Board of thyssenkrupp AG in the reporting year:

On the shareholder representative side, the Alfried Krupp von Bohlen und Halbach Foundation delegated Stefan Erwin Buchner for Dr. Lothar Steinebach, who stepped down at the close of the Annual General Meeting on February 5, 2021. By way of an amendment to the Articles of Association, the Annual General Meeting on February 5, 2021 resolved to transition to a staggered board where the terms of office of the Supervisory Board members end at different times. The Annual General Meeting on February 5, 2021 was therefore able to elect Dr. Verena Volpert, who had been court-appointed as a member of the Supervisory Board with effect from October 1, 2020 until the close of the Annual General Meeting on February 5, 2021, to serve for three years beyond the regular term of office end of all other elected shareholder representatives at the close of the Annual General Meeting in 2023 with effect from the close of the Annual General Meeting on February 5, 2021. The transition to a staggered board created the opportunity to adapt the line-up of shareholders on the Supervisory Board in line with a changing environment. A staggered board also results in a better balance between preserving existing and gaining new expertise and thus strengthens the continuity of the work of the Supervisory Board. Lastly, different term of office end dates facilitate the search for suitable candidates for the Supervisory Board, as the shareholder representatives on the Supervisory Board do not all have to be freshly elected at a single Annual General Meeting. The terms of office of the employee representatives and the members delegated by the Alfried Krupp von Bohlen und Halbach Foundation remain unaffected by this arrangement.

On the employee representative side, Dr. Norbert Kluge stepped down from the Supervisory Board at the close of the Annual General Meeting on February 5, 2021. With effect from the close of that Annual General Meeting, Daniela Jansen was court-appointed to succeed him as a member of the Supervisory Board for the remaining term of office of the employee representatives on the Supervisory Board.

The members of the Supervisory Board thanked the departing members for their good and constructive work over many years.

The Supervisory Board thanks the Executive Board members, all thyssenkrupp group employees worldwide and the employee representatives of all group companies for their efforts and achievements in fiscal year 2020/2021.

The Supervisory Board



Prof. Dr.-Ing. Siegfried Russwurm
Chairman
Essen, November 17, 2021

thyssenkrupp stock

KEY DATA OF THYSSENKRUPP STOCK

		2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020	2020 / 2021
Capital stock	million €	1,593	1,593	1,593	1,593	1,593
Number of shares (total)	million shares	622.5	622.5	622.5	622.5	622.5
Market capitalization end September	million €	15,613	13,534	7,912	2,683	5,715
Closing price end September	€	25.08	21.74	12.71	4.31	9.18
High	€	26.83	26.41	20.90	13.82	11.95
Low	€	19.77	18.86	9.41	3.55	3.88
Total Shareholder Return (TSR) ¹⁾	%	21	(21)	(40)	(52)	61
Dividend per share	€	0.15	0.15	—	—	—
Dividend yield	%	0.6	0.7	—	—	—
Dividend payout	million €	93	93	—	—	—
Earnings per share (EPS)	€	(1.15)	(0.10)	(0.49)	15.40	(0.18)
Number of shares (outstanding ²⁾)	million shares	566.3	622.5	622.5	622.5	622.5
Trading volume (daily average)	million shares	2.6	3.1	5.1	4.6	4.1

¹⁾ The statement of TSR is made in accordance with the calculation method as approved at the AGM 2021 as part of the remuneration system for the Executive Board. The TSR performance is used in the context of the long-term variable remuneration as a measure for how the value of a share commitment (price change and dividends) develops over a period of time. The TSR performance is calculated per fiscal year based on the share price development plus dividends distributed during the fiscal year. The start value and the end value are based on the average share price, calculated as arithmetic mean of the closing prices during the last 30 trading days before the start or before the end of the fiscal year.

²⁾ Weighted average

thyssenkrupp stock master data

ISIN¹⁾

Shares DE 000 750 0001

ADR²⁾ US88629Q2075

Symbols

TKA Frankfurt, Düsseldorf

TKAMY ADR (over-the-counter trading)

¹⁾ International Stock Identification Number

²⁾ American Depositary Receipt

Stock price performance

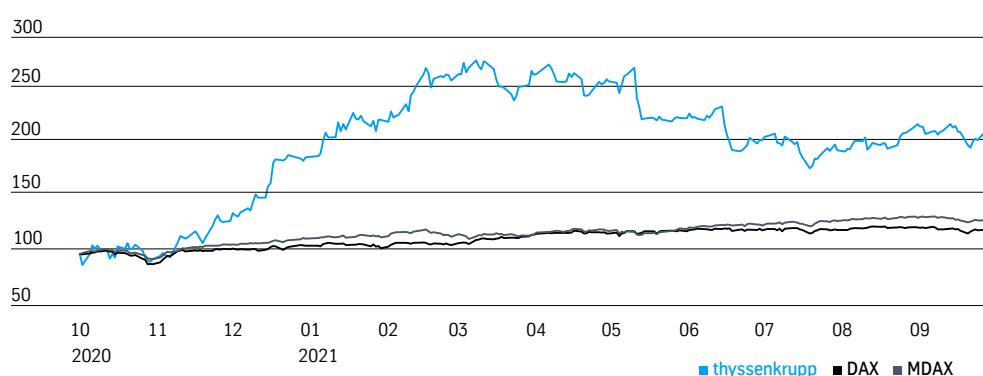
In fiscal year 2020/2021 thyssenkrupp's stock clearly outperformed the market as a whole, based on the DAX and MDAX indices. Key influences were the significant improvement in the group's financial position following completion of the elevator transaction in July 2020, the positive market sentiment in connection with a stand-alone solution for the steel business and valuation expectations relating to the future development of the water electrolysis business (alkaline water electrolysis to produce hydrogen). During the fiscal year, the stock price benefited from the improvement in operating performance compared with the prior year and progress with the transformation of the group.

From the second half of the fiscal year, the stock price's momentum was held back by the disappointing development of Steel Europe and by the group's free cash flow, which improved but nevertheless remained negative. However, the stock price more than doubled over the fiscal year as a whole.

thyssenkrupp stock reached a fiscal year high of €11.95 on March 8, 2021. As of September 30, 2021 the stock stood at €9.18, up 113% from a year earlier; the DAX and MDAX improved by 20% and 27% respectively in the course of the fiscal year.

PERFORMANCE OF THYSSENKRUPP STOCK RELATIVE TO DAX AND MDAX

Indexed, fiscal year 2020/2021



Shareholder structure

The capital stock of thyssenkrupp AG amounts to €1,593,681,256.96 and is divided into 622,531,741 no-par bearer shares. Each share grants one vote at the Annual General Meeting.

The biggest shareholder in thyssenkrupp AG is the Alfried Krupp von Bohlen und Halbach Foundation, Essen. The remaining shares are widely held internationally with focal points in North America and the UK. thyssenkrupp AG holds no treasury shares. The free float generally taken into account in the weighting of thyssenkrupp's stock in stock market indices accounts for around 79% of the capital stock. The share held by the Krupp Foundation is not included in the free float.

thyssenkrupp maintains an intensive dialogue with shareholders and potential investors through a large number of events and investor relations activities. In the past fiscal year, the dialogue with investors focused on implementation of the transformation, the improvement in the group's operating performance, growth prospects for the water electrolysis business and the future strategic development of the steel business. Further issues which are becoming increasingly important are climate and environmental protection, social responsibility and governance. As in the previous year, the Chair of the Supervisory Board was also involved in the dialog with investors, especially on governance issues.

Dividend

No dividend proposal for the 2020/2021 fiscal year will be presented for resolution at the Annual General Meeting on February 4, 2022. A resolution on profit appropriation is not required at the 2022 Annual General Meeting, as the parent-company financial statements of thyssenkrupp AG show an unappropriated loss.

[www.thyssenkrupp.com > Investors](https://www.thyssenkrupp.com/Investors)

Combined management report

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Preliminary remarks

Combined management report

This management report combines the management report on the thyssenkrupp group and the management report on thyssenkrupp AG. In it we report on the course of business including business performance as well as the position and the expected development of the group and of thyssenkrupp AG. The information on thyssenkrupp AG is presented in a separate section of the report on the economic position with disclosures in accordance with HGB. The German Accounting Standard 20 (GAS 20) "Group Management Report" was applied. On the basis of the integrated reporting system which has been used for several years, the combined non-financial statement pursuant to § 289b HGB are included in the combined management report. An overview chart can be found in the section "Overview of non-financial disclosures".

This report follows thyssenkrupp's internal management model.

As part of the concretization of the realignment, since October 1, 2020 certain businesses for which the company is considering other ownership structures in the short to medium term have been combined to form the new stand-alone Multi Tracks segment and managed by a dedicated segment board in the sense of active investment management. The above-mentioned other ownership structures could involve, for example, the complete or partial sale or also the continuation of the business together with one or more external partners. In this connection, the following businesses were assigned organizationally to the new Multi Tracks segment at the beginning of the 2020/2021 fiscal year: plant engineering, i.e. the chemical plant, cement plant and mining equipment businesses, the stainless steel business (stainless steel plant in Terni, Italy (AST) including the associated sales organization) and the infrastructure business from the Materials Services segment, Automation Engineering (System Engineering Powertrain Solutions and Battery Solutions) as well as Springs & Stabilizers from the Automotive Technology segment and Heavy Plate from the Steel Europe segment. The disposal process initiated in the 2020/2021 fiscal year for the plant engineering activities of the mining, infrastructure and the stainless steel businesses in the Multi Tracks segment met the criteria for presentation as disposal groups in accordance with IFRS 5 for the first time in the 4th quarter of the 2020/2021 fiscal year. Accordingly, the assets and liabilities attributable to these activities have to be disclosed separately for the first time in the statement of financial position as of September 30, 2021.

The Elevator investment included in the "Reconciliation" reporting line under Special Units until the end of fiscal 2019/2020 has also been assigned to the new Multi Tracks segment since October 1, 2020. Furthermore, until completion of the sale at the end of August 2021, this also applied to thyssenkrupp Carbon Components, which was included in the "Reconciliation" reporting line under Special Services until the end of fiscal 2019/2020.

Presentation and disclosure of the prior-year periods have been adjusted in line with the aforementioned changes.

With effect from October 1, 2020, the definition of adjusted EBIT was adjusted to include a narrower definition of special items, according to which earnings are adjusted only for restructuring expenses, impairment losses/reversals, and disposal gains or losses. Here, too, the presentation of the prior-year periods has been adjusted accordingly.

In late February 2020 thyssenkrupp signed an agreement on the sale of its Elevator Technology business with a bidder consortium led by Advent International and Cinven. 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. In accordance with IFRS 5, the presentation of the discontinued elevator operations had been adjusted for the prior-year periods and all expense and income are reported separately in the statement of income and all cash flows are reported separately in the statement of cash flows. In addition, subsequent expenses and income and cash flows directly related to the sale of the elevator activities must continue to be reported separately in the statement of income and the statement of cash flows. As a result of the sale at the end of July 2020, it was no longer necessary to report the assets and liabilities attributable to Elevator Technology separately in the statement of financial position as of September 30, 2020.

Since the sale of the Elevator Technology business on July 31, 2020 thyssenkrupp has held an investment which was part of the consideration received for the sale. For further details regarding the equity investment see also Note 03 (Discontinued operations) and Note 24 (Segment reporting).

thyssenkrupp AG and its subsidiaries are referred to in this management report as a “group”. The group comprises the entities included in the legal scope of consolidation.

The links are not part of the management report unless otherwise stated.

Fundamental information about the group

Profile and organizational structure

Value proposition

thyssenkrupp is an international group of companies with largely independent industrial and technology businesses. We use our broad technological expertise to develop high-quality products and high-performance processes and services. Under a strong umbrella brand we want to make an important contribution to a better, more livable and more sustainable future with our products and services. Our brand promise and the high standards we set ourselves are reflected in our claim “engineering.tomorrow.together.” Together with our customers we want to use our technologies and innovations to develop cost-effective and resource-friendly solutions to the challenges of the future. Our aim is to promote efficient use of resources and produce consumer and capital goods in a more eco-friendly way. Diversity and global reach define thyssenkrupp. We want to combine performance culture with entrepreneurial and social responsibility.

The high standards we set ourselves and our shared values are documented in our mission statement, which can be found on our website.

▶ www.thyssenkrupp.com >
Company > Corporate Culture

Organizational and management structure

As part of the ongoing transformation of our group of companies, since October 1, 2020 our business activities have been bundled in six segments: Materials Services, Industrial Components, Automotive Technology, Steel Europe, Marine Systems, and Multi Tracks – a new, independent segment in which we bundle businesses for which thyssenkrupp is considering a different ownership structure in the short- to mid-term. Details on this can be found in “Preliminary remarks” and in the section below headed “Strategy”.

The segments are generally divided into business units and operating units. The Marine Systems segment and the Bearings and Forged Technologies businesses combined in the Industrial Components segment are managed as business units directly by thyssenkrupp AG. As of September 30, 2021, 335 companies and 22 investments accounted for by the equity method are included in the consolidated financial statements; overall we consolidate companies from 56 countries.

Four regional platforms provide services required by the operating businesses in the various regions. Details on this can be found under “Corporate Headquarters” in the section “Report on the economic position”. Moreover, effective October 1, 2020 our service units were combined in two companies, thyssenkrupp Services GmbH and thyssenkrupp Information Management GmbH, to provide cross-cutting services to the businesses and Corporate Headquarters.

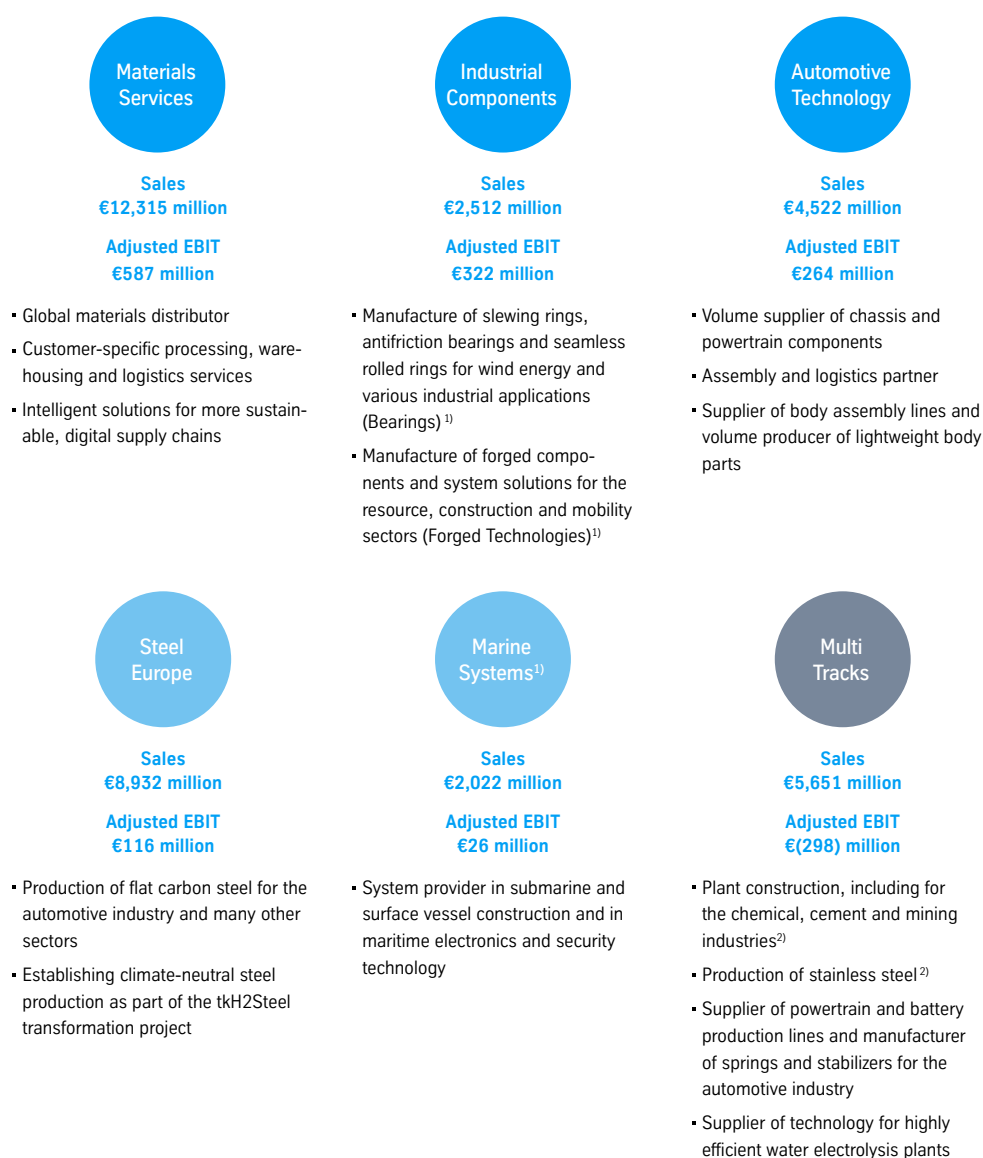
56

Companies in 56 countries are
consolidated for the group's financial
statements.

Corporate Headquarters

thyssenkrupp AG

Segments



¹⁾ Managed separately by thyssenkrupp AG as a business unit

²⁾ See also preliminary remarks

Our realignment as a group of companies was an important step towards a more decentralized organization operating under the strong umbrella brand thyssenkrupp. Our goal is to give the businesses the freedom to focus as much as possible on their customers and markets and thus offer a convincing price/performance ratio for their products and services. We want to foster a strong entrepreneurial climate that speeds up decision-making, increases efficiency, and puts the customer

first. The individual segments in the thyssenkrupp group have been given greater entrepreneurial freedom and most responsibility. The aim is to be even closer to the market and our customers. Corporate Headquarters is increasingly concentrating on portfolio management, governance tasks, management development and the allocation of investment funds. As the portfolio continues to develop and focuses more on performance, the aim is to create a lean and efficient Corporate Headquarters; complexity is to be further reduced, especially in administration, and operational management decisions in particular are to be further decentralized. We continued to make progress with this in the past fiscal year. We have further simplified Corporate Headquarters and dissolved the previous structure of the corporate functions: since February 1, 2021 our Corporate Headquarters have been managed via three task-based areas, which basically correspond to our three action areas: portfolio, performance and people. The management level directly below the Executive Board has therefore been reduced from ten corporate functions to three corporate centers.

Responsibility for the strategic management of the group remains with thyssenkrupp AG. To allow management of the company in close consultation with the businesses, an Executive Committee has been established as a steering body. Alongside the Executive Board of thyssenkrupp AG, its members are the CEOs of the segments, the heads of the corporate centers, and a representative of the regions. This enables decisions made by the Executive Board to be more closely oriented to markets and customers as well as technologies, products and business-specific developments.


The administrative units of Corporate and the regions are presented as Corporate Headquarters. Details on this can be found under “Corporate Headquarters” in the section “Report on the economic position”. The service units and special units have been combined with consolidation items and are presented separately in the reporting line “Reconciliation”.

Strategy

Strategic realignment

thyssenkrupp is in the midst of the corporate transformation adopted in May 2019, which was further concretized in May 2020. The aim is to realign thyssenkrupp as a sustainable and high-performing group of companies with a lean management model and clearly structured portfolio. The framework for this comprises our brand and our values.

The transformation of thyssenkrupp is following a clear concept. We are aligning our portfolio stepwise, based on the development potential of the individual businesses (“Focus”). In the first step, the group will therefore become smaller but more competitive. In parallel, we want to continuously raise the profitability of all businesses (“Improve”) so that we can grow profitably again on from our efficient new basis (“Scale”). Our objective in this process is not simply to make a significant contribution to reducing CO₂ and align our activities systematically to sustainability criteria; through our products and technologies, we also want to participate in emerging growth opportunities, for example, in the areas of renewable energy, hydrogen and e-mobility.

 www.thyssenkrupp.com >
Company > Strategy

In our transformation process, we are guided at all times by our three action areas: performance, portfolio and people. The aim is to create conditions that enable the individual businesses to optimize their performance and achieve leading market positions that are sustainable both economically and in terms of climate protection.

■ Performance

The overarching goal is to boost the performance and competitiveness of all our businesses. All businesses are expected to strive to be among the best in their respective sectors. Each unit has been set an individual profitability target, based on benchmark analysis. In addition, all businesses must earn at least their cost of capital. Plans on how to achieve these targets are worked out with all businesses and specific and realistic measures are defined. These measures are reviewed, adjusted where necessary and monitored in regular dialogue between the holding company and relevant decentralized unit. The businesses' management teams bear full responsibility for the results.

At the start of the transformation process, extensive performance and restructuring measures were introduced to bring about a significant improvement in adjusted EBIT and FCF before M&A; these are currently being implemented or have already been completed. For details of the status in individual segments, please refer to the relevant sections in the report on the economic position. In connection with the transformation of the group, we have identified scope to cut more than 12,000 jobs by 2023/2024. In the past two fiscal years, 7,800 of these jobs have already been cut.

As part of the performance action area, we are also focusing more strongly on performance culture throughout the group and driving forward the continuous enhancement of our competitiveness. This also involves continuously reviewing and revising our key performance indicators and the logic behind them as well as the associated compensation systems. More details can be found in the section "Employees".

■ Portfolio

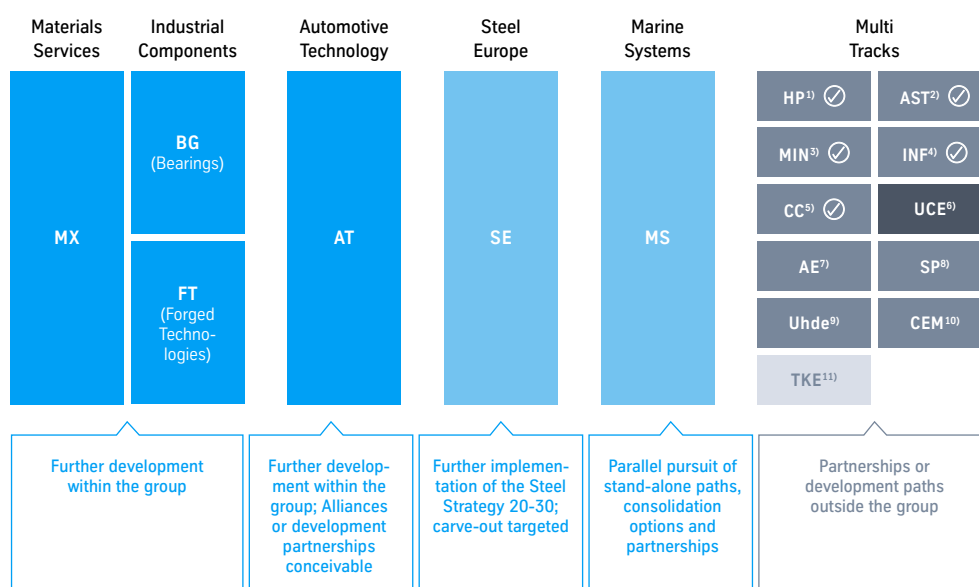
thyssenkrupp has a clear goal: we want a successful future for all our businesses. Therefore, we examine and evaluate the development potential of the individual businesses to find the constellation that offers the best future prospects for these units from the perspective of all stakeholders. The principal criteria are their market attractiveness, their technology and cost position and the future potential to create value. In this, achieving or maintaining a sustainable competitive position in the individual businesses is more important than their ownership structure. Against this background, thyssenkrupp's portfolio has been divided as follows:

PORTFOLIO – GROUP OF COMPANIES

Corporate Headquarters

thyssenkrupp AG

Segments



✓ = Disposals where signing or sale have been completed and shutdowns

¹⁾ Heavy Plate (Grobblech) – closed on September 30, 2021

²⁾ Acciai Speciali Terni (including the associated sales organization) – signing for the sale to the Arvedi Group completed in September 2021

³⁾ Mining Technologies – signing for the sale to FLSmidth completed in July 2021

⁴⁾ Infrastructure – signing for the sale to FMC Beteiligungs KG completed in August 2021

⁵⁾ Carbon Components – sold to Action Composites in August 2021

⁶⁾ Uhde Chlorine Engineers (joint venture with Industrie De Nora; reported together with Uhde within the Chemical & Process Technologies business unit until September 30, 2021)

⁷⁾ Automation Engineering (formerly System Engineering Powertrain/Powertrain Solutions und Battery Solutions)

⁸⁾ Springs & Stabilizers

⁹⁾ Uhde (reported together with UCE within the Chemical & Process Technologies business unit until September 30, 2021)

¹⁰⁾ Cement Technologies

¹¹⁾ TK investment in Elevator

On the basis of their market position and competitive strength, we still see good development potential for Materials Services and Industrial Components. We intend to continue to develop these businesses on our own in the future. We will also keep the Automotive Technology business within the group. In line with the industry trend for collaboration, alliances and development partnerships are also conceivable on a selective basis.

Having ended the talks on the sale of the steel division to Liberty Steel in February 2021, thyssenkrupp will be continuing to drive forward the steel business on its own. Thanks to the ongoing restructuring process and additional performance measures, we made progress in strengthening the competitiveness of this business in the past fiscal year. At the same time, we regard a stand-alone solution as advantageous for the steel business because we are convinced that a dedicated steel company has better chances of remaining viable in the long term. Therefore, we are examining whether and if so, how, this could be achieved. In parallel with this, we are continuing to implement

the Steel Strategy 20-30 because we want to place the steel business in a position of strength in order to press ahead with the green transformation.

At Marine Systems, both the cost-cutting and performance measures and the latest order intake figures show a positive trend. In view of the specific market and sector situation, alongside further measures to enhance the performance of this business for stand-alone development, we are also examining possible partnerships and consolidation options to give the German and European shipyard industry as a whole a stronger international position.

Businesses where thyssenkrupp alone is not the best owner, for various reasons, were assigned to the Multi Tracks segment in the past fiscal year and are subject to active investment management. In the past fiscal year, we achieved some major milestones in the focusing of our portfolio with the announcement of plans to sell individual activities, some of which have already been completed, and the closure of the heavy plate business. When completed, the sale of Mining Technologies, Infrastructure and stainless steel business, in particular, should have a positive impact on our key financial indicators. The water electrolysis technologies supplied by Uhde Chlorine Engineers (UCE) provide a very good basis for us to benefit from the strong demand for production processes for green hydrogen. We want to use this upfront advantage. Therefore, we are examining how this field can best be driven forward. That includes exploring the option of an initial public offering (IPO), in other words, a stock market listing, to make the real value of this business visible and fund further growth. Further details can be found in “Preliminary remarks” and the “Multi Tracks” section of the report on the economic position.

■ People

Alongside the structural changes, the transformation of the company does not simply require more decentralized organizational structures; it also makes new demands on how we work, requiring a continuous alignment of the key strategic areas of our HR work. Our aspiration is to be a fair and attractive employer. We actively support managers and staff in the transformation and, above all, with a view to growth topics by offering a wide range of continuing professional development courses. We offer HR measures tailored to each company to support the necessary restructuring activities. At the same time, we are working on HR topics relating to the future of thyssenkrupp. We see the constantly changing workplace as an opportunity and are modernizing collaboration, processes and working models in alignment with our business models, and most recently, also in connection with the introduction of hybrid working models. We are positioning thyssenkrupp with the relevant target groups and platforms as an attractive technology employer. Internally we make use of employee retention measures, which also heighten our strong culture. A key focus here is identifying, networking and retaining technology and engineering staff. The foundations for all this are our shared values: openness and mutual respect. We aim for continuous improvement and, with a view to future challenges, we want to make our organization more agile and more adaptable. We are continuing to reduce hierarchies and foster professional strengths and personal initiative. Our goal is to bundle our strengths to increase efficiency in the long term. The “lean & agile” method is helping us achieve this. More details can be found in the sections “Profile and Organization” and “Employees”.

Management of the group

The indicators used throughout the group for profitability, value added and liquidity form the basis for operational and strategic management decisions at thyssenkrupp. We use them to set targets, measure performance and determine variable components of management compensation – in addition to other factors. For us, the most important financial indicators – the key performance indicators in accordance with GAS 20 – are adjusted earnings before interest and taxes (adjusted EBIT), net income/(loss), thyssenkrupp Value Added (tkVA) and free cash flow before M&A (FCF before M&A).

As part of the strategy process the Executive Board defines long-term targets, also for the businesses. These form the framework for the short- and medium-term financial targets and also for the budget and medium-term plans, which are prepared by all units.

THYSSENKRUPP – KEY PERFORMANCE INDICATORS

Profitability	Profit	Value added	Liquidity
Operating earnings +/- operational components of financial income EBIT +/- special items Adjusted EBIT	EBIT +/- non operational components of statement of income Net income/(-loss)	EBIT +/- cost of capital tkVA	Operating cash flow +/- cash flows from investing activities Free cash flow +/- cash inflows / outflows from material M&A transactions Free cash flow before M&A

Adjusted EBIT

EBIT provides information on the profitability of a unit. It contains all elements of the income statement relating to operating performance. These include items of financial income/expense that can be characterized as operational, including income and expense from investments where there is a long-term intention to hold the assets. Following the divestment of Elevator Technology, the thyssenkrupp group maintained an investment in the company. This investment has no strategic or operational connection to the group's continuing operations. Its earnings are therefore by definition not part of financial income/expense from operations and so are not included in EBIT. Adjusted EBIT is EBIT adjusted for special items, i.e., restructuring expenses, impairment losses, impairment reversals and disposal gains and losses. It is more suitable than EBIT for comparing operating performance over several periods.

The adjusted EBIT of the group and the segments and the special items are described in detail in the “Group review” and “Segment review” sections of this management report. Please also refer to the reconciliation in the segment reporting (Note 24).

Net income/(loss)

Net income is the profit generated in the fiscal year. It is calculated as a positive balance of all income and expenses. Unlike EBIT, the calculation includes non-operating items, e.g., interest and taxes. Net income therefore provides information on the group’s earning power. Negative net income is referred to as a net loss.

Net income/(loss) is explained in detail in the section “Results of operations and financial position” in this management report.

tkVA

tkVA is the value created in a reporting year. This indicator enables us to compare the financial performance of businesses with different capital intensity. tkVA is calculated as EBIT minus the cost of capital employed in the operating business. Capital employed mainly comprises fixed assets, inventories and receivables. Deducted from this are certain non-interest-bearing liability items such as trade accounts payable. To obtain the cost of capital, capital employed is multiplied by the weighted average cost of capital (WACC), which includes weighted equity and debt and the interest rate for pension provisions.

Capital employed x WACC =
cost of capital

Information on tkVA in the reporting year can also be found in the “Group review” section of this management report.

FCF before M&A

FCF before M&A permits a liquidity-based assessment of performance in a period by measuring cash flows from operating activities excluding income and expenditures from material portfolio measures. It is measured as operating cash flow less cash flows from investing activities excluding cash inflows or outflows from material M&A transactions. This too links more directly to operating activities and facilitates comparability in multi-period analyses.

A reconciliation and details on the development of FCF before M&A are provided in the analysis of the statement of cash flows in the “Results of operations and financial position” section of this management report.

Targets

Financial targets

Our aim is to reorganize thyssenkrupp as a high-performing and sustainable group of companies with a lean management model and clearly structured portfolio. Using systematic performance management, we want to increase the economic capability of our businesses. We want them to be among the best in their respective sectors and therefore generate positive earnings and cash flow contributions for the group.

Our goal is for thyssenkrupp to sustainably generate positive free cash flow before M&A and create value, not least so that in the future our shareholders can participate in the company's success again through dividends. We are working intensively to raise the profitability of our businesses so that it is at least in line with the competitive level and above the cost of capital. As a result, our businesses should also be able to make more efficient use of growth opportunities. The management teams of the businesses bear full entrepreneurial responsibility. Capital allocation within the group is based on expected value contribution and business-specific requirements. All targets have to be consistently backed up by concrete action plans.

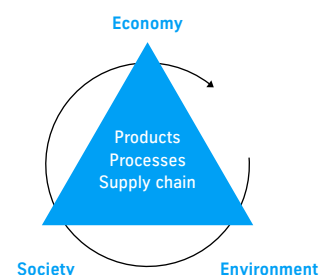
More information on our key performance indicators can be found in "Management of the group" in this section of the report; details on the forecast for the current fiscal year are provided in the forecast report.

Sustainability and Indirect Financial Targets

Sustainability is a core component of thyssenkrupp's mission statement and an integral part of our corporate strategy. Our aim is to offer innovative products, technologies and services worldwide that contribute to the sustainable success of our customers. Strategic sustainability management is coordinated by the Technology, Innovation & Sustainability department and the Chairwoman of the Executive Board bears responsibility for sustainability. Together with the group functions, service lines and segments, stakeholder requirements are continuously identified and targets and measures are derived to improve our performance. Sustainability activities at thyssenkrupp are governed by the Sustainability Committee, which consists of the Executive Board of the group, the CEOs of the segments and the heads of the corporate centers. The Sustainability Committee decides on the ongoing development of existing measures and the implementation of innovative measures. It also takes decisions on the Indirect Financial Targets (IFTs). The responsibility for the implementation lies with the group functions, service lines and segments, which regularly report on progress.

Detailed information on our sustainability activities in the areas of climate, energy and environment, purchasing, employees, occupational health and safety, social responsibility and compliance can be found in the relevant sections of the Annual Report and on our website. In addition, in the reporting period thyssenkrupp launched "Sustainability Way Forward", an interdisciplinary sustainability project that focuses on various sub-projects such as achieving the climate targets and the requirements of the EU taxonomy and the German Act on Corporate Due Diligence in Supply Chains. Future measures are designed and realized in close consultation with the segments and businesses at thyssenkrupp that are responsible for their operational implementation. Another area of focus is the ongoing development of our employees, where we are providing support in connection with the realignment of our group of companies and the digital transformation of the workplace.

Our understanding of sustainability



▶ www.thyssenkrupp.com >
Company > Sustainability

The Sustainability Committee has set Indirect Financial Targets in the areas of climate, energy and environment, technology and innovation, employees, and purchasing. The annual targets are defined in consultation with the segments, which are responsible for achieving the targets and drive forward their implementation together with the businesses. In the 2020/2021 fiscal year, for the first time, achievement of these targets no longer affects the amount of the one-year variable compensation (Short-Term Incentive) of the thyssenkrupp Executive Board and the CEOs of the segments via the sustainability multiplier. Instead, starting in the 2020/2021 fiscal year, the sustainability activities of relevance for compensation will gradually be integrated into the long-term compensation of the Executive Board through the IFTs. This has already been implemented for the proportion of women in leadership positions and the accident frequency rate (for further details, please refer to the compensation report). To reflect our climate targets, in fiscal 2021/2022, emissions intensity excluding the steel business and, with reference to the steel business, the volume of climate-neutral steel produced will be integrated into long-term compensation. All established IFTs are being continued with the aim of continuous improvement and are constantly being adjusted and extended in parallel with our ongoing strategic development.

The energy efficiency target was significantly exceeded in fiscal year 2020/2021. The R&D ratio was comparatively lower because R&D expenses were down whereas sales increased. The proportion of women in management positions was continuously increased and met the target. Compared with the adjusted prior-year figure of 2.9, the accident frequency rate improved. The number of sustainability audits performed exceeded the planned target. With effect from the reporting year, ISO 50001 certification of energy management of relevant activities and ISO 14001 certification of environmental management are no longer included in the IFTs because the goal of 100% certification was achieved as planned in the 2019/2020 fiscal year. We still report on our groupwide energy and environmental management in the "Climate, energy and environment" section.

OVERVIEW OF INDIRECT FINANCIAL TARGETS

Group		Status Sept. 30, 2020	Status Sept. 30, 2021	Change	Section
Annual energy efficiency gains of 80 GWh in 2020/2021	GWh	215	325	—	Climate, energy, environment
Adjusted R&D intensity ¹⁾ of around 3.0%	%	3.4	2.6	—	Technology and Innovation
Increase the proportion of women in management positions by at least 1% per year to 16% by 2024/2025	%	11.2	12.2	+1%-pts.	Employees
Reduce the accident frequency rate by at least 0.1 per year to 2.5 by 2023/2024	Accidents per million hours worked	2.9	2.6	(10)%	Employees
60 supplier sustainability audits each year	#	86	69	(20)%	Purchasing

¹⁾ From 2020/2021 impairment losses on capitalized development costs are no longer included in the calculation of R&D intensity. The prior-year figure was adjusted accordingly from 4.0% to 3.4%.

The goal for the current fiscal year 2021/2022 is to improve energy efficiency by at least 110 GWh. Adjusted R&D intensity shall be around 3.0% in the 2021/2022 fiscal year, while accident frequency shall improve by 0.1 p.a. to 2.5 by fiscal year 2023/2024. Across the entire thyssenkrupp group, compared with 2019/2020, we aim to increase the proportion of women in leadership positions to 13% in the present fiscal year and to 16% by fiscal year 2024/2025. Sustainability audits remain a key focus in the coming reporting year and a new target of at least 69 audits has been set. From the present fiscal year, the emissions intensity excluding steel activities is established as a new IFT (annual target: reduce CO₂ emissions by 1 t CO₂ per million € sales).

Report on the economic position

Macro and sector environment

The global economic recovery is continuing – risks have increased considerably

So far in 2021 the global economy has continued to recover from last year's pandemic-driven downturn. However, the present situation is hampered, in particular, by the delta variant of the coronavirus, which has led to a fourth wave of the pandemic and renewed restrictions in many countries, although these are likely to be less extensive than last year due to higher vaccination rates. At the same time, the global economy is being held back by material and capacity bottlenecks, which are proving more extensive and will probably last longer than originally anticipated and hold back industrial production. This has clouded the outlook for growth, especially in the fourth quarter of 2021.

While global GDP contracted by 3.6% year-on-year in 2020, significant growth of 5.4% is forecast for 2021. Depending on how the pandemic develops and the availability of production inputs, global output could increase by 4.5% in 2022. In the industrialized nations, growth is expected to be relatively high at 5.1% in 2021. At present, growth of 4% is forecast for 2022. In the emerging markets, economic output is expected to rise by 5.7% year-on-year in 2021 and, if the recovery continues, a growth rate of 4.8% could be achieved in 2022.

Global economic growth forecasts are, however, very uncertain due to the lack of clarity about the development of the coronavirus pandemic, especially the development of vaccination rates, new virus mutations and renewed lockdowns. In addition, there are numerous geopolitical uncertainties. It is still unclear what course will be taken by the current trade conflicts and many global crises such as Afghanistan. Other factors are the ongoing bottlenecks in the supply of industrial inputs, which hold back growth even more. The recurrent floods and natural catastrophes resulting from climate change are also a significant growth risk. Further risk factors are a sharper slowdown in the Chinese economy in the mid-term and a possible further increase in China's bid for self-sufficiency. There are also risks in the financial area in general due to mushrooming debt in recent years in numerous industrialized countries and also many emerging economies. This situation could be exacerbated through the numerous government support measures to mitigate the consequences of the pandemic. Other risks come from the significant rise in energy, material and commodity costs and the related fears of inflation, especially if central banks are slow to react, and the uncertainty caused by volatile exchange rates.

 **5.4%**

The global economy is expected to grow by 5.4% in 2021 and 4.5% in 2022.

The euro-zone economy recently posted significant growth. In the 2nd quarter of 2021, GDP increased by 2.2% year-on-year, following a drop of 0.3% in the first quarter. The sentiment indicators for the 3rd quarter suggest that growth could be slightly higher than in the 2nd quarter. However, the positive sentiment has been dampened perceptibly by the prospect of prolonged supply chain problems and the fourth wave of the pandemic triggered by the delta variant in many countries. In view of this, economic output is now only expected to grow slightly in the 4th quarter. Overall, economic output in the euro zone will rise by 4.8% in 2021. For the coming year, growth of 4.4% is expected.

German GDP increased by 1.6% quarter-on-quarter in the 2nd quarter of 2021, which was dominated by the easing of restrictions following the lockdown, whereas in the 1st quarter it declined by 2% compared with the prior quarter. However, the less positive sentiment reflected in key leading indicators now suggests that the strong recovery could be coming to an end. The 3rd quarter is still likely to be quite good, but looking ahead to the 4th quarter of 2021 there are mounting downside risks. Moreover, it is becoming clear that the economy is being held back by a mixture of rising Covid infections and pronounced supply bottlenecks. Overall, economic output is expected to rise by 2.8% in 2021. Given the relatively solid global economic momentum, we are forecasting a growth rate of 4.6% for Germany in 2022.

GDP growth of 3.3% in Germany in 2021, increased downside risks

Economic output in the USA increased by 1.6% quarter-on-quarter in the 2nd quarter of 2021, following growth of 1.5% in the 1st quarter. Economic activity recently lost some momentum. In industry, stronger growth is prevented by bottlenecks in the supply of inputs. Moreover, private consumption, which is an important factor, has recently weakened. This was due to declining fiscal impetus and the already advanced economic recovery. Nevertheless, the rapid recovery of the labor market is supporting the income of private households, so the end of the pandemic-driven state transfer payments can be at least partly offset. In all, the outlook for consumer spending therefore remains positive. Overall, the US economy is expected to grow by 5.7% in 2021 and by 4.4% in 2022.

Economic momentum in China slowed significantly in the first half of 2021. In the 1st quarter of 2021 GDP rose by 18.3% year-on-year and in the 2nd quarter the rise was 7.9%. Moderate growth by Chinese standards is also anticipated for the upcoming quarters. New lockdowns to contain the pandemic had a substantial impact on the service sector in the summer. This is shown by the decline in the official non-manufacturing purchasing managers' index. The corresponding indices for manufacturing industry have also dropped. This is compounded by problems in the real estate sector, the less expansionary monetary and fiscal policy and the country's increasing bid for self-sufficiency. Even so, GDP is expected to grow by 8% in 2021. In 2022, however, growth is expected to be just 5.2%.

The massive rise in coronavirus infections and measures to contain the pandemic had an enormous impact on India's economy in the 2nd quarter of 2021. Although GDP was 20.1% higher than in the prior-year period, this mainly reflects the economic weakness in the spring of the last year and the subsequent recovery. Quarter-on-quarter, the economy probably contracted by around 6%. Close-contact services and the construction sector were worst affected, while manufacturing industry held up comparatively well. Current price indicators indicate that so far there has been a significant economic upturn in the 3rd quarter. All in all, the Indian economy will grow by 7.7% in 2021. Slightly lower growth of 6.5% is likely in 2022.

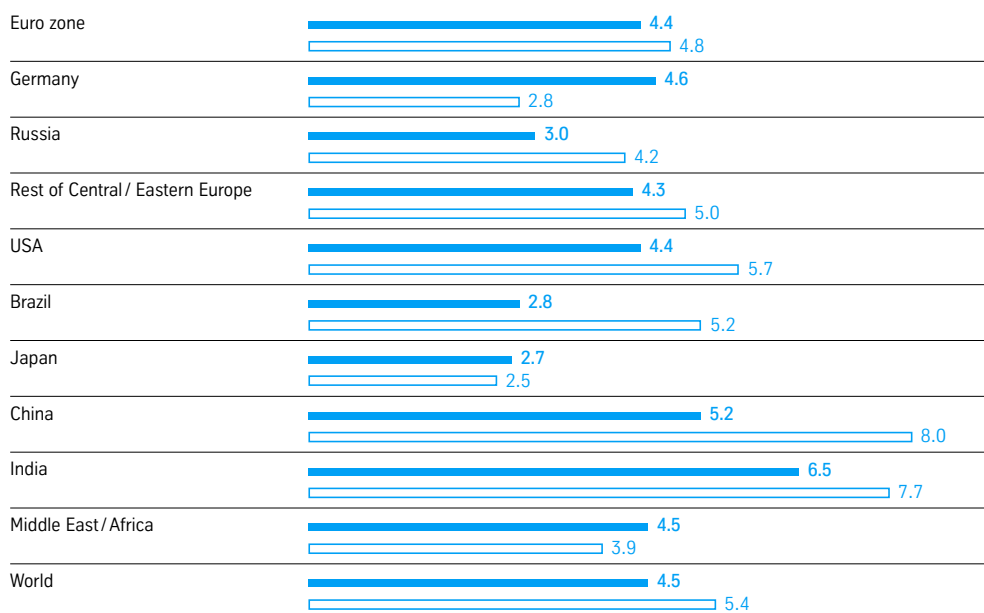
The Brazilian economy contracted by 0.1% quarter-on-quarter in the 2nd quarter of 2021. This was due to the second wave of the coronavirus pandemic, which peaked in April, resulting in the need for further regional lockdowns. Positive factors include the fact that consumer sentiment among the population has since improved thanks to government transfer payments, so private consumption did not contract. At the same time, the rise in state spending prevented a sharper downturn in the 2nd quarter. Finally, a strong positive contribution came from foreign trade. The present economic indicators point to an improvement in the economic outlook in the 3rd quarter. Overall, we expect the Brazilian economy to grow by 5.2% this year and 2.8% next year.

The Russian economy grew by 10.3% year-on-year in the 2nd quarter of 2021, so economic momentum accelerated compared to the first three months of the year. At this level, GDP is now officially back at the pre-crisis level of year-end 2019. However, the present economic indicators point to slower growth in the second half of the year. For example, the purchasing managers' index for the manufacturing sector recently dropped again, and is below the recessionary threshold of 50 points for the third consecutive month. Overall, the Russian economy is expected to grow by 4.2% this year, with further growth of 3% in 2022.

GROSS DOMESTIC PRODUCT

□ 2021 ¹⁾ ■ 2022 ¹⁾

Real change compared with previous year in %



¹⁾ Forecast

Sources: IHS Markit, IMF, consensus forecasts, misc. banks and research institutes, own estimates

Industrial growth hampered by bottlenecks in production inputs

Automotive – Global automotive production declined considerably in 2020. Weeks of production stoppages due to economic uncertainty and trade restrictions caused by general lockdowns in the wake of the pandemic imposed limits on annual output. As a result, global output was about 16% lower than in the prior year.

Forecasts for automotive output very uncertain due to supply shortages

For 2021, we initially predicted a significant recovery in sales and production of cars and light trucks worldwide. However, bottlenecks in the supply of semiconductors and raw materials from the end of 2020 and the related temporary production shutdowns and logistics challenges within global supply chains have limited market growth in 2021 to around the weak prior-year level.

China, which is the world's biggest automotive market, was the first country to be affected by the coronavirus. However, it managed to restart production early on. As a result of the rapid recovery, the reduction in output compared with 2019 was less than 5%. In 2021, production will probably be around the same level as in the prior year.

In 2021, automotive production in Western Europe will not be able to offset the considerable downturn caused by the coronavirus pandemic in 2020. Owing to the shortage of semiconductors, production is still below the already weak 2020 level and therefore significantly short of the pre-crisis level.

Despite rising demand, persistent supply bottlenecks prevented the originally anticipated rebound in domestic production in Germany. Domestic output in 2021 will therefore remain below the weak level of 2020 and probably only start to rise again in 2022.

North American automotive production will also remain around the 2020 level in 2021. Consequently, offsetting the declines suffered in 2020 will not start before 2022.

Since the significant recovery in demand seen in 2021 could not be fully satisfied due to the semiconductor shortage, all major markets could see recovery starting in 2022 – assuming that the supply-side bottlenecks recede. However, in view of the repeated revision of forecasts during the year and growing signs of further production restrictions in 2022, this assumption entails considerable uncertainty. A sustained recovery cannot be expected before 2023.

IMPORTANT SALES MARKETS

	2020	2021 ¹⁾	2022 ¹⁾
Vehicle production, million cars and light trucks²⁾			
World	72.9	72.9	80.5
Western Europe (incl. Germany)	10.0	9.6	11.6
Germany	3.7	3.3	4.3
North America (USA, Mexico, Canada)	13.0	13.0	15.2
USA	8.6	8.9	10.4
Mexico	3.0	3.0	3.5
Japan	7.7	7.4	7.9
China	23.3	23.0	24.3
India	3.2	3.9	4.2
Brazil	1.9	2.0	2.3
Machinery production, real, in % versus prior year			
World	(3.3)	13.3	4.4
Europe	(11.9)	11.9	5.4
Germany	(12.0)	10.0	5.0
USA	(3.2)	10.5	2.6
Japan	(8.3)	17.1	1.6
China	6.5	14.3	5.4
Construction output, real, in % versus prior year			
Euro zone	(6.6)	4.5	3.5
Germany	3.2	1.0	3.5
USA	(1.0)	7.6	5.2
China	0.2	4.3	3.7
India	(20.6)	23.9	4.3
Demand for steel, in % versus prior year			
World	0.1	4.5	2.2
Germany	(11.3)	10.0	13.3
EU(27) + Great Britain	(11.2)	12.7	5.5
USA	(18.0)	15.3	5.7
China	9.1	(1.0)	0.0

¹⁾ Forecast (August/September 2021)

²⁾ Passenger cars and light commercial vehicles up to 6t (completely built up vehicles only; without so-called CKD units)

Sources: IHS Markit, Oxford Economics, worldsteel, national associations, own estimates

Machinery – Global machinery production will rise significantly by a good 13% year-on-year in 2021, driven mainly by the strong recovery in demand for capital goods following easing of the pandemic-induced lockdown restrictions. A positive – albeit lower – growth rate of around 4.5% is expected for next year in connection with the continued global economic recovery. In China, the growth rate will probably also be significantly above the prior-year level at around 14% in 2021 and is expected to remain positive, although lower, at 5.4% in 2022. After an already weak year in 2020, output in the US machinery sector is expected post a significant rise of 11% in 2021, driven mainly by more dynamic capital spending. For 2022, we anticipate growth of 2.6%. European machinery production will post a strong rise of around 12% this year and the recovery is expected to continue in 2022 with growth coming in at around 5.4%.

Substantial increase of around 13% in international machinery production in 2021.

Up to August 2021, German machinery manufacturers recorded a strong price-adjusted rise in orders of 32% compared with the prior year, with domestic and foreign orders growing at different rates: domestic orders rose by 21% and foreign orders by 38%. The significant improvement in sector momentum is also reflected in capacity utilization: in July, machinery capacity increased visibly to 88.7% and was therefore above the long-term average of 85.9%. This significant increase was due to the strong upturn in order intake. In the first seven months of 2021, real output of machinery in Germany increased by a good 7% year-on-year. Overall, German production is expected to be 10% higher than in the prior year. A lower growth rate of 5% is expected for 2022. Risks affecting this forecast arise from the possibility of continuing restrictions on production caused by the present shortage of starting products.

Construction – Construction output in the euro zone will increase by 4.5% this year, with countries that were hit particularly hard by the pandemic such as France and Spain reporting high double-digit growth rates. In Germany, construction activity will be held back by lower demand from the public sector, but thanks to the relatively good trend in housing and commercial construction, output could still increase by about 1% this year. Downside pressure is coming from the present material shortages and the resultant price rises. A sustained recovery in the construction sector in the euro zone is anticipated in the remainder of the forecasting period. General factors driving the construction sector are still intact, with demand for housing and office space remaining buoyant thanks to pent-up consumer purchasing power and the fact that financing terms are still favorable. Moreover, most planned public-sector investments will probably be realized.

 **4.5%**

In the euro zone, construction output should grow by 4.5% in 2021.

In China, the construction sector will grow by a good 4% in 2021, with the ongoing trend to urbanization continuing to support housing construction and civil engineering. Nevertheless, the present problems in the construction sector mean there is a risk that this forecast may have to be revised downward. Construction activity in the USA will be 7.6% higher this year than last year. Reasons for the positive outlook are persistently low interest rates, public infrastructure spending and the solid momentum in housing construction.

Steel – The international steel industry was severely impacted by the coronavirus pandemic in 2020. Production stoppages, supply chain interruptions and a slump in demand across the board restricted growth in demand for finished steel to 0.1% in calendar year 2020. The unprecedented 9.1% rise in demand in China had a clear stabilizing effect. Without China, global demand for steel would have contracted by 9.5%. This year too, the development of the global steel market has been affected to a large extent by the pandemic and the related lockdowns. However, there were massive regional differences in their extent. Overall the markets recovered from the previous year's downturn and global demand will probably rise by 4.5% in 2021. The economic measures introduced by China last year, which led to significant growth contrary to the general trend, will probably lose their impact this year and demand for steel is expected to drop by 1%. Significant growth is anticipated in some of the other Asian markets. Following a sharp drop of 18% last year, demand in the USA is expected to rebound by 15.3% this year. Growth of 17% is forecast for Turkey. In the EU, demand for finished steel declined by 11.2% in 2020, partly due to the sharp downturn in the automotive industry. An even more significant fall was prevented by fiscal incentives. The export-oriented German economy, which is heavily dependent on the automotive industry, was particularly badly affected by this negative trend. Last year the steel market contracted by 11.3%. The robustness of the construction sector throughout the year had a stabilizing effect. The provisional forecast for this year is for growth of 10%. Demand in the EU will probably increase by 12.7% to 158.7 million tonnes, bringing it back to the 2019 level. Global infection rates, combined with progress with vaccinations, rising inflation,

supply chain bottlenecks and the continuing extreme volatility of the commodity markets constitute high risk factors for the performance of the global steel market.

The EU market for flat carbon steel contracted by 12.1% year-on-year in 2020. At times, the pandemic-related slump in demand was up to 40%. In the second half of the year, in particular, a continuous upward trend was observed and this continued at the start of this year. In the first seven months of 2021, demand for flat carbon steel was 17.3% higher than in the comparable prior-year period. EU steel producers successively increased their market share to 82%, at least until the first quarter of 2021. However, due to an exceptionally sharp rise in imports of flat steel from third countries to nearly 2.2 million tonnes in April, EU producers' share of the flat steel market dropped to 72%. This significant rise in imports was mainly due to the terms of the protectionist measures in the EU. These were introduced by the EU Commission in 2019 in response to a global rise in protectionism, which it feared could divert international trade flows to the free EU market. The measures include quotas for the import of steel products from third countries into the EU without paying the 25% customs duty. The aim is to protect the EU market from rising imports. However, special conditions permit selected third countries to utilize other countries' unused import quotas in the second quarter of the calendar year. Some countries made use of this, resulting in higher import volumes in April 2021. The protectionist measures initially expired at the end of June 2021, when their original term ended, but the EU Commission extended them for a further three years from July 1, 2021. As in the first period, the quotas are set to rise by 3% p.a. In this way, the protectionist effect of the measures is continuously eroded, increasing the risk to EU steel producers of a further loss of market share. Overall, however, the recovery in the steel processing sector and thus in the flat steel sector is expected to continue in 2021, although momentum is expected to decline. Supply chain bottlenecks, in particular, are holding back production in many sectors. In the light of this, the German automotive association VDA has reduced its forecasts for some markets. It now only expects German car production to rise by 3%.

Following the lockdowns in spring 2020, demand picked up faster than expected in some cases, especially in the automotive and automotive supplier sectors. Many customers were keen to replenish stocks, which had been scaled back considerably. A lack of supply from third countries increased the demand momentum within the EU single market in the second half of 2020. Overall, demand clearly exceeded supply, supporting the trend in spot market prices, which have more than doubled within a year. As a result of the significant increase in imports since the 2nd quarter of 2021 and a slight dip in demand in the summer months, when demand is traditionally lower, spot market prices have stabilized at the high level that had been reached. On the raw material side, price trends have varied greatly. The price of iron ore rose steadily from summer 2020 and registered record highs in May 2021. However, a drop in prices has been reported since July. By contrast, the price of coking coal has been very volatile during the fiscal year and since May 2021 it has risen extremely sharply, by more than 200%.

The recovery in global demand for steel, which started this year, will probably continue in 2022. However, momentum will be slightly lower, with growth at around 2.2%. Global supply bottlenecks, overcapacities and trade barriers represent a high potential risk for the future trend. In China, demand for steel is likely to stagnate in 2022. By contrast, a further rise in demand is predicted for Germany. Here, growth is around 13.3%, significantly above the EU average of 5.5%. Demand in the USA is forecast to rise by about the same extent as in the EU.

Summarized assessment by the Executive Board

thyssenkrupp is improving key financials and driving forward the transformation into a strong group of companies

In the past fiscal year, thyssenkrupp significantly improved its key financial indicators and achieved major milestones in its transformation to a high-performance and sustainable group of companies. The signing on September 16, 2021 of an agreement on the sale of the stainless steel business means that in the reporting period we made a decision on the sale or shutdown of five of the businesses grouped in the Multi Tracks segment. Moreover, further progress was made on the review of a stand-alone solution for Steel Europe. The main prerequisites are to clarify the legislative framework for the green transformation and put the planning on a correspondingly secure basis, as well as further progress with the implementation of the Steel Strategy 20-30. More information on this is provided under "Strategy" in the section "Fundamental information about the group" and the sections on Steel Europe and Multi Tracks in the report on the economic position.

As well as making progress with its strategy, thyssenkrupp generated a significant improvement in adjusted EBIT compared with the weaker previous year that was impacted by the pandemic. In addition to the impact of the market recovery (especially rising volumes and prices in our materials businesses), support came from restructuring and portfolio effects, alongside lower depreciation and amortization. The headcount in the group decreased by a total of 2323 in the fiscal year. The group's adjusted EBIT increased year-on-year in every quarter; therefore, we significantly exceeded the target we had set at the start of the fiscal year. A key contribution to the improvement in earnings, especially from the 2nd quarter, came from our materials businesses, which benefited from rising volumes and higher prices compared with the previous year. The positive overall operating performance in the continuing operations during the fiscal year was also reflected in the upward revision of our earnings forecast, both in the interim report on the 1st quarter and again in the half-year report.

Significant increase in adjusted EBIT

The group's net loss was €25 million, which was significantly lower than the profit reported the previous year (€9.6 billion), which received a strong boost from gains from the sale of the Elevator business. Without these effects, net income from continuing operations would have improved significantly.

The group's free cash flow before M&A was €(1.3) billion in the fiscal year, a significant improvement compared with the pandemic-weakened prior-year figure (prior year: €(4.8) billion) and within the last forecast range. The strong earnings improvement had a favorable effect but the price-related increase in net working capital adversely affected this performance indicator. Other influences were cash outflows for restructuring, the level of depreciation and amortization, which exceeded capital expenditures, and payment profiles in the project business (especially Multi Tracks and Marine Systems).

As a result, the group's net financial assets were significantly lower than in the previous year at €3.6 billion.

With cash and cash equivalents and undrawn committed credit lines totaling €10.5 billion (September 30, 2021), thyssenkrupp has a very good liquidity position.

Details of our target achievement in the reporting year can be found in the "Forecast-actual comparison". More information on our business performance is included in the "Group review" and "Segment review". Details of our forecast for the current fiscal year and our opportunities and risks are contained in the "Forecast, opportunity and risk report".

Key figures for the group versus the prior year are shown in the following table:

THYSSENKRUPP IN FIGURES

		Full group				Group – continuing operations ¹⁾			
		Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change	in %	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change	in %
Order intake	million €	34,891	39,571	4,680	13	28,150	39,571	11,421	41
Net sales	million €	35,443	34,015	(1,427)	(4)	28,899	34,015	5,117	18
EBITDA	million €	14,724	1,416	(13,309)	(90)	(1,079)	1,422	2,500	++
EBIT ²⁾	million €	10,475	451	(10,024)	(96)	(5,255)	457	5,712	++
EBIT margin	%	29.6	1.3	(28.2)	(96)	(18.2)	1.3	19.5	++
Adjusted EBIT ^{1), 2)}	million €	(1,039)	796	1,836	++	(1,759)	796	2,555	++
Adjusted EBIT margin	%	(2.9)	2.3	5.3	++	(6.1)	2.3	8.4	++
Income/(loss) before tax	million €	10,112	95	(10,017)	(99)	(5,593)	101	5,694	++
Net income/(loss) or earnings after tax	million €	9,592	(25)	(9,617)	--	(5,541)	(19)	5,522	100
attributable to thyssenkrupp AG's shareholders	million €	9,585	(115)	(9,699)	--	(5,547)	(109)	5,439	98
Earnings per share (EPS)	€	15.40	(0.18)	(15.58)	--	(8.91)	(0.17)	8.74	98
Operating cash flows	million €	(3,326)	92	3,418	++	(4,224)	94	4,319	++
Cash flow for investments	million €	(2,352)	(1,485)	867	37	(2,188)	(1,485)	703	32
Cash flow from divestments	million €	14,766	975	(13,791)	(93)	14,783	975	(13,808)	(93)
Free cash flow ³⁾	million €	9,088	(418)	(9,506)	--	8,371	(416)	(8,786)	--
Free cash flow before M&A ³⁾	million €	(4,835)	(1,273)	3,562	74	(5,515)	(1,273)	4,241	77
Net financial assets (Sept. 30)	million €	(5,053)	(3,586)	1,467	29				
Total equity (Sept. 30)	million €	10,174	10,845	671	7				
Gearing (Sept. 30)	%	— ⁴⁾	— ⁴⁾	—	—				
ROCE	%	59.8	3.4	(56.4)	(94)				
thyssenkrupp Value Added	million €	9,073	(622)	(9,695)	--				
Dividend per share	€	—	—	—	—				
Dividend payout	million €	—	—	—	—				
Employees (Sept. 30)		103,598	101,275	(2,323)	(2)				

¹⁾ See preliminary remarks.

²⁾ See reconciliation in segment reporting (Note 24).

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 receivables, the significance of the gearing key ratio is of no relevance.

THYSSENKRUPP IN FIGURES

		Full group				Group – continuing operations ¹⁾			
		4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change	in %	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change	in %
Order intake	million €	8,996	14,311	5,315	59	8,369	14,311	5,942	71
Net sales	million €	7,951	9,441	1,489	19	7,258	9,441	2,182	30
EBITDA	million €	14,669	410	(14,259)	(97)	(534)	398	933	++
EBIT ²⁾	million €	11,540	167	(11,373)	(99)	(3,663)	156	3,819	++
EBIT margin	%	145.1	1.8	(143.4)	(99)	(50.5)	1.7	52.1	++
Adjusted EBIT ^{1), 2)}	million €	(530)	232	763	++	(601)	232	833	++
Adjusted EBIT margin	%	(6.7)	2.5	9.1	++	(8.3)	2.5	10.7	++
Income/(loss) before tax	million €	11,429	89	(11,340)	(99)	(3,771)	78	3,849	++
Net income/(loss) or earnings after tax	million €	11,570	143	(11,427)	(99)	(3,592)	132	3,724	++
attributable to thyssenkrupp AG's shareholders	million €	11,583	116	(11,466)	(99)	(3,579)	105	3,685	++
Earnings per share (EPS)	€	18.61	0.19	(18.42)	(99)	(5.75)	0.17	5.92	++
Operating cash flows	million €	(862)	314	1,176	++	(1,053)	314	1,367	++
Cash flow for investments	million €	(1,374)	(624)	751	55	(1,334)	(624)	710	53
Cash flow from divestments	million €	14,753	2	(14,751)	(100)	14,775	2	(14,773)	(100)
Free cash flow ³⁾	million €	12,517	(308)	(12,825)	--	12,389	(308)	(12,697)	--
Free cash flow before M&A ³⁾	million €	(1,380)	(321)	1,059	77	(1,503)	(321)	1,182	79
Net financial assets (Sept. 30)	million €	(5,053)	(3,586)	1,467	29				
Total equity (Sept. 30)	million €	10,174	10,845	671	7				
Gearing (Sept. 30)	%	— ⁴⁾	— ⁴⁾	—	—				
Employees (Sept. 30)		103,598	101,275	(2,323)	(2)				

¹⁾ See preliminary remarks.

²⁾ See reconciliation in segment reporting (Note 24).

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 receivables, the significance of the gearing key ratio is of no relevance.

Forecast-actual comparison

While the economic environment was still dominated by the coronavirus pandemic, thanks to the positive sales trend, which was highly dependent on the market recovery, and restructuring activities in all businesses, our key performance indicators adjusted EBIT and free cash flow before M&A (FCF before M&A) were significantly above the targets set at the beginning of the fiscal year or within the target range. thyssenkrupp Value Added (tkVA) remained within the expected range but was below the prior-year figure, which benefited significantly from the Elevator transaction.

Target for adjusted EBIT was substantially exceeded

Since demand for materials and components for the automotive components businesses increased due to the market recovery, in the interim report on the 1st quarter thyssenkrupp increased its original forecast for adjusted EBIT. At the same time, we retained our cautious guidance on the fiscal year as a whole. In view of the good trend, when the interim report on the 1st six months was published we again revised our forecast for adjusted EBIT in the continuing operations upwards and forecast a significant increase towards a positive result in the mid 3-digit million euro range. We retained our overall expectations when we published the 9-month report for the group and ultimately achieved the upper end of the implied range with adjusted EBIT of €796 million.

The target set for FCF before M&A at the beginning of the year was also revised upwards when we published our interim report on the 1st quarter and we forecast a significant improvement towards €(1) billion. In our 9-months report, we published a more detailed forecast of between €(1.2) billion and €(1.5) billion. This forecast took into account the increase in net working capital, which was strongly dependent on the development of raw material prices. These have increased sharply in all regions of the world as a result of the economic rebound and are highly volatile. Another reason for the increase in net working capital, especially in the second half of the fiscal year, was a slowdown in order call-offs by our customers in the automotive industry due to the difficult supply situation with semiconductors. Moreover, the revised forecast took into account the strong year-on-year improvement in earnings, the cash outflows for restructuring, the level of capital expenditures, which exceeded depreciation and amortization, and the order intake and payment profile in the project business (especially at Multi Tracks and Marine Systems). On the reporting date, the free cash flow before M&A was within the expected range at €(1.3) billion.

More information on the factors that influenced the development of earnings is contained in the sections “Group review” and “Segment review”.

The following chart contains details on the forecasts, which were updated on publication of the interim reports on the 1st quarter, 1st half and the first 9 months of the reporting year, and the actual results in 2020/2021:

FORECAST AND ACTUAL RESULTS FOR FISCAL YEAR 2020 / 2021¹⁾

	Forecast in annual report 2019 / 2020	Update in interim report 1st quarter 2020 / 2021	Update in interim report 1st half 2020 / 2021	Update in interim report 9 months 2020 / 2021	Actual fiscal year 2020 / 2021
Sales (continuing operations)	Growth in low to mid single-digit percentage range	Growth in high single-digit percentage range	Growth in low two-digit percentage range		+18%; on comparable basis: +19%
Materials Services	–				+24%; on comparable basis: +27%
Industrial Components	Slight sales increase in low to mid single-digit percentage range	Sales increase in mid to high single-digit percentage range	Sales increase in low two-digit percentage range		+20%; on comparable basis: +23%
Automotive Technology	Robust sales performance	Sales growth in mid single-digit percentage range	Growth in high single-digit percentage range		+11%; on comparable basis: +13%
Steel Europe	–				+27%; on comparable basis: +28%
Marine Systems	Significant sales increase				+11%; on comparable basis: +13%
Multi Tracks	Stable sales performance overall				+2%; on comparable basis: +4%
Adjusted EBIT (continuing operations)	Significant improvement, but loss still in mid three-digit million euro range	Significant improvement towards almost break-even	Significant increase towards positive earnings of a mid three-digit million euro amount		Year-on-year improvement by €2,555 million to €796 million
Materials Services	Significant improvement and achievement of a positive figure	Significant improvement to a positive figure in mid two-digit million euro range	Significant improvement and achievement of a figure in low to mid three-digit million euro range	Significant improvement and achievement of a substantially positive figure in mid three-digit million euro range	Improvement by €672 million to €587 million
Industrial Components	Stable to slight increase	Significantly higher adjusted EBIT	Significantly higher adjusted EBIT in low to mid three-digit million euro range		Improvement by €183 million to €322 million
Automotive Technology	Improvement to a positive figure in mid to high two-digit million euro range	Significant recovery to a positive figure in low three-digit million euro range	Significant recovery and achievement of a figure in low to mid three-digit million euro range		Improvement by €430 million to €264 million
Steel Europe	Significant improvement, but still negative in low three-digit million euro range	Significant improvement to around break-even	Significant improvement to positive earnings in low to mid three-digit million euro range	Significant improvement and achievement of a positive figure in mid two-digit million euro range	Improvement by €936 million to €116 million
Marine Systems	higher				Improvement by €6 million to €26 million
Multi Tracks	Significant improvement to a loss in low to mid three-digit million euro range				Improvement by €295 million to €(298) million
Corporate Headquarters	–		Improvement in mid to high single-digit percentage range		Improvement by €27 million to €(194) million
Loss for the year (continuing operations)	Significant loss of more than €(1) billion				Increase by €5,522 million to €(19) million
Earnings after tax (group)	–	Loss in high three-digit million euro range	Loss of up to a mid three-digit million euro amount		–
Investments (continuing operations)	Higher year-on-year				Increase by €190 million to €1,630 million
FCF before M&A (continuing operations)	Significantly better, but still negative at around €(1.5) billion	Improvement towards €(1) billion		Between €(1.2) billion and €(1.5) billion	Increase by €4,241 million to €(1,273) million
tkVA (group)	Lower year-on-year		Lower year-on-year and negative		Decrease by €9,695 million to €(622) million

¹⁾ See preliminary remarks.

Group review

Course of business

Significant improvement in key financials thanks to the dynamic market recovery and restructuring and portfolio effects

ORDER INTAKE

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change in %	Change on a comparable basis ¹⁾ in %	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change in %	Change on a comparable basis ¹⁾ in %
Materials Services ²⁾	9,886	12,710	29	31	2,285	3,519	54	54
Industrial Components	2,095	2,556	22	25	517	633	22	22
Automotive Technology ²⁾	4,069	4,506	11	13	1,154	1,090	(6)	(6)
Steel Europe ²⁾	7,097	9,283	31	31	1,965	1,951	(1)	(1)
Marine Systems	2,235	6,662	++	++	1,870	5,846	++	++
Multi Tracks ²⁾	4,376	5,883	34	36	997	1,610	62	61
Corporate Headquarters ²⁾	4	5	25	26	1	1	(23)	(22)
Reconciliation ²⁾	(1,611)	(2,035)	(26)	—	(419)	(338)	19	—
Group continuing operations²⁾	28,150	39,571	41	42	8,369	14,311	71	71
Discontinued elevator operations ²⁾	6,741	0	--	--	627	0	--	--
Full group	34,891	39,571	13	34	8,996	14,311	59	66

¹⁾ Excluding material currency and portfolio effects.

²⁾ See preliminary remarks.

Steep increase in order intake

In Material Services, order intake was significantly higher than in the previous year despite shortages in the availability of materials. In the 2nd quarter of the fiscal year, in particular, demand significantly exceeded supply, resulting in price hikes for many products. Almost all businesses in Materials Services benefited from this. Industrial Components also registered a significant rise in order intake, with both Bearings and Forged Technologies benefiting from the rebound in demand. Within Automotive Technology, the original equipment business reported strong growth in steering systems, camshaft modules and damper systems in the 1st half of the year. Regionally, business in China developed well at a stable level. The 2nd half of the year was dominated by supply chain bottlenecks. In particular, shortages of semiconductors led to delays in the call-off of orders by customers. Order intake at Steel Europe was also significantly higher than in the previous year. In the first six months in particular, the segment benefited from rising orders as the market picked up. Supply bottlenecks in the automotive industry in the second half of the year made customers more cautious about ordering. Order intake at Marine Systems was also significantly higher than in the previous year. Among other things, this segment benefited from submarine orders for the Italian Navy and orders from the joint German/Norwegian project. Order intake was up significantly year-on-year at Multi Tracks as well. The main drivers here were higher prices and volumes in the stainless steel business and higher demand for plant engineering.

Strong rise in order intake in all segments

NET SALES

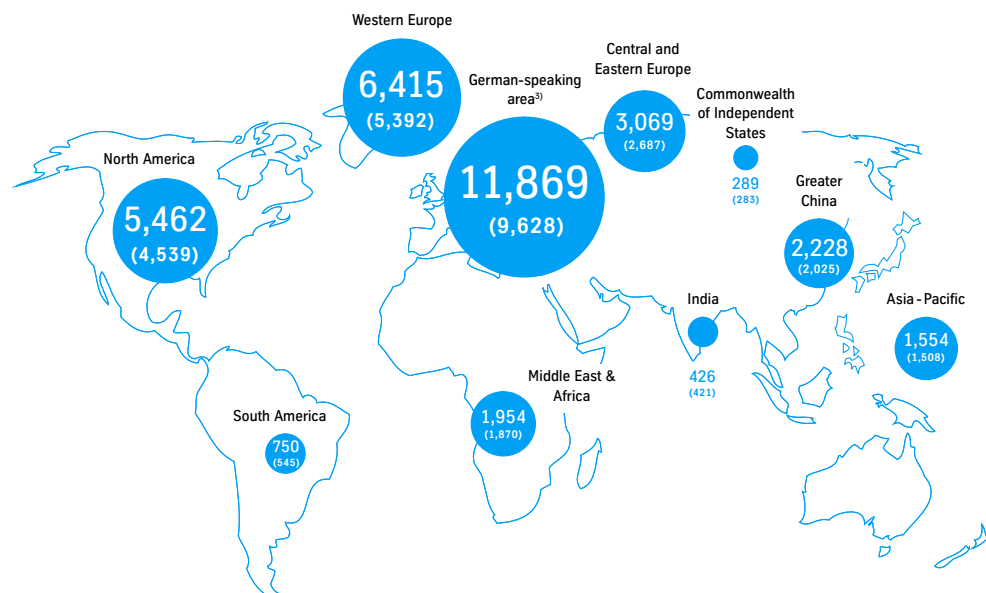
million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change in %	Change on a comparable basis ¹⁾ in %	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change in %	Change on a comparable basis ¹⁾ in %
Materials Services ²⁾	9,895	12,315	24	27	2,296	3,770	64	64
Industrial Components	2,099	2,512	20	23	530	635	20	19
Automotive Technology ²⁾	4,090	4,522	11	13	1,088	1,063	(2)	(3)
Steel Europe ²⁾	7,023	8,932	27	28	1,760	2,361	34	34
Marine Systems	1,760	2,022	15	15	564	572	1	1
Multi Tracks ²⁾	5,522	5,651	2	4	1,357	1,608	18	18
Corporate Headquarters ²⁾	9	13	42	42	7	2	(76)	(76)
Reconciliation ²⁾	(1,500)	(1,953)	(30)	—	(344)	(571)	(66)	—
Group continuing operations²⁾	28,899	34,015	18	19	7,258	9,441	30	30
Discontinued elevator operations ²⁾	6,544	0	--	--	693	0	--	--
Full group	35,443	34,015	(4)	16	7,951	9,441	19	27

¹⁾ Excluding material currency and portfolio effects.

²⁾ See preliminary remarks.

SALES BY REGION^{1) 2)}

in million € (prior-year figures in brackets)



¹⁾ See preliminary remarks.

²⁾ Sales continuing operations

³⁾ Germany, Austria, Switzerland, Liechtenstein

SALES BY CUSTOMER GROUP 2020/2021^{1) 2)}

in %



¹⁾ See preliminary remarks.

²⁾ Sales continuing operations

Sales mirror order intake

At Materials Services, sales were significantly higher than in the prior year due to sharp price rises and rising sales volumes. At Industrial Components, the Bearings business reported a particularly positive trend in construction machinery, conveyor technology and medical technology. In the Forged Technologies business, the recovery of global demand had a positive impact on sales growth in all areas of application. Automotive Technology also increased sales compared with the weaker prior year. Steel Europe was successively able to achieve higher prices with customers and benefited from a rise in shipments, resulting in a significant rise in sales here as well. Sales growth at Marine Systems resulted principally from the deliveries of the third frigate to the German navy in the 2nd quarter and the total of four corvettes to the Israeli navy in the fiscal year. Sales in the Multi Tracks segment were robust overall, mainly because of the positive trend in the stainless steel business. While Springs & Stabilizers also generated higher sales, there was a drop in sales in plant engineering and Automation Engineering businesses. There was also a scheduled decline at Heavy Plate due to shutdown of this business.

The regional breakdown of the group's sales was largely unchanged. The most important sales market with a slightly higher share of around 35% of sales was once again the German-speaking region (Germany, Austria, Switzerland and Liechtenstein). It was followed by Western Europe, which remained at 19%, and North America, which was also at the prior-year level at around 16%. The greater China region's share of sales was constant at around 7%.

With a constant share of 30% of sales, the automotive industry remained the most important customer group, with particular significance for our automotive components and steel businesses. It was followed by steel and related processes, which slightly increased their share of sales. Engineering accounted for a slightly lower share of sales, while trading remained at the prior-year level.

Adjusted EBIT improved significantly year-on-year

ADJUSTED EBIT

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change in %	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change in %
Materials Services ¹⁾	(85)	587	++	(51)	225	++
Industrial Components	139	322	++	17	56	++
Automotive Technology ¹⁾	(166)	264	++	(112)	30	++
Steel Europe ¹⁾	(820)	116	++	(203)	29	++
Marine Systems	20	26	27	12	27	++
Multi Tracks ¹⁾	(593)	(298)	50	(211)	(63)	70
Corporate Headquarters ¹⁾	(221)	(194)	13	(46)	(47)	(3)
Reconciliation ¹⁾	(34)	(26)	23	(7)	(23)	--
Group continuing operations¹⁾	(1,759)	796	++	(601)	232	++
Discontinued elevator operations ¹⁾	720	0	--	70	0	--
Full group	(1,039)	796	++	(530)	232	++

¹⁾ See preliminary remarks.

In the reporting year, the market recovery and measures to improve performance and efficiency resulted in positive adjusted EBIT, which was significantly higher than in the previous year. At Materials Services, higher sales volumes and rising prices resulted in a significant increase in the margin and adjusted EBIT. At Industrial Components, both the Bearings business and the Forged Technologies business grew adjusted EBIT. Alongside the upturn in demand, this positive trend was due to cost-cutting measures and action to improve competitiveness. Automotive Technology also reported a significant increase in adjusted EBIT. As well as the increase in sales and better overall capacity utilization, this was attributable to the profitable order structure, higher productivity at new sites and lower depreciation and amortization. At Steel Europe, higher net selling prices and increased shipments resulted in a significant rise in earnings. Furthermore, restructuring measures and lower depreciation and amortization had a positive impact on adjusted EBIT. The Marine Systems business also developed positively. The performance program strengthened existing orders and safeguarded margins on new business. Multi Tracks also reported a significant reduction in negative adjusted EBIT, with a positive trend in almost all businesses. Here, support came from market recovery effects and restructuring and cost-cutting measures.

Corporate Headquarters reduced administrative expenses through restructuring, so adjusted EBIT improved significantly year-on-year to €(194) million.

Earnings impacted by special items

EBIT was impacted by special items totaling €346 million in the reporting year.

EBIT impacted by special items

SPECIAL ITEMS

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change
Materials Services ¹⁾	455	(7)	(462)	442	42	(401)
Industrial Components	168	24	(144)	117	5	(111)
Automotive Technology ¹⁾	713	30	(682)	606	41	(565)
Steel Europe ¹⁾	1,673	175	(1,498)	1,534	4	(1,530)
Marine Systems	5	1	(3)	0	2	1
Multi Tracks ¹⁾	319	89	(230)	229	(30)	(259)
Corporate Headquarters ¹⁾	26	43	17	0	28	28
Reconciliation ¹⁾	138	(17)	(155)	134	(15)	(149)
Group continuing operations¹⁾	3,496	340	(3,157)	3,063	76	(2,986)
Discontinued elevator operations ¹⁾	(15,010)	6	15,016	(15,133)	(11)	15,122
Full group	(11,514)	346	11,859	(12,071)	65	12,136

¹⁾ See preliminary remarks.

Negative special items in Materials Services were due to impairment losses on assets in the supply chain area and expenses in connection with the closure of a site. This was offset by positive special items from various real estate sales. Industrial Components reported restructuring expenses for the Bearings and Forged Technologies businesses and also recorded impairment losses, mainly in connection with the planned shutdown of a site by the Forged Technologies business. Automotive Technology recorded impairment losses on assets in the steering business and restructuring expenses for dampers. Positive special items came from the reduction in restructuring provisions and reversals of impairment losses on non-current assets. At Steel Europe, the special items also resulted from restructuring provisions in connection with the steel strategy 20-30. In the Marine business and the Multi Tracks segment, special items also mainly comprised the establishment of restructuring provisions. In Corporate Headquarters, they primarily related to project expenses for advisory services in connection with M&A transactions.

thyssenkrupp Value Added (tkVA) negative and significantly down from prior year

tkVA for the group in the reporting period was significantly down on the prior year, which had a major boost from the Elevator transaction. However, almost all the segments were able to increase their contribution significantly year-on-year. tkVA at Materials Services was positive and significantly higher than the previous year thanks to a positive operating performance and lower capital employed. Industrial Components also reported higher tkVA as a result of its improved EBIT. A strong improvement in EBIT at Automotive Technology also resulted in a significant year-on-year increase. At Steel Europe, average capital employed was lower than a year earlier. The strong earnings improvement led to a significant year-on-year increase in tkVA. Marine Systems increased its EBIT, but also reported significantly higher capital employed. As a result, tkVA decreased slightly and remained negative. The tkVA of Multi Tracks also improved due to the positive earnings performance and lower capital employed.

Details on tkVA and its main components are shown in the following table.

THYSSENKRUPP VALUE ADDED (TKVA)

	Year ended Sept. 30, 2020				Year ended Sept. 30, 2021				Change tkVA (million €)
	EBIT ¹⁾ (million €)	Capital employed (million €)	WACC (%)	tkVA (million €)	EBIT ¹⁾ (million €)	Capital employed (million €)	WACC (%)	tkVA (million €)	
Full group	10,475	17,526	8.0	9,073	451	13,410	8.0	(622)	(9,695)
Thereof:									
Materials Services ²⁾	(540)	3,031	8.0	(783)	594	2,587	8.0	387	1,170
Industrial Components	(29)	1,504	8.5	(157)	297	1,376	8.5	180	337
Automotive Technology ²⁾	(878)	2,955	8.5	(1,129)	234	2,421	8.5	28	1,157
Elevator Technology ²⁾	15,784	1,507	7.5	15,671	0	0	0.0	0	(15,671)
Steel Europe ²⁾	(2,492)	5,216	8.5	(2,936)	(59)	4,062	8.5	(404)	2,531
Marine Systems	15	1,220	8.0	(82)	24	1,686	8.0	(111)	(28)
Multi Tracks ²⁾	(911)	1,116	8.0	(1,000)	(387)	830	8.0	(454)	547

¹⁾ See reconciliation in segment reporting (Note 24).

²⁾ See preliminary remarks.

More information on the importance of tkVA and EBIT for the management of the group is contained in the section “Fundamental information about the group”, subsection “Management of the group”.

Segment review

Materials Services

Investing in automation and digitization: from order processing through warehousing to transportation systems (logistics center in Rotenburg)



€12.3 billion

Sales

Materials Services is the largest independent materials distributor and service provider in the western world (Europe & North America). Our offering ranges from high-quality starting products and (raw) materials to technical service and intelligent solutions for more sustainable, digital supply chains.

“We’re implementing Materials as a Service to focus our materials business and expand our supply chain expertise. To achieve that we want to develop sustainable products and services that are digital, integrated and customer-oriented.”

Martin Stillger,
CEO of thyssenkrupp
Materials Services



Employees
worldwide

15,296



Investing in new services: The new narrow strip center for stainless steel produces strips that are up to 25 km long (Mannheim site)

MATERIALS SERVICES IN FIGURES

		Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change in %	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change in %
Order intake	million €	9,886	12,710	29	2,285	3,519	54
Net sales	million €	9,895	12,315	24	2,296	3,770	64
EBITDA	million €	(91)	758	++	(142)	244	++
EBIT	million €	(540)	594	++	(494)	183	++
Adjusted EBIT ¹⁾	million €	(85)	587	++	(51)	225	++
Adjusted EBIT margin	%	(0.9)	4.8	++	(2.2)	6.0	++
Investments	million €	115	97	(16)	55	41	(25)
Employees (Sept. 30)		15,800	15,296	(3)	15,800	15,296	(3)

¹⁾ See preliminary remarks.

www.thyssenkrupp.com >
Company > Corporate structure >
Materials Services

Materials Services is the largest independent materials distributor and service provider in the western world (Europe and North America). We offer an extensive range of services to our customers from a wide range of industrial sectors and work continuously to ensure a strong delivery performance based on partnership with our suppliers and our multi-sourcing approach. Our portfolio ranges from high-quality materials and raw materials to technical services through the development of intelligent processes for automation, extended supply chains, warehousing and inventory management. A high level of customer satisfaction is vital for us and we strive continuously to further lift this figure and ensure it remains high.

Following our strategy of “materials as a service”, services are at the heart of our ongoing development. We see key market trends as being the digitization of the supply chain and a significant increase in the importance of sustainability. This is exactly where we can step in, supporting our clients with physical and digital services and helping them to make their supply chain fit for the future. This is also intended to benefit the environment, since systematic use is made of the existing industrial data in order to save on materials and transport, and so on carbon emissions also. Digitization and automation within Materials Services itself also make it possible to streamline many internal processes.

Our strategic transformation aims to boost performance in the traditional trading business, while expanding our high-margin supply chain services in order to consolidate our leading market position in Europe and North America. Our tools include a systematic innovation process, focused growth, and excellence in purchasing, sales, production, logistics and administration. Steps to optimize our portfolio and our network are also being consistently implemented at the same time.

Order intake and sales: significantly up on the prior year, with reduced availability of materials

Order intake and sales performed very well in the reporting period. After a rather weak 1st quarter, sales volumes and prices increased continuously over the remainder of the fiscal year, in a market that was increasingly characterized by a shortage of materials. In total, Materials Services sold 9.1 million tons of materials and raw materials in the reporting period, 12% more than in the prior year. Demand significantly outpaced supply, so that prices for finished steel in particular continued to reach new highs in the fiscal year, whereby most other products also saw sharp price rises. Almost all businesses benefited from this – from warehousing and the direct-to-customer business through to the service centers and the units specialized in supply chain solutions. Demand from the automotive industry in particular recovered rapidly from the decline caused by the pandemic in the 2019/2020 fiscal year and made a major contribution to the rise in the segment's sales volumes and revenues. Looking at the regions, performance was also positive throughout. Growth in the international trading business and at the eastern European trading companies was particularly strong.

Supply bottlenecks and increasing demand cause prices to soar.

Adjusted EBIT: strong performance thanks to market situation and internal transformation

Both service units in the segment – Distribution Services and Supply Chain Services – profited particularly from the supply shortages and the seller's market from the 2nd quarter onwards. Margins and so adjusted EBIT performed extremely well thanks to rising sales volumes and prices. Great progress was made with the strategic transformation in the reporting period: for example, the site network was optimized by means of disposals (Thailand, Röhm Italia), closures (including thyssenkrupp Aerospace Varel), consolidation (the logistics center Rotenburg replaces the warehouse sites in Hamburg and Bremen) and mergers of businesses (in France, Britain and India). In addition, the Stainless Steel Service Center Dortmund was transferred to the thyssenkrupp Multi Tracks segment. These measures, along with various restructuring programs at companies in the segment, led to a further reduction in the workforce of 3% compared with September 30, 2020 following a reduction of 7% the prior year. Since sales volumes increased at the same time (+3% in warehouse sales), this meant that productivity improved year-on-year by 5% (warehouse sales per employee).

Special items

Negative special items in the reporting year included write-downs on assets in the Supply Chain unit, as well as expenses in connection with the closure of the Steel Service Center site in Wörth. They were more than offset by non-recurring income, however, mainly resulting from various disposals. This includes the activities in Thailand, the Leverkusen site of Materials Processing Europe that was closed in 2020, the plastics company Röhm Italia and land in Freiburg, Bremen and Cologne.

Investments

The new logistics center in Rotenburg (Wümme) went into operation in the reporting period. Its high level of digitization and automation mean it should make a significant contribution to increasing productivity. In addition, the segment invested both in Germany and in Poland in capacities for cutting coils to length, in order to keep expanding its business. The narrow strip center for stainless steel was also opened in Mannheim and a warehousing site acquired in Frechen. In the USA the segment expanded the Steel Service Center in Woodstock (Alabama) and bought operating and office equipment in the course of renewing the service agreement with thyssenkrupp Elevator in Kenosha (Wisconsin). Investments were also made to replace and upgrade equipment in various warehousing and service units. Other investments focused on continuing the digital transformation along the entire value chain, and on the further expansion of the omnichannel architecture, also visible in the recently opened online store SteelBuy.

Industrial Components – Bearings

6,592

Employees
worldwide

rothe erde® slewing rings



rothe erde® rotor bearings

€1.3 billion

Sales

160 years of innovation, quality and precision have made Bearings a preferred supplier of seamless rolled rings and slewing bearings. Around 7,000 employees in twelve countries stand for cooperation, reliability and customized solutions.



“Together with our customers we want to address the global challenges of our age in order to find innovative and sustainable solutions and create value for our customers and partners.”

Winfried Schulte,
CEO thyssenkrupp rothe erde

Industrial Components – Forged Technologies

As a specialist in steel forging, we are one of the world's leading producers of components for engines, chassis and undercarriage. We supply to customers in the automotive and construction machinery industries and are sure that our customers value our highly automated machine park.

€1.2 billion
Sales



Producing a truck crankshaft at the site in Campo Limpo, Brazil.



Forging a chainwheel for a mining excavator at Europe's largest forge press.



“As a leading specialist for forged engine, chassis and undercarriage components, our goal is to meet the individual requirements of customers around the world.”

Patrick Buchmann,
CEO Forged Technologies

6,220
Employees
worldwide

INDUSTRIAL COMPONENTS IN FIGURES

		Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change in %	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change in %
Order intake	million €	2,095	2,556	22	517	633	22
Net sales	million €	2,099	2,512	20	530	635	20
EBITDA	million €	228	400	76	24	79	++
EBIT	million €	(29)	297	++	(100)	50	++
Adjusted EBIT ¹⁾	million €	139	322	++	17	56	++
Adjusted EBIT margin	%	6.6	12.8	93	3.2	8.8	++
Investments	million €	176	225	28	88	92	5
Employees (Sept. 30)		12,500	12,812	2	12,500	12,812	2

¹⁾ See preliminary remarks.

www.thyssenkrupp.com >
Company > Corporate structure >
Bearings and Forged Technologies

Industrial Components comprises two business units: the bearings business and forgings business.

In the bearings business, a niche within the rolling-element bearing market, Bearings is the global market leader and also one of the biggest manufacturers of seamless rolled slewing rings. Our products are individually designed and manufactured for the customer. They have a mission-critical role in the machinery where they are used and are indispensable for ensuring its smooth operation. Our slewing bearings and rings are used in a wide range of forward-looking applications. In addition to customers in the wind energy market, which is where growth is predicted to be fastest, we also serve customers in very different industrial markets – from construction machinery, cranes and tunnel boring machines to conveyors, general engineering and many others. Our technical competence is a key differentiating criterion in competition and a vital factor in our reputation for quality and technology leadership. We are present with manufacturing sites in many important regions of the world and so can provide our global clients with the best possible support. Our goal is to maintain our global market leadership over the long term in the fast-growing market segment of bearings. To achieve this and to improve our performance we continuously implement measures to cut costs and boost efficiency. This is accompanied by a long-term investment strategy aimed at profiting from ongoing market growth in the wind energy industry.

Forged Technologies is a specialist in the forgings business and is among the leading global manufacturers of components for engines, undercarriages and construction machinery, supplying customers in the truck, automotive and construction machine sectors. We are convinced that our customers appreciate the high quality of our components, our technical know-how and our highly automated machine park. We consider our high-performance culture to be one of our strengths, along with our sharp focus on continuous improvements. Increasing the personnel efficiency and optimizing our production processes form the basis for sustainable earnings improvements. Our aim is to increase our market share and achieve growth with new products. In the application area of undercarriages for construction machinery we work consistently to develop our offering for end customers. In addition to launching a new brand, new products and strengthening our network of distribution partners in new regions, we are building a professional e-commerce offering and so optimizing our value chain. We are adding chassis components to our product portfolio in order to meet the change in market demand for engine components towards a higher share of electric motors.

Order intake and sales: further growth at Bearings and significant recovery in the forgings business

The order intake in the reporting year was significantly higher than in the prior year. The bearings business reported further growth in its order intake. In addition to significantly higher demand from the construction machinery and general engineering sectors, the market segments crane construction, conveyor technology and aerospace components particularly helped to overcome the decline in demand caused by the pandemic. Order intake in the wind energy sector was about the same as the previous year. The forgings business particularly profited from the recovery in global demand, with demand here stabilizing at a high level following the dip caused by the pandemic. This trend was supported by the broader product range in the construction machinery sector.

Positive order intake in both bearings
and forged technologies business

Sales performance in the reporting periods was in line with new orders. Significant sales increases were reported in the bearings business. Construction machinery, conveyor technology and medical devices performed especially well, having seen their markets decline in the previous year due to the coronavirus pandemic. Sales also rose in the wind energy segment, boosted by pull-forward effects before incentive programs in China came to an end in 2020 and 2021. The crane components and general engineering sectors reported no change on the prior year, by contrast. The recovery of global demand in the forgings business increased sales growth in all application areas.

Adjusted EBIT significantly up on prior year – mainly due to sales growth and supported by steps to increase efficiency

Adjusted EBIT increased significantly in the past fiscal year. The bearings business reported significant earnings improvements. Rising demand meant that positive contributions were achieved, especially due to economies of scale and productivity increases. Implementation of steps to improve competitiveness also contributed to boosting the result. In the forgings business the recovery in global demand played a particularly important role. The significant earnings improvement was supported by the early cost-cutting measures taken in response to the coronavirus pandemic.

Special items

Restructuring expenses were incurred in both business units, particularly in Germany. Impairment losses particularly affected the forgings business, by contrast, in connection with the planned closure of a site.

Investments

Growth investments to increase capacities were made in the bearings business, above all in the wind energy sector, and there especially at the manufacturing sites in Europe and Asia. In the forgings business, the focus was on equipment automation and the construction of a new forging line for chassis components at the site in Homburg.

Automotive Technology

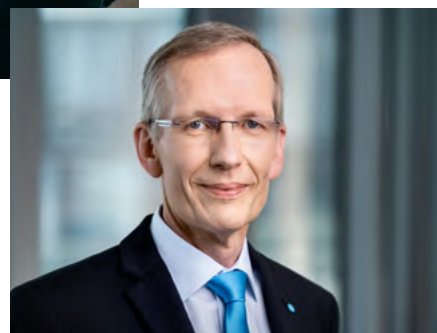
Engineers working on a chassis on a mobile development platform



19,723

Employees
worldwide

Automotive Technology is one of the leading suppliers and engineering partners of the international automotive industry, specializing in chassis technologies, drivetrain and automotive body solutions. Its product and service portfolio comprises high-tech components and systems along with automation solutions for vehicle manufacturing.



“We have aligned our product program with the trend to e-mobility, self-driving vehicles and sustainability. The aim is to continue to grow profitably.”

Dr. Karsten Kroos,
CEO Automotive Technology



Steer-by-wire test vehicle

€4.5 billion

Sales

AUTOMOTIVE TECHNOLOGY IN FIGURES

		Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change in %	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change in %
Order intake	million €	4,069	4,506	11	1,154	1,090	(6)
Net sales	million €	4,090	4,522	11	1,088	1,063	(2)
EBITDA	million €	34	482	++	(87)	82	++
EBIT	million €	(878)	234	++	(718)	(11)	98
Adjusted EBIT ¹⁾	million €	(166)	264	++	(112)	30	++
Adjusted EBIT margin	%	(4.0)	5.8	++	(10.3)	2.8	++
Investments	million €	327	268	(18)	110	110	0
Employees (Sept. 30)		19,483	19,723	1	19,483	19,723	1

¹⁾ See preliminary remarks.

www.thyssenkrupp.com >
Company > Corporate structure >
Automotive Technology

Automotive Technology is a leading German supplier and engineering partner to the international automotive industry. Its product and service portfolio comprises high-tech components and systems along with automation solutions for vehicle manufacturing. They include chassis technologies such as steering and damper systems and the assembly of axle systems as well as powertrain components for conventional and alternative engines. We also develop assembly systems for body-in-white construction and produce lightweight car body components in series. We cover the entire value chain: from the development and manufacture of components, via mechanical processing through the assembly of highly complex systems. The demands of our customers in terms of quality and functionality are decisive when we develop new products. Mechatronic solutions with internally developed electronics and software play an increasingly important role.

Our growth and performance goal is to be among the best in our competitive environment. We have consistently aligned our product portfolio with the next-generation trends in the automotive industry, such as electric vehicles and self-driving vehicles, which offer us exciting opportunities. Our global market and production presence enables us to participate in growth in various regions in proximity to our customers. Continuous improvement measures enable us to keep improving our production and cost efficiency.

Higher demand and sales growth

Automotive Technology reported a significant increase in order intake and sales in all business units compared with the prior year, which was impacted by the coronavirus pandemic and lockdowns. There was strong growth in the automotive serial business for steering systems, camshaft modules and damper systems, with higher overall demand in the 1st half and a stable, good business performance in China. Bottlenecks in the supply chain became increasingly apparent at the start of the 3rd quarter. The shortage of semiconductor products in particular had the effect of reducing customer call-offs, with spontaneous call-off interruptions or production stoppages in some cases, which were almost impossible to anticipate. This also affected the 4th quarter. Strong demand in China in the first half also slowed due to supply chain problems. On the other hand, we won relevant long-term framework contracts in automotive serial business over the course of the fiscal year, which enabled us to ensure the future capacity utilization of our plants.

Higher demand and sales growth;
bottlenecks in the supply chain in the
2nd half-year due to shortage of
semiconductors

Adjusted EBIT up significantly year-on-year

Adjusted EBIT increased to a three-digit amount, a significant improvement following the prior year's loss; the EBIT margin rose to 5.8%. All business units reported earnings increases. Higher sales volumes with better overall capacity utilization had a positive effect, as did a profitable order structure, higher productivity in the new plants and lower write-downs. Further positive effects included compensation agreed with a customer and the absence of expenses recognized in the prior-year financial statements for additions to order-related provisions, quality issues and impairment losses on net working capital. In the 2nd half our challenge was to cope with disruptions to the supply chain, such as bottlenecks in the supply of electronic semiconductor and other primary products, in addition to higher costs for raw materials, packaging and freight. The restructuring program initiated at Automotive Body Solutions (previously System Engineering) was implemented on schedule and reduced personnel costs.

Special items

Impairment losses were recognized on non-current assets in the Steering business unit in the reporting period. Restructuring expenses were also incurred in the Damper unit. The reduction in the restructuring provision for Automotive Body Solutions had a positive effect. In addition, non-current assets were written up following an agreement with a customer about a canceled project.

Investments

In the Steering business investments were made in order-related projects for electric steering systems in China, Mexico and Europe – here especially in Hungary. At Damper the focus was on expanding order-related production capacities in Romania, the USA and Mexico. In addition, order-related investments were made in the production of adjustable camshafts and cylinder head modules. Our investments in forward-looking products and manufacturing sites in attractive regions close to our customers enable us to exploit growth opportunities and help us to achieve our cost and profitability targets.

Steel Europe

Bird's eye view of the Duisburg site

€8.9 billion

Sales



Steel Europe concentrates on the market for high-quality flat carbon steel. The product range comprises hot-rolled coil, thick sheet, premium strips, coated products, non-oriented electrical steel, tinplate, medium coil and grain-oriented electrical steel.

26,303

Employees
worldwide



“Our strategy 20-30 is focused on tomorrow’s customer requirements. To make our product portfolio more profitable and optimize costs we are investing specifically in the core units in our production network.”

Bernhard Osburg, CEO of thyssenkrupp Steel Europe AG



Non-grain-oriented electrical steel produced in Bochum is used in the manufacture of generators and electric drives.

STEEL EUROPE IN FIGURES

		Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change in %	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change in %
Order intake	million €	7,097	9,283	31	1,965	1,951	(1)
Net sales	million €	7,023	8,932	27	1,760	2,361	34
EBITDA	million €	(532)	214	++	(116)	92	++
EBIT	million €	(2,492)	(59)	98	(1,737)	24	++
Adjusted EBIT ¹⁾	million €	(820)	116	++	(203)	29	++
Adjusted EBIT margin	%	(11.7)	1.3	++	(11.5)	1.2	++
Investments	million €	491	681	39	144	292	++
Employees (Sept. 30)		26,632	26,303	(1)	26,632	26,303	(1)

¹⁾ See preliminary remarks.

www.thyssenkrupp.com >
Company > Corporate structure >
Steel Europe

Steel Europe is the largest steel producer in Germany and concentrates on the attractive market segment of high-quality flat carbon steel, where it is one of the most important suppliers in its core European market. Its product portfolio comprises hot-rolled coil, thin sheet, premium strips, coated products, tinplate, medium coil and grain-oriented and non-oriented electrical steel in a wide range of grades. The main purchasers of the products are the automotive and engineering sectors, the metalworking industry, including the energy sector, and the construction industry. We see our strengths in the development of customized solutions and in our technical know-how based on long experience. It goes without saying that continuous quality management and numerous process-improvement initiatives are part of our work.

With the ongoing implementation of our Steel Strategy 20-30 we want to achieve an even more valuable product portfolio while optimizing the cost structure at the same time. This will enable us to increase our operating performance significantly and put us among the best in our market. We invest in more efficient structures for the core units in our production process, with a particular focus on the growing demands of automotive customers and individual industrial sectors. These may be crash-relevant sheets for the vehicle's safety architecture, improved surfaces or thinner, high-performance steels for electric vehicles.

As part of our transition to climate-neutral steel production we are planning to put our first hydrogen-powered direct reduction plant into operation by 2025. Capacities for climate-friendly steel are set to rise to three million tons by 2030. This would represent an annual reduction of six million tons of CO₂.

Order intake and sales: market picks up significantly following pandemic-related slump in spring 2020

From a low base in weak prior quarters due to the pandemic, Steel Europe started the reporting year on an upward trend. The segment profited from the economic upswing that began at the end of summer 2020 and the resulting recovery in demand from the European flat steel market. One key driver of this development was the European automotive industry, which successively ramped up its production again after widespread shutdowns in spring 2020. Over the remainder of the year its production returned to its pre-pandemic level at times. Industrial customers also contributed to the recovery by restocking their inventories of essential products. The significant up-tick in overall demand caused spot market prices to rise. Supply bottlenecks increasingly had an impact on the business performance of many customer industries over the remainder of the reporting year.

Order intake went up significantly in the reporting year. In the first two quarters of the fiscal year in particular, orders rose significantly as a result of greater market activity. The first supply bottlenecks became apparent at our automotive customers from the 3rd quarter onwards, and they were more cautious with their orders as a result. Furthermore, our scope for new orders was limited in the 4th quarter for capacity reasons, due to the planned upgrade of blast furnace number 1 in Schwelgern. In total, order volumes in fiscal year 2020/2021 rose year-on-year by 15% to some 11 million tons. In addition, the continuous rise in market prices from summer 2020 onwards had an effect on the new contracts negotiated over the course of the fiscal year.

Higher demand, especially from automotive industry, in the first half-year

Sales increased significantly year-on-year, largely due to higher price agreements with our customers. Shipments were also up, by 13% at almost 10 million tons. Following a sharp fall in spring 2020, shipments to the automotive industry and its suppliers in particular picked up again strongly. Over the course of the year sales to industrial customers went up again also. Deliveries of packaging steel were stable at the same level as the prior year; this business only saw a slight decline, despite the coronavirus pandemic. The Precision Steel business unit reported a significant year-on-year increase in sales. Turnaround was achieved in the Electric Steel business unit, mainly as a result of the improvement in product quality and thus in the intrinsic value of the product portfolio. This also contributed to the rise in sales.

Crude steel production, including deliveries from Hüttenwerke Krupp Mannesmann, was about 11 million tons, around 13% higher than the prior year, although output was limited by the planned blast furnace number one relining in Schwelgern in the 4th quarter. Some production facilities also experienced temporary production restrictions over the course of the year. In addition to technical restrictions, this was also due to weather effects. Overall, both production volumes and capacity utilization were significantly higher in the reporting period than in the prior year. Rolled steel production for customers increased by 14% to around 10 million tons.

Adjusted EBIT: significant earnings improvement over the course of the year

Adjusted EBIT improved significantly in the past fiscal year. Higher demand and an upwards trend in market prices had a positive impact, resulting in a continuous increase in net selling prices compared with the prior year. The restructuring initiated in fiscal year 2019/2020 also had a positive effect. This was offset by restrictions on production, rising and very volatile raw materials prices and most recently by the planned upgrade to the blast furnace number one.

Special items

Special items included provisions for ongoing restructuring, mainly comprising job reductions in administrative areas and production-related administration, which are expected to be completed by September 30, 2023, and in-house adjustments in connection with implementation of the steel strategy 20-30.

Investments

The construction of the new hot-dip coating line at the Dortmund location is intended to meet the increasing demand from automobile manufacturers for higher quality hot-dip coated products. Assembly was completed in September 2021. The line is scheduled to go into production in 2022 once the functional tests have been completed. The Packaging Steel business unit is building a new coating line to continue the production of special chromium-plated tinplate under improved environmental standards. Assembly is going to plan, with construction and engineering work now completed. The blast furnace number one in Schwelgern, which has a capacity of 3.6 million tons per year, resumed operations on October 1, 2021 after a planned blast furnace relining. A large proportion of the orders have already been placed for the major investments defined in the Steel Strategy 20-30, such as the transformation of the casting-rolling line in Duisburg-Bruckhausen and the newbuild of a double reversing mill and an annealing and isolating line in Bochum. The engineering work with the suppliers is progressing to schedule.

Marine Systems

We are the global market leader in conventional submarines and a leader in the development of new surface and submarine technologies for naval customers.

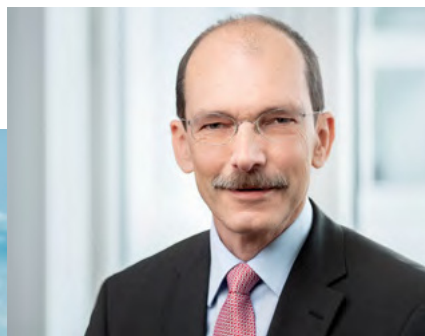
Class 212A submarine



€2.0 billion
Sales

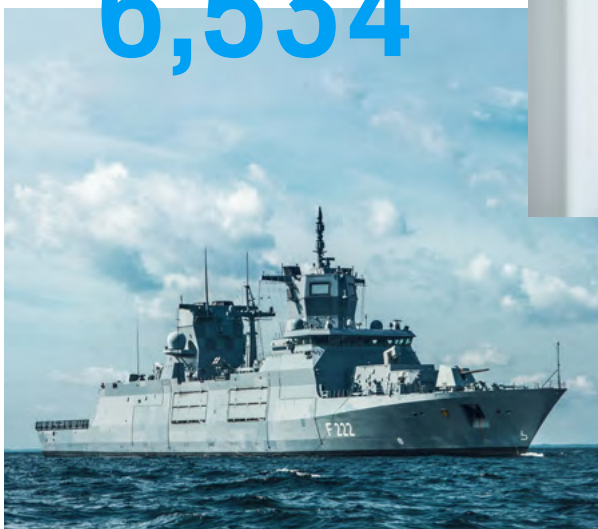
Employees
worldwide

6,534



“We are working with our customers today to define and deliver tomorrow’s marine standards.”

Dr. Rolf Wirtz, CEO Marine Systems



The “Baden-Württemberg”, a class F125 frigate

MARINE SYSTEMS IN FIGURES

		Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change in %	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change in %
Order intake	million €	2,235	6,662	++	1,870	5,846	++
Net sales	million €	1,760	2,022	15	564	572	1
EBITDA	million €	74	88	19	29	43	48
EBIT	million €	15	24	60	12	25	++
Adjusted EBIT ¹⁾	million €	20	26	27	12	27	++
Adjusted EBIT margin	%	1.1	1.3	11	2.2	4.7	++
Investments	million €	73	101	38	30	47	57
Employees (Sept. 30)		6,355	6,534	3	6,355	6,534	3

¹⁾ See preliminary remarks.

www.thyssenkrupp.com >
Company > Corporate structure >
Marine Systems

Marine Systems is a leading global manufacturer of conventional submarines, naval vessels and marine electronics and offers its services to navies. As a fully integrated system supplier (platform, electronics, integration and services), we develop and manufacture holistic solutions from a single source for our customers, both in Germany and with local partners in the customer's country. In addition, we work to develop and expand our portfolio. We invest in the development of solutions to recover and dispose of ordnance from the sea, for instance.

Our aim is to underline our technology leadership and strengthen our competitive position. Navies around the world have to modernize: in our analysis the NATO target for defense spending and the trend away from highly specific national fleets towards standardized products for the global naval market represent growth potential. The joint order to build submarines for Germany and Norway is a key milestone for us. Moreover, we are currently taking a local shipyard into service for the frigate program in Brazil.

In recent years we have also taken decisive steps to refine and optimize our project execution and profitability. To this end we are investing extensively to modernize our shipyard in Kiel and are consistently implementing our performance program. This entails optimizing processes, instruments and structures along the entire value chain and reducing administrative expenses.

Order intake dominated by major submarine order – stable sales growth

The order intake in the reporting year was significantly higher than in the prior year. The reason for the increase was the order of €5.5 billion for the joint German/Norwegian project to build six identical submarines and an order from the Italian navy for a submarine project. Existing contracts were also extended for submarines and surface vessels, with smaller orders received for maintenance and service. In addition, the marine electronics business acquired several medium-size orders.

Sales increased significantly year-on-year. This is a result of the growing order intake and stems from the good progress made on projects, final invoicing for the delivery of the third F125 frigate to the German navy in March and the handover of four corvettes in total to the Israeli navy in the fiscal year. In the last quarter we also delivered the fourth submarine to a customer in the Mediterranean and submitted the final invoice.

Adjusted EBIT again up significantly year-on-year

Adjusted EBIT was higher than the prior year, continuing its positive trend. The order book still includes some old orders with poor margins. The performance program will bring an improvement here. At the same time, efforts are under way to secure margins on new business and reduce administrative expenses.

Special items

Special items consist of provisions for restructuring.

Investments

Progress was made on the modernization of the shipyard in Kiel, with the aim of optimizing project execution and improving profitability.

Multi Tracks



Assembling electrolysis cells

18,360

Employees
worldwide

The businesses grouped in the Multi Tracks segment differ enormously in terms of size, business operations and independence. All are facing specific challenges. We endeavor to find the best option for each of these companies.



“We focus on the development of these companies. After a year, we can say that Multi Tracks is a real success model for thyssenkrupp.”¹⁾

Dr. Volkmar Dinstuhl,
CEO Multi Tracks



Solutions for the cement industry

€5.7 billion

Sales

¹⁾ we.talk* on October 6, 2021

* we.talk is an internal video podcast format at thyssenkrupp. The interviewees present their companies and themselves to all employees in the thyssenkrupp group.

MULTI TRACKS IN FIGURES

		Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change in %	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change in %
Order intake	million €	4,376	5,883	34	997	1,610	62
Net sales	million €	5,522	5,651	2	1,357	1,608	18
EBITDA	million €	(605)	(285)	53	(234)	(39)	83
EBIT	million €	(911)	(387)	57	(440)	(33)	93
Adjusted EBIT ¹⁾	million €	(593)	(298)	50	(211)	(63)	70
Adjusted EBIT margin	%	(10.7)	(5.3)	51	(15.6)	(3.9)	75
Investments	million €	141	107	(25)	61	41	(32)
Employees (Sept. 30)		19,909	18,360	(8)	19,909	18,360	(8)

¹⁾ See preliminary remarks.

www.thyssenkrupp.com >
Company > Corporate structure >
Multi Tracks

The Multi Tracks segment is where thyssenkrupp holds the Elevator investment and businesses for which we are considering other ownership structures in the short to medium term. This may be a full or partial disposal, for example, or the continuation of a business with one or more external partners.

The companies in the Multi Tracks segment come from very different businesses, from plant engineering to automotive supplies. In addition to these investments in rather traditional industrial companies, the portfolio includes a joint venture in the incipient hydrogen market in which thyssenkrupp holds a majority stake.

Focus areas in fiscal year 2020/2021

Two action areas in the thyssenkrupp strategy define the activities in the Multi Tracks segment: portfolio and performance. The segment made good progress in both in the past fiscal year.

- **Portfolio:** the agreement to sell the mining business to the Danish company FLSmidth was signed in late July 2021. The signing for the sale of the infrastructure business to FMC Beteiligungs KG took place shortly afterwards. The sale of thyssenkrupp Carbon Components to Action Composites GmbH from Austria was completed on August 31. The contract to sell the stainless steel business (AST, including the associated distribution activities) to Arvedi Group was signed on September 16, 2021. At the end of September 2021 the heavy plate mill in Duisburg was closed.
- **Performance:** to improve the financial performance we identified the key levers for value creation in every single business in the Multi Tracks segment and used them to define appropriate measures. This also includes site closures and downsizing.

Thanks to the ambitious targets that Multi Tracks has set itself for the portfolio and performance action areas, the segment made a substantial contribution to improving thyssenkrupp's financial position in fiscal year 2020/2021.

Significantly higher order intake as coronavirus effect diminishes and slight positive trend in sales

Order intake in the Multi Tracks segment was significantly higher than the prior year, which was severely impacted by the coronavirus pandemic. This positive trend is particularly due to higher prices and volumes in the stainless steel business. Increased demand in plant engineering also helped. We won the contract for a major cement plant in France and the first hydrogen projects alongside others in the chemical plant construction business. As expected, the decision to close the heavy plate business had an offsetting effect.

Sales performance was robust, thanks to the stainless steel business, but other units were mixed. Plant engineering was not able to maintain its sales due to the lower order intake the prior year. The sales decline in chemical plant construction stemmed mainly from the planned expiry and delays in the execution of two major projects. Sales in Automation Engineering were down, largely due to the low order intake the prior year. Sales in Springs & Stabilizers performed well as the influence of the coronavirus declined, although business volume was affected from the 3rd quarter by the global semiconductor shortage and lower customer call-offs as a result. The closure of the heavy plate business reduced sales as planned.

Significantly lower loss in adjusted EBIT

Adjusted EBIT remained negative in the reporting year, but improved year-on-year in almost all businesses.

A reduction of administration and selling expenses in plant engineering and positive earnings performance in the service business of the mining and cement businesses were offset by lower sales in new installations. Lower costs for reworking and higher positive non-recurring effects contributed to the positive earnings development in Mining and Cement. Earnings in chemical plant construction business were impacted by high reworking costs and lower sales.

Earnings in the stainless steel business improved significantly thanks to resurgent demand, the fact that higher raw materials costs had already partly been passed on to customers, and inventory measurement effects. The closure of heavy plate business and an improved performance in Automation Engineering had a positive effect. There was no major change in the results of other businesses.

Restructuring and cost-cutting measures in Germany reduced losses significantly in almost all units. Wide-ranging restructuring in plant engineering and Automation Engineering, alongside the closure of the heavy plate business and the Springs & Stabilizers plant in Olpe, resulted in the loss of some 2,000 jobs. This was offset by recruitment in plant engineering in India and Brazil and at UCE Germany and in Springs & Stabilizers in Hungary. On balance this resulted in a reduction of around 1,150 employees.

Special items

Significant special items were the recognition of restructuring provisions in the heavy plate business as part of the closure, and in mining and chemical businesses. Impairment losses were also recognized in the infrastructure business. The impairment recognized in the stainless steel business in fiscal year 2019/2020 was partly written back. These were offset by the partial reversal of restructuring provisions in Automation Engineering, Springs & Stabilizers, and cement business, which were recognized during the prior year and were remeasured due to changes in the structure of the measures.

Investments

Investments declined year-on-year in the Multi Tracks segment, particular in Springs & Stabilizers, plant engineering and the stainless steel business. Despite this, investment continued in all businesses to preserve asset value and safeguard the market position. Springs & Stabilizers, plant engineering and stainless steel business accounted for the largest volumes. Investment in heavy plate business was reduced as planned.

Corporate Headquarters at thyssenkrupp AG

The group is managed centrally by thyssenkrupp AG. This is where the main administrative units are gathered. The administrative units of Corporate (CorpHQs) and the regions are combined in the Corporate Headquarters segment. The structure of CorpHQ was further simplified in the fiscal year and is now also aligned with the three core themes: portfolio, performance and people. The previous central functions have been allocated to these three corporate centers (CC). Further mergers also took place in the Regions unit. The regional centers in India, Asia / Pacific and Middle East & Africa were combined in the regional platform APA (Asia/Pacific/Africa). In addition there are still the regional platforms in North and South America and in the greater China region.

Adjusted EBIT at Corporate Headquarters amounted to €(194) million in fiscal 2020/2021, a significant improvement on the prior-year figure. This positive trend is due to lower administrative costs, following restructuring in the corporate centers and the regional platforms.

Corporate Headquarters with
significantly lower administrative
expenses

Special items

At Corporate Headquarters the special items result mainly from project advisory expenses in connection with M&A transactions.

Investments

No significant investments were made at Corporate Headquarters in fiscal 2020/2021.

Results of operations and financial position

For the effects of the coronavirus pandemic in the 2019/2020 and 2020/2021 fiscal years, see also the remarks contained in the report on the economic position in the sections “Group review” and “Segment review”.

Analysis of the statement of income

Net sales from continuing operations in fiscal year 2020/2021 were 18% above the corresponding prior-year figure. All segments contributed to the significant improvement, but especially the materials businesses. At the same time the cost of sales in continuing operations went up at a significantly lower rate than sales growth, rising by 2%. The main reasons for this were the significantly higher cost of materials due to higher sales, but which were offset by a significant fall in impairment losses and lower depreciation and amortization. Under these circumstances the gross sales margin improved very strongly from (1.0)% to 12.8%.

The increase in selling expenses of continuing operations mainly related to higher sales-related freight, insurance and customs expenses. The significant decline in general and administrative expenses of continuing operations stemmed particularly from much lower personnel expenses and impairment losses, as well as from a decline in IT expenses. The main reasons for the overall increase in other income from continuing operations were payments received as part of an agreement with a customer for a canceled project in the 3rd quarter of the reporting year and income received in the reporting year in connection with credits for non-income taxes in Brazil; they were offset by lower grants, especially from the German government in connection with the reimbursement of social security contributions for short-time work. The steep decline in other expenses of continuing operations resulted mainly from high impairment losses on goodwill recognized in the prior year. The improvement in other gains and losses of continuing operations was mainly due to higher gains on the disposal of property, plant and equipment.

Lower income from investments accounted for using the equity method in continuing operations related primarily to the pro rata losses from the Elevator investment recognized in the reporting year. The overall improvement in the still negative balance of financing income and expenses for continuing operations came particularly from lower net interest expenses on financial debt and income recognized in the reporting year from the subsequent measurement of the interest-free loan acquired in connection with the Elevator investment.

The increase in income taxes on continuing operations was largely due to higher earnings by the individual group companies.

After taking into account income taxes, the loss from continuing operations amounted to €19 million, compared with a very high loss of €5,541 million in the prior year. Accordingly, the loss per share attributable to the shareholders of thyssenkrupp AG based on income from continuing operations improved significantly by €8.74 to €0.17. The very steep fall of €15,140 million in overall profits from discontinued operations to a loss of €6 million was essentially due to the disposal gain of €15,010 recognized in the prior year on completion of the Elevator transaction, as well as the absence of current (after-tax) profits of €124 million recognized in the prior year. Including income from discontinued operations (net of taxes), a net loss of €25 million was incurred in the reporting year, compared with net income of €9,592 million in the prior year. Accordingly, earnings per share contracted strongly by €15.58 to a loss of €0.18.

thyssenkrupp group – statement of income

million €, earnings per share in €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Sales	28,899	34,015
Cost of sales	(29,184)	(29,659)
Gross Margin	(285)	4,356
Research and development cost	(247)	(234)
Selling expenses	(2,195)	(2,379)
General and administrative expenses	(1,881)	(1,540)
Other income	245	323
Other expenses	(897)	(114)
Other gains/(losses), net	1	32
Income/(loss) from operations	(5,260)	443
Income from companies accounted for using the equity method	4	(106)
Finance income	1,188	725
Finance expense	(1,525)	(962)
Financial income/(expense), net	(333)	(343)
Income/(loss) from continuing operations before tax	(5,593)	101
Income tax (expense)/income	52	(120)
Income/(loss) from continuing operations (net of tax)	(5,541)	(19)
Income/(loss) from discontinued operations (net of tax)	15,134	(6)
Net income/(loss)	9,592	(25)
Thereof:		
thyssenkrupp AG's shareholders	9,585	(115)
Non-controlling interest	8	90
Net income/(loss)	9,592	(25)
Basic and diluted earnings per share based on		
Income/(loss) from continuing operations (attributable to thyssenkrupp AG's shareholders)	(8.91)	(0.17)
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)	15.40	(0.18)

See accompanying notes to consolidated financial statements.

Analysis of the statement of financial position

Total assets rose moderately overall compared with September 30, 2020.

Total non-current assets were slightly up on the year. This includes a decline in intangible assets, due mainly to reclassifications of assets held for sale in connection with the disposal groups Mining and stainless steel business. Property, plant and equipment also rose; additions in excess of depreciation here were offset by reductions due to reclassifications of assets held for sale in connection with the disposal groups Mining and stainless steel business. Non-financial assets also increased, mainly due to higher advanced payments in connection with property, plant and equipment in the Steel Europe segment. The decrease in investments accounted for using the equity method and increase in other financial assets was mainly due to subsequent measurement of the Elevator investment

Current assets also only recorded a slight increase overall. The very clear overall increase in inventories comprised significant increases in materials business, also due to pricing, in the Steel Europe and Materials Services segments, as well as in automotive businesses in the Automotive Technology segment, which were offset by reductions due to reclassifications of assets held for sale in connection with the disposal groups Mining and stainless steel business. The significant decline in trade accounts receivable overall stemmed principally from reclassifications of assets held for sale in connection with the disposal groups Mining and stainless steel business. The very significant fall in cash, cash equivalents and time deposits was largely due to the early redemption at the beginning of December 2020 of a bond originally maturing in March 2021, and payments for investments in continuing operations, which were significantly higher than operating cash flows in the reporting year. The additional decrease in contract assets was principally related to the execution of construction contracts in plant construction business in the Multi Tracks segment. The increase in other financial assets mainly resulted from derivative accounting. In addition, assets held for sale increased substantially as a result of reclassifying non-current and current assets for the first time as of September 30, 2021 in connection with the disposal groups stainless steel business, Mining, and to a lesser extent Infrastructure.

Total equity increased year-on-year to €10,845 million at September 30, 2021. This was mainly due to the gains from currency translation and from the revaluation of pensions and similar obligations through other comprehensive income. They were offset by the slight loss in the reporting year. The equity ratio increased to more than 29%.

The sharp decrease in non-current liabilities resulted mainly from the significant reduction in financial debt. This particularly related to reclassifications of a bond due in March 2022 and a loan note due in December 2021 to current financial liabilities. Additionally, the decline in provisions for pensions and similar obligations was mainly caused by the gains on the revaluation of the pensions as a result of higher pension discount rates; then there were reclassifications of liabilities in connection with assets held for sale in connection with the disposal groups Mining, stainless steel business and Infrastructure.

Current liabilities went up significantly overall. The sharp rise in trade accounts payable mainly related to the material businesses in the Steel Europe and Materials Services segments; it was offset by reclassifications of assets held for sale in connection with the disposal group stainless steel business. The increase in financial debt was due to the above-mentioned reclassification of a bond and a loan note from non-current financial liabilities, which in turn was partly offset by the early redemption in December 2020 of a bond originally due in March 2021. The increase in other non-financial liabilities was primarily a result of higher liabilities in connection with non-income taxes and higher personnel liabilities. The above increases were particularly offset by a significant fall in contract liabilities, mainly from the execution of construction contracts in the plant construction business of the Multi Tracks segment and the marine business, and to a lesser extent from reclassifications of liabilities in connection with assets held for sale in the Mining disposal group. In addition, liabilities related to assets held for sale increased substantially as a result of reclassifying non-current and current liabilities in the reporting year in connection with the disposal groups stainless steel business, Mining, and to a lesser extent Infrastructure.

thyssenkrupp group – statement of financial position

ASSETS

million €	Sept. 30, 2020	Sept. 30, 2021
Intangible assets	2,075	1,892
Property, plant and equipment (inclusive of investment property)	6,319	6,513
Investments accounted for using the equity method	722	670
Other financial assets	658	718
Other non-financial assets	230	337
Deferred tax assets	497	472
Total non-current assets	10,501	10,602
Inventories	5,922	7,116
Trade accounts receivable	4,833	4,308
Contract assets	1,575	1,434
Other financial assets	535	849
Other non-financial assets	1,414	1,386
Current income tax assets	162	123
Cash, cash equivalents and time deposits	11,547	8,974
Assets held for sale	0	2,019
Total current assets	25,989	26,209
Total assets	36,490	36,811

EQUITY AND LIABILITIES

million €	Sept. 30, 2020	Sept. 30, 2021
Capital stock	1,594	1,594
Additional paid-in capital	6,664	6,664
Retained earnings	1,472	1,771
Cumulative other comprehensive income	80	372
thereof: disposal groups	–	– 34
Equity attributable to thyssenkrupp AG's stockholders	9,810	10,400
Non-controlling interest	364	445
Total equity	10,174	10,845
Accrued pensions and similar obligations	8,560	7,896
Provisions for other non-current employee benefits	289	298
Other provisions	507	513
Deferred tax liabilities	58	60
Financial debt	5,303	3,784
Other financial liabilities	96	66
Other non-financial liabilities	6	1
Total non-current liabilities	14,819	12,619
Provisions for current employee benefits	156	176
Other provisions	1,188	1,175
Current income tax liabilities	166	151
Financial debt	1,199	1,640
Trade accounts payable	3,475	4,244
Other financial liabilities	665	729
Contract liabilities	3,073	2,205
Other non-financial liabilities	1,575	1,794
Liabilities associated with assets held for sale	0	1,232
Total current liabilities	11,497	13,347
Total liabilities	26,316	25,966
Total equity and liabilities	36,490	36,811

See accompanying notes to consolidated financial statements.

Financing

Principles and aims of financial management

The financing of the group is handled centrally by thyssenkrupp AG. It is based on a multi-year financial planning system and a monthly rolling liquidity planning system covering a planning period of up to a year. The cash inflows from our operating activities are our main source of liquidity. Our cash management systems allow subsidiaries to use surplus funds of other units to cover their liquidity requirements. This reduces the volume of external financing and thus interest expense. External financing requirements are covered using money and capital market instruments such as bonds, loan notes or commercial papers. We can also make use of committed credit facilities in various currencies and with various terms, as well as selected off-balance financing instruments such as factoring programs. Information on the available credit facilities is provided in Note 17.

The aim of our central financing system is to strengthen our negotiating position vis-à-vis banks and other market players and to raise or invest capital on the best possible terms and conditions.

Net financial assets and available liquidity

Net financial assets are calculated as the difference between cash, cash equivalents and time deposits shown in the statement of financial position plus current debt instruments (subsequently referred to as liquid funds), and non-current and current financial debt. At September 30, 2021 the group has liquid funds of €9.0 billion which, after deducting gross financial debt of €5.4 billion, results in net financial assets of €3.6 billion. As of September 30, 2020 net financial assets came to €5.1 billion. The main reason for the lower total was negative FCF before M&A. The group's available liquidity was €10.5 billion as of September 30, 2021. It comprised liquid funds of €9.0 billion and undrawn, committed credit lines of €1.5 billion.

The available liquidity offers enough scope to cover debt maturities. The gross financial debt repayable in the 2021 / 2022 fiscal year amounts to €1.5 billion.

The financing and liquidity of the group were secured at all times in the reporting year.

Rating

We have issuer ratings from the rating agencies Standard & Poor's, Moody's and Fitch. Our ratings are currently below investment grade.

thyssenkrupp remains solidly financed.

RATING

	Long-term rating	Short-term rating	Outlook
Standard & Poor's	BB-	B	negative
Moody's	B1	Not Prime	stable
Fitch	BB-	B	stable

Analysis of the statement of cash flows

The amounts taken into account in the statement of cash flows correspond to the item “Cash and cash equivalents and time deposits” less the time deposits contained therein as reported in the statement of financial position. In the reporting year this item also included cash, cash equivalents and time deposits in connection with the disposal groups Mining, stainless steel business and Infrastructure, which were reclassified as held for sale.

Operating cash flows

Positive cash flow from continuing operations was generated in the reporting year, which is a very significant improvement year-on-year. The main reasons for this were the strong improvement to positive net income from continuing operations before depreciation and amortization, as well as higher trade accounts payable and lower trade accounts receivable. They were offset by higher inventories, mainly as a result of the positive business performance and price increases.

Cash flows from investing activities

The steep fall in cash flows from investing activities in continuing operations was mainly due to the very high cash inflows reported in the prior year in connection with the Elevator transaction. The significant year-on-year increase in cash inflows from disposals of continuing operations was primarily the result of reducing time deposits with an original term of more than 90 days in the 1st quarter of the reporting year.

Capital expenditure in the reporting year fell significantly year-on-year, with the investment in time deposits of €850 million from the disposal proceeds of the elevator business accounting for a large share. Segment capital expenditure was slightly up on the year. Significantly lower investment in Materials Services, Automotive Technology and Multi Tracks was offset by higher investment in Industrial Components, Steel Europe and Marine Systems. Capital expenditure was also reduced significantly at Corporate Headquarters.

INVESTMENTS

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change in %	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change in %
Materials Services ¹⁾	115	97	(16)	55	41	(25)
Industrial Components	176	225	28	88	92	5
Automotive Technology ¹⁾	327	268	(18)	110	110	0
Steel Europe ¹⁾	491	681	39	144	292	++
Marine Systems	73	101	38	30	47	57
Multi Tracks ¹⁾	141	107	(25)	61	41	(32)
Corporate Headquarters ¹⁾	28	(1)	--	19	0	--
Reconciliation ¹⁾	835	7	(99)	827	1	(100)
Group continuing operations¹⁾	2,188	1,485	(32)	1,334	624	(53)
Discontinued elevator operations ¹⁾	164	0	--	41	0	--
Full group	2,352	1,485	(37)	1,374	624	(55)

¹⁾ See preliminary remarks.

Free cash flow

Free cash flow from continuing operations was negative overall in the reporting year, and very much lower, mainly due to the absence of the proceeds of the Elevator transaction received the prior year.

Free cash flow before M&A from continuing operations was significantly higher than in the prior year. In addition to the operating performance, it was offset by the temporary increase in net current assets.

Cash flows from financing activities

The negative amount of cash flows from financing activities in continuing operations increased year-on-year. The main reasons were the absence of inflows received the prior year in connection with financing by discontinued operations, and lower payments overall for the repayment of borrowing.

RECONCILIATION TO FREE CASH FLOW BEFORE M&A

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change
Operating cash flows – continuing operations (consolidated statement of cash flows)	(4,224)	94	4,319	(1,053)	314	1,367
Cash flow from investing activities – continuing operations (consolidated statement of cash flows)	12,595	(510)	(13,105)	13,442	(622)	(14,064)
Free cash flow – continuing operations (FCF)¹⁾	8,371	(416)	(8,786)	12,389	(308)	(12,697)
–/+ Cash inflow/cash outflow resulting from material M&A transactions	(14,637)	121	14,758	(14,705)	42	14,747
Adjustment due to IFRS 16	(98)	(128)	(30)	(37)	(55)	(18)
Adjustment due to time deposits	850	(850)	(1,700)	850	0	(850)
Free cash flow before M&A – continuing operations (FCF before M&A)¹⁾	(5,515)	(1,273)	4,241	(1,503)	(321)	1,182
Discontinued elevator operations ¹⁾	680	0	(680)	123	0	(123)
Free cash flow before M&A – group (FCF before M&A)	(4,835)	(1,273)	3,562	(1,380)	(321)	1,059

¹⁾ See preliminary remarks.

THYSSENKRUPP GROUP – STATEMENT OF CASHFLOWS

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Net income/(loss)	9,592	(25)
Adjustments to reconcile net income/(loss) to operating cash flows:		
Income/(loss) from discontinued operations (net of tax)	(15,134)	6
Deferred income taxes, net	(185)	(67)
Depreciation, amortization and impairment of non-current assets	4,180	1,064
Reversals of impairment losses of non-current assets	(3)	(159)
Income/(loss) from companies accounted for using the equity method, net of dividends received	(4)	106
(Gain)/loss on disposal of non-current assets	(16)	(45)
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes		
– Inventories	1,132	(1,816)
– Trade accounts receivable	(932)	(35)
– Contract assets	(583)	62
– Accrued pension and similar obligations	(226)	(132)
– Other provisions	(81)	116
– Trade accounts payable	(2,089)	1,400
– Contract liabilities	339	(358)
– Other assets/liabilities not related to investing or financing activities	(216)	(24)
Operating cash flows – continuing operations	(4,224)	94
Operating cash flows – discontinued operations	898	(3)
Operating cash flows	(3,326)	92
Purchase of investments accounted for using the equity method and non-current financial assets	(4)	(1)
Expenditures for acquisitions of consolidated companies net of cash acquired	0	(36)
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(1,265)	(1,404)
Capital expenditures for intangible assets (inclusive of advance payments)	(69)	(44)
Capital expenditures in time deposits	(850)	0
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	5	0
Proceeds from disposals of previously consolidated companies net of cash disposed	14,697	1
Proceeds from disposals of property, plant and equipment and investment property	57	122
Proceeds from disposals of intangible assets	25	1
Proceeds from disposals of time deposits	0	850
Cash flows from investing activities – continuing operations	12,595	(510)
Cash flows from investing activities – discontinued operations	(181)	0
Cash flows from investing activities	12,414	(510)

THYSSENKRUPP GROUP – STATEMENT OF CASHFLOWS

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Repayments of bonds	(750)	(850)
Proceeds from liabilities to financial institutions	4,564	222
Repayments of liabilities to financial institutions	(4,642)	(264)
Lease liabilities	(143)	(148)
Proceeds from/(repayments on) loan notes and other loans	(721)	(140)
Profit attributable to non-controlling interest	(40)	(44)
Expenditures for acquisitions of shares of already consolidated companies	0	(3)
Financing of discontinued operations	937	(3)
Other financial activities	(156)	(52)
Cash flows from financing activities – continuing operations	(952)	(1,283)
Cash flows from financing activities – discontinued operations	(1,010)	3
Cash flows from financing activities	(1,963)	(1,280)
Net increase/(decrease) in cash and cash equivalents	7,125	(1,698)
Effect of exchange rate changes on cash and cash equivalents	(134)	18
Cash and cash equivalents at beginning of year	3,706	10,697
Cash and cash equivalents at end of year	10,697	9,017
thereof: cash and cash equivalents within the disposal groups	0	42
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows of continuing operations:		
Interest received	16	10
Interest paid	(222)	(159)
Dividends received	15	17
Income taxes (paid)/received	(130)	(177)

See accompanying notes to consolidated financial statements.

Off-balance financing instruments

Our off-balance financing instruments also include the nonrecourse factoring of receivables, which the group as a whole sold in connection with ordinary business activities in the amount of €0.6 billion at the closing date (prior year: €0.5 billion). Should financing instruments of this kind no longer be available in the future, we have adequate liquid funds and available credit lines.

Annual financial statements of thyssenkrupp AG

thyssenkrupp AG is the parent company of the thyssenkrupp group. The Executive Board of thyssenkrupp AG is responsible for the management of the company and the group. This includes above all defining corporate strategy and allocating resources as well as executive development and financial management. The annual financial statements of thyssenkrupp AG are prepared according to the rules of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG); the management report is combined with the management report on the group. The parent-company financial statements are used to calculate unappropriated income and thus the amount of the possible dividend payment.

Course of business, future development and risk position

Course of business 2020/2021

The business performance and position of thyssenkrupp AG is mainly determined by the business performance and success of the group. We report on this in detail in the sections "Group review", "Segment review", and "Results of operations and financial position".

Expected development 2021/2022 with material opportunities and risks

The expected development of thyssenkrupp AG in the 2021/2022 fiscal year will depend mainly on the development of the group as a whole and its opportunity and risk position. This is the subject of the forecast, opportunity and risk report. To this extent the information provided there on the expected development and risk position of the group also applies to the future development and risk position of thyssenkrupp AG. Details of target achievement are provided in the forecast-actual comparison for the thyssenkrupp group. As expected, thyssenkrupp AG incurred a higher annual loss in fiscal year 2020/2021 than in the prior year.

As parent company of the group, thyssenkrupp AG receives income in particular from its subsidiaries. Net income from investments comprises profits and losses transferred from domestic subsidiaries and dividends distributed particularly by foreign subsidiaries. Accordingly, the expectations for the group's business performance in 2021/2022 should also be reflected in the income of thyssenkrupp AG. Overall we are expecting net income for 2021/2022 in the low to medium three-digit million euro range, and so a significant year-on-year earnings improvement.

Results of operations

thyssenkrupp AG reported a net loss of €651 million in the 2020/2021 fiscal year, compared with a net loss of €289 million a year earlier.

Net sales mainly included income of €98 million from amounts charged on in accordance with the corporate design, company naming and trademark policy for the group-wide mark (prior year: €363 million). The year-on-year decline was particularly due to the absence of license fees received from the Elevator Technology companies. They also included fees of €41 million for licenses, software and central IT security services.

General administrative expenses fell by €266 million to €341 million. This was particularly due to an impairment loss of €101 million recognized in the previous year on buildings at the thyssenkrupp Quarter and higher economic advisory expenses in the same fiscal year.

€266_m

Reduction in administrative expenses

Other operating income of €605 million chiefly consisted of write-ups of €524 million in total on the carrying amounts of equity interests in investee companies. Specifically, these included write-ups of €300 million on the carrying amount for the shares in thyssenkrupp Materials Services GmbH, Essen, of €166 million on the shares in thyssenkrupp Information Management GmbH, Essen, and of €36 million for the shares in thyssenkrupp Italia S.r.l., Copparo, Italy. The write-up at thyssenkrupp Materials Services GmbH, Essen, was due to the positive business performance.

Other operating expenses fell by €1,036 million to €261 million. They particularly included internal waivers of receivables in the total amount of €144 million. Expenses of €18 million were also incurred for maintenance and other services relating to non-operating real estate. In the prior year this item included expenses for the reversal of selected usage rights to the groupwide mark in the amount of €1,080 million, which thyssenkrupp AG had transferred to thyssenkrupp Elevator Innovation and Operations GmbH, Düsseldorf, (formerly: thyssenkrupp Elevator AG).

Income from investments declined by €2,753 million to €(662) million.

Whereas no dividends were distributed to thyssenkrupp AG in fiscal year 2020/2021, a dividend of €7,057 million was received in the prior year from thyssenkrupp Nederland Holding B.V., Roermond, Netherlands. This consisted of retained earnings from prior fiscal years and the proceeds of the Elevator Technology transaction.

Expenses from loss transfers fell by €4,407 million to €709 million. In particular, the loss of thyssenkrupp Technologies Beteiligungen GmbH, Essen, sank by €4,174 million to €686 million. This improved result was mainly due to lower losses transferred from its own subsidiaries. Impairment losses were also recognized in the prior year on shares held by thyssenkrupp Technologies Beteiligungen GmbH, Essen. thyssenkrupp Materials Services GmbH, Essen, reported a profit of €24 million, compared with a loss of €212 million in the prior year.

Impairment losses of €71 million were recognized on the shares in thyssenkrupp Services GmbH, Essen. Impairment losses of €803 million were recognized in the prior year for shares in various companies.

Income taxes related to corporation and trade income tax as well as comparable foreign income taxes. They comprised income for prior years and current taxes in the reporting period. Deferred taxes were not included because the option was exercised of recognizing a surplus of deferred tax assets over deferred tax liabilities.

Financial position

Total assets decreased by €4,537 million to €31,863 million year-on-year. At September 30, 2021, the share of fixed assets in total assets rose from 50% to 59%.

€31.9 bn

Total assets

Fixed assets increased by €404 million to €18,699 million. Shares in affiliates went up by €371 million to €17,013 million. thyssenkrupp AG bought fragmented shares in various subsidiaries for a total of €383 million. As a result, the carrying amount of thyssenkrupp Dritte Beteiligungsgesellschaft mbH, Duisburg, rose by €190 million, of thyssenkrupp Steel Europe AG, Duisburg, by €75 million, of ATLAS ELEKTRONIK GmbH, Bremen, by €27 million and of thyssenkrupp Marine Systems GmbH, Kiel, by €26 million. The establishment of thyssenkrupp Holding Germany GmbH, Essen and the subsequent capital contribution increased shares in affiliates by €167 million.

Shares in thyssenkrupp Materials Services GmbH, Essen, that originally cost €79 million were sold within the group for €38 million. A capital repayment of €600 million took place at thyssenkrupp Information Management GmbH, Essen.

Write-ups of €524 million and impairment losses of €71 million on the carrying amounts of equity investments are described in more detail in the section “Results of operations”.

When it sold the Elevator Technology business thyssenkrupp AG received an equity investment and an interest-free loan as part of the total purchase price. At the balance sheet date the equity investment was recognized at cost of €657 million and the loan at amortized cost of €668 million.

Receivables and liabilities from/to affiliated companies are significant items in the balance sheet of thyssenkrupp AG. They reflect the central importance of thyssenkrupp AG in the group's cash management system.

At September 30, 2021 receivables from affiliated companies were €2,301 million lower at €4,521 million. In particular the receivables from affiliates shown on overnight accounts changed due to the losses equalized in the context of profit and loss transfer agreements in fiscal year 2020/2021.

thyssenkrupp AG bears liability from the internal transfer of pension obligations. The indemnification right created by transfer of responsibility for meeting the obligations, which is recognized under miscellaneous assets, decreased by €23 million in the past fiscal year to €215 million. This was recognized under pension obligations accordingly.

Cash in hand and bank balances fell by €2,479 million to €8,393 million at September 30, 2021. This was partly due to the redemption of a bond for €850 million and a loan note for €130 million.

Total equity decreased by €651 million to €5,838 million at September 30, 2021 as a result of the loss for the year. As in the prior year the equity ratio came to 18%.

The €35 million decrease in provisions for pensions and similar obligations was mainly due to utilization of €46 million and the change of €23 million in pension obligations transferred internally as outlined above. This was offset by additions to pension provisions of €39 million and accrued interest of €19 million. Within other provisions, the provision for share-based compensation rose by €18 million and the provision for outstanding invoices by €12 million.

Liabilities to affiliated companies were mainly deposits by subsidiaries in the central financial clearing system and loss transfers under profit and loss transfer agreements. Liabilities to affiliates fell year-on-year by €2,868 million to €19,968 million. Liabilities due to loss transfers under profit and loss transfer agreements decreased by €4,402 million. They were offset by a rise of €1,509 million to €19,194 million in liabilities on overnight accounts. More information on the financial position of thyssenkrupp AG is contained in the Notes to the parent-company financial statements.

Statement of financial position of thyssenkrupp AG

ASSETS

million €	Sept. 30, 2020	Sept. 30, 2021
Fixed assets		
Intangible assets	36	6
Property, plant and equipment	148	134
Financial assets	18,111	18,559
	18,295	18,699
Operating assets		
Receivables and other assets	7,199	4,753
Cash on hand and cash at banks	10,872	8,393
	18,072	13,146
Prepaid expenses and deferred charges	34	19
Total assets	36,400	31,863

EQUITY AND LIABILITIES

million €	Sept. 30, 2020	Sept. 30, 2021
Total equity		
Capital stock	1,594	1,594
Additional paid-in capital	2,703	2,703
Other retained earnings	2,480	2,480
Unappropriated loss	(289)	(940)
	6,489	5,838
Provisions		
Accrued pension and similar obligations	1,089	1,054
Other provisions	135	166
	1,224	1,220
Liabilities		
Bonds	5,200	4,350
Liabilities to financial institutions	271	100
Liabilities to affiliated companies	22,836	19,968
Other liabilities	380	387
	28,687	24,805
Deferred income	0	0
Total equity and liabilities	36,400	31,863

STATEMENT OF INCOME

million €	2019 / 2020	2020 / 2021
Net sales	486	171
Cost of sales	(106)	(71)
Gross profit	380	100
General administrative expenses	(607)	(341)
Other operating income	128	605
Other operating expense	(1,297)	(261)
Income from investments	2,091	(662)
Net interest	(164)	(29)
Write-downs of financial assets and securities classed as operating assets	(803)	(71)
Income taxes	(16)	8
Earnings after taxes/Net loss	(289)	(651)
Profit appropriation		
Net loss	(289)	(651)
Loss carried forward	0	(289)
Unappropriated loss	(289)	(940)

Climate, energy and environment

thyssenkrupp attaches great importance to climate and environmental protection and energy efficiency – at all levels of the value chain, from upstream supply chains to internal production and manufacturing processes through to our products. With our solutions we want to contribute to satisfying rising global demand for goods and services in a resource-efficient way. Climate and environmental protection are therefore a core component of thyssenkrupp's sustainability approach and thus our corporate strategy – but also a basis for sustainable success in our markets.

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Environment and Energy

thyssenkrupp Climate Action Program for Sustainable Solutions (CAPS)

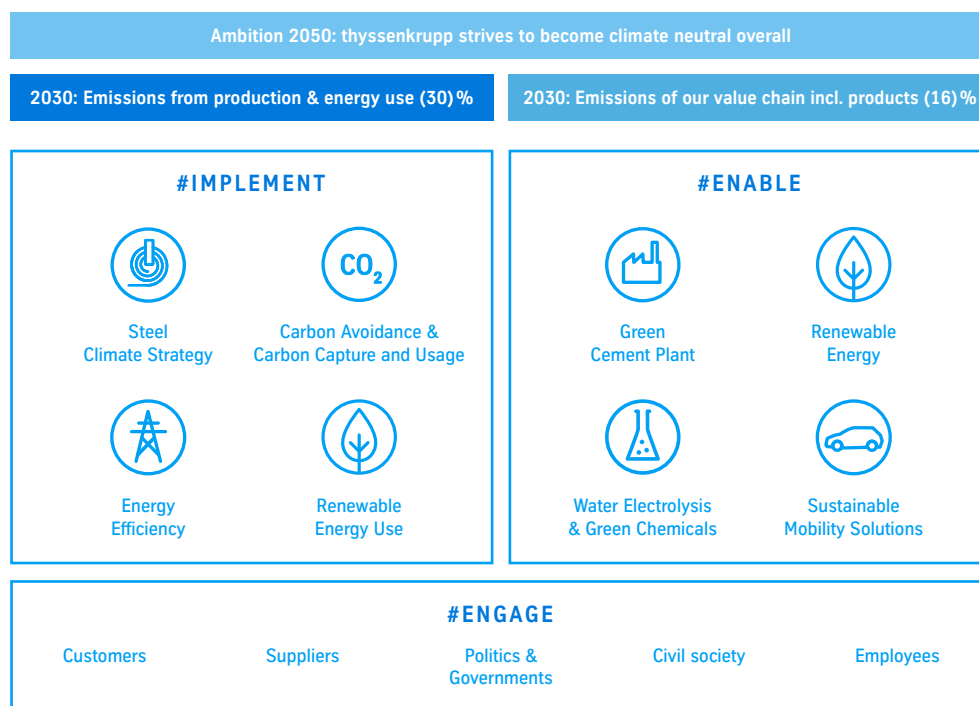
thyssenkrupp has set itself ambitious targets on the path to greenhouse gas neutrality. Our long-term target is to be climate-neutral by 2050. We have defined the following milestones for getting there: by 2030 we aim to reduce our direct emissions (scope 1) and emissions from purchased energy (scope 2) by 30% from a 2018 baseline. Indirect emissions in our value chain (scope 3), mostly associated with the use of our products, are to be reduced by at least 16%. The Science-Based Target initiative (SBTi) has closely examined our targets and officially confirmed that they are in line with the Paris Climate Agreement and climate science. All our businesses develop roadmaps and action plans for meeting these targets. In view of the current debate and the German Climate Change Act we are reviewing whether we can become climate-neutral at an earlier date. Future success in meeting thyssenkrupp's climate targets will be integrated into long-term compensation for the Executive Board and top-level management in fiscal year 2020/2021.

Ambitious climate targets for 2030
and 2050 in line with the Paris climate
agreement

Work towards achieving our group climate targets will continue in the context of our thyssenkrupp CAPS program. The high share of process-related emissions involved in steel production means that for the emissions bound up with our own production we are counting on two technological pathways, in addition to improvements in energy efficiency: avoiding carbon emissions by using hydrogen (known as carbon direct avoidance, CDA) and using the carbon dioxide produced (carbon capture and usage, CCU). In steel production we want to use CDA technologies to successively replace carbon by hydrogen as a reducing agent and thus avoid the emission of carbon dioxide altogether. To this end we have developed a process that is currently unique: we have combined a 100% hydrogen-capable direct reduction plant with an integrated electrical melting unit, in order to produce climate-friendly pig iron. The concept has been confirmed as technologically feasible, scalable and innovative by a scientific institute of the RWTH Aachen. This process enables us to continue offering our customers the full range of high-quality steel grades and thereby contribute to making the downstream stages in the value chain climate-neutral. Within the CCU path we want to capture the CO₂ that is still produced and convert it into climate-friendly base chemicals using the Carbon2Chem process developed and tested by our engineers.

We are also counting on our Carbon2Chem technology for the cement and steel industries in order to reduce the emissions of our products at the customer. In future this solution will also enable our customers to reduce their emissions and produce valuable by-products. Furthermore, we are working continuously on solutions for producing renewable energy, particularly wind energy, and on various innovative solutions for sustainable mobility. Further information can be found in the chapter "Technology & Innovation" and on our website.

THYSSENKRUPP CLIMATE ACTION PROGRAM FOR SUSTAINABLE SOLUTIONS (CAPS)



In the reporting period the group's greenhouse gas emissions – i.e. scope 1 and scope 2 emissions as per the Greenhouse Gas Protocol – came to just below 25 million tons.

We have been working for many years to systematically improve the energy and climate efficiency of our production operations, and to develop efficient solutions to reduce greenhouse gases for and in cooperation with our customers. The success of our climate efforts is also regularly confirmed by external sources. In 2020 thyssenkrupp was included on the "A" list compiled by the non-profit organization CDP (formerly Carbon Disclosure Project) for the fifth year in succession; according to CDP that makes us an international leader with regard to climate transparency and management.

CDP Award for outstanding climate performance for the fifth year in succession

Environmental management at our sites

Our environmental, climate and energy management systems are based on the group's global environmental and energy policy and a corresponding group regulation. This regulation requires all companies with environmentally relevant activities to operate an environmental management system in accordance with ISO 14001. This international standard covers all relevant environmental aspects, from the reduction of wastewater, waste and emissions to the environmental impact of products during use through to disposal. The requirements for our group companies are clear: They must continuously improve their environmental performance and at the same time meet legal and other requirements and concrete environmental targets at their individual sites.

Internationally acknowledged standards for environmental management implemented globally

Activities regarded as environmentally relevant are defined in a group regulation. Since fiscal year 2019/2020 all environmentally relevant companies within the meaning of this regulation have had an environmental management system certified in accordance with ISO 14001. In the reporting period around 72% of our sites – in terms of the total workforce – had an environmental management system that was implemented and certified in accordance with ISO 14001.


Continuous improvements in energy efficiency and energy management

The group's energy consumption came to around 74 terawatt hours (TWh) in the 2020/2021 fiscal year.

Energy efficiency has always played an important role at thyssenkrupp. Launched seven years ago, the global Groupwide Energy Efficiency Program (GEEP) includes measures such as better use of waste heat, the reduction of stand-by times and the replacement of plant components. In the reporting year we set ourselves the target of increasing energy efficiency in the group by 80 GWh. We exceeded this target with around 325 GWh. Mathematically, these efficiency gains enabled us to avoid around 140,000 tons of greenhouse gas emissions. The goal for the current fiscal year 2021/2022 is to achieve efficiency gains of at least 110 GWh. Since fiscal year 2020/2021 all companies with environmentally relevant activities have implemented an energy management system and had it externally certified in accordance with ISO 50001. Among other things this includes setting concrete energy targets for each of the corresponding subsidiaries, measuring energy flows and optimizing organizational and technical processes. In terms of energy consumption this means that slightly more than 98% of energy management activities at thyssenkrupp meet the ISO 50001 standard in fiscal year 2020/2021.

Further information on climate, energy and environment can be found in the chapter "Technology & Innovation", in the "Opportunity and risk report" and on our website.

Significant increase in energy efficiency from the global energy program GEEP

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Sustainability strategy and targets

Technology and innovations

Innovation strategy

With its technological expertise thyssenkrupp can make decisive technological contributions to solving the most urgent challenges of the future. For this reason our research and development work (R&D) concentrates on climate protection and the energy transition, the digital transformation of industry and the future of mobility.

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Company > Innovation

Our global research and development network includes 78 sites with some 3,600 employees. It is augmented by collaborations with external partners such as universities, research institutes and other industrial enterprises. In the reporting period we registered around 1,880 new patents and utility models. As a result thyssenkrupp's patent portfolio now contains some 18,100 patents and utility models. The trademark portfolio comprises around 9,550 property rights.

Total spending on research and development at the thyssenkrupp group came to €600 million in the reporting year (prior year: €681 million), a reduction of 12%. The adjusted R&D intensity was 2.6% (prior year: 3.4%). The adjusted R&D intensity refers to the R&D costs as a proportion of sales, without trading and distribution. The R&D ratio is lower than the corporate target of 3.0% because R&D expenses were lower whereas sales increased.

In the 2020/2021 fiscal year we capitalized development costs of €12 million for the continuing operations, compared with €20 million in 2019/2020. The share of capitalized costs in overall R&D costs – the capitalization ratio – fell to 5% from 7% in the prior year.

RESEARCH AND DEVELOPMENT

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change in %
Research and development costs	247	234	(5)
Amortization of capitalized development costs ¹⁾	34	13	(62)
Order-related development costs	400	353	(12)
Group continuing operations²⁾	681	600	(12)

¹⁾ Impairment losses on capitalized development costs are no longer reported within depreciation and amortization from 2020/2021 onwards. The prior-year figure was adjusted accordingly from €149 million to €34 million.

²⁾ See preliminary remarks.

Climate protection and energy transition

The Institute for Process Metallurgy and Metal Recycling at the RWTH Aachen has examined the concept for one central component on the way towards carbon-free steel production and confirmed its technical feasibility (see also chapter "Climate, energy and environment"). The tkH2Steel plan for green steel proposes processing iron ore into direct reduced iron or 'sponge iron' by using hydrogen in what is known as a direct reduction plant. In the next process stage it is transformed into liquid pig iron in a new type of furnace and prepared for further processing in the smelter. The investigation focused on the concept for the furnace, which the scientists rated as technically feasible, scalable

tkH2 concept for furnace confirmed

and innovative. This ensures that the value chain downstream from pig iron production, the established processes this entails and so the range of high-quality steel grades available to our customers can continue unchanged.

As an interim stage on the way to carbon-free steel production we are working to reduce the carbon intensity per ton of steel by around 70%. This climate-friendly effect is achieved by the use of hot briquetted iron (HBI), which is sponge iron that has already been reduced. This means that less coal can be used for the reduction process in the blast furnace, which cuts emissions accordingly.

Our Carbon2Chem project has received a grant of €75 million from the German Federal Ministry of Education and Research (BMBF) for the second project phase. Carbon2Chem already received a grant of €60 million from the BMBF in its first phase. The project aims to convert industrial CO₂ emissions into valuable chemical substances with the help of hydrogen. In the first project phase it was quickly possible to produce ammoniac, methanol and higher alcohols from the process gases from steel production for the first time. In the second phase the aim is to prove that the solutions remain stable over a long period in the complex interactions between steel production and chemical synthesis, and that the Carbon2Chem technology can be immediately scaled up in a multi-industry alliance. In addition, the focus is on its applicability to industries other than steel production. So additional sectors considered to be major sources of CO₂ are to be included in the project – like cement and lime production, as well as waste incineration plants. Lastly, the second project phase is intended to get the project ready for the market.

In the Element One project thyssenkrupp continues to work on expanding the size of electrolyzer modules for the production of green hydrogen to 20 megawatts. Hydrogen production is seen as a key technology for the energy transition. Research and development work concentrates on the development of the module and the cells, and on improving and automating the production and assembly process. Economies of scale and optimization offer an opportunity to significantly reduce the costs of hydrogen production.

thyssenkrupp will supply a water electrolysis plant with a capacity of 20 megawatts to the US customer CF Industries. The power for the water electrolysis will come from renewable sources. The hydrogen will be converted in the company's existing ammonia plants into 20,000 tons of green ammonia per year. This can be used as a highly efficient storage and transport medium for renewable energy and also directly as a climate-neutral fuel, in shipping for instance. The engineering and sourcing activities have begun and the production start is planned for 2023.

First customer projects for the
production of green hydrogen

Digital transformation of industry

In the materials distribution sector among others, the MES platform toii developed by thyssenkrupp helps to optimize manufacturing processes. MES stands for Manufacturing Execution System and toii is an application from the Industrial Internet of Things (IIoT). With the help of this solution, machines and tools from different generations and manufacturers can be digitized and networked. The application stands out for the fact that it can also extract data from machinery that is not IIoT-ready.

Networking machinery for efficient value chains

Planned production orders are fed into toii, which should ensure that they are executed transparently, efficiently and on schedule. At the same time the system optimizes the interactions between production and intralogistics management, including employees in the loop via the Paperless app. They can view and manage orders at any time from a tablet or a smartphone and commission the end products. toii now operates at over 30 sites, has connected more than 500 machines and has some 3000 users, including external customers from the German medium-sized businesses and the plastics processing industry.

One current internal example of toii in action is the new thyssenkrupp Schulte logistics center in Rotenburg / Wümme. The site is digitally integrated and networked along the entire supply chain. Order execution should be digital and paperless so it can be ideally planned and tracked. toii is the centerpiece of the on-site digital processes. Networking the machinery enables data to be exchanged directly, without any intermediate manual steps. Automation also increases capacity utilization by seamlessly coordinating the modern processing units with one another. The data analytics platform "alfred" helps ensure that supply flows are optimally coordinated on an ongoing basis. On the basis of intelligent, machine-learning algorithms it permanently analyzes processes from delivery and inventory management through to order storage and shipping.

To further exploit the potential of intelligent data processing, the Materials Services segment of thyssenkrupp is involved as part of Gaia-X in the dataroom project Catena-X, which looks at use cases related to mobility. Catena-X is a pan-European platform for secure and standardized data exchange among all participants in the automotive value chain. Catena-X is one of the most advanced datarooms in Gaia-X. The objective of Gaia-X is to design the next generation data infrastructure in Europe.

The Automotive Technology segment has opened a center of competencies in Forbach, France, for forward-looking solutions, new production concepts and applications, also in the field of the Industrial Internet of Things. The center of competencies focuses on human-robot collaboration, driverless transportation systems and the production of spare parts using 3D printing. Its equipment includes collaborative robots, which in contrast to conventional industrial robots do not operate inside safety cages, but hand in hand with people, as well as a prototype assembly unit that can be used for training and larger-scale experiments in digitization projects.

Mobility of the future

The thyssenkrupp start-up carValoo and TÜV Rheinland have agreed to work together in the field of digital loss adjustment for vehicle fleet operators. At the heart of the partnership is a cloud service developed by carValoo. It provides fleet managers with detailed information in real-time on the condition of a vehicle, any damage to it and its use history. If there is an accident, TÜV Rheinland can work from this analysis and quickly verify the background, determine the cost of repairing the damage and offer additional expert services as needed, all in one digital process. Driving the cloud service is an artificial intelligence application, which reliably identifies any kind of usage or damage pattern from the vehicle's location data. carValoo uses a retrofitted sensor box to capture the data, which can be installed in any model of car in just a few minutes. The service can also be integrated with the customer's existing hardware. The associated carValoo web app gives fleet managers a real-time overview of the condition of their vehicle fleet and informs them automatically about any damages. Follow-up processes such as documentation, appraisal and damage management are also digitized and mostly automated via the app.

One long-term research focus in the automotive business is the ongoing development of highly automated self-driving vehicles. Starting from existing electric power-assisted steering systems, we aim to develop new steering concepts such as steer-by-wire to production readiness. They work without any continuous mechanical connection between the steering wheel and the wheels. Steering commands are transmitted solely by electricity.

Another focus of development work is the intelligent networking of all undercarriage components with the help of the integrated control module Vehicle Motion Control. The module will process the signals from the steering, brake, damping and powertrain actuators into a coordinated drive strategy. This lays the groundwork for controlling vehicle dynamics at all levels of automated driving.

Purchasing

thyssenkrupp buys in a wide variety of products, product groups and services. Our goal is not just to achieve an optimum price/quality ratio; we also analyze our own products and endeavor to design them from the outset so that the necessary components can be procured as cost-efficiently as possible.

Slightly more than half our purchasing volume is for commodities such as raw materials and materials for our distribution businesses. A slightly smaller amount is for services and technological products.

Materials expense

Materials expense comprises the group's total spend (continuing operations) on products and services. It increased by 11% year-on-year to €23 billion in the reporting year due to the positive market trend following the pandemic-related slump and higher prices for some starting materials. Materials expense as a percentage of sales came to 67% (prior year: 71%). Depending on business model, the percentages of the individual businesses ranged between 48% (Marine Systems) and 79% (Materials Services). The following table shows the materials expense of each individual business in absolute figures:

MATERIALS EXPENSE

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change in %
Materials Services ¹⁾	8,124	9,694	19
Industrial Components	1,080	1,282	19
Automotive Technology ¹⁾	2,647	2,570	(3)
Steel Europe ¹⁾	4,907	5,961	21
Marine Systems	958	979	2
Multi Tracks ¹⁾	4,190	4,261	2
Corporate Headquarters ¹⁾	7	7	3
Reconciliation ¹⁾	(1,504)	(2,027)	(35)
Group continuing operations¹⁾	20,409	22,727	11
Discontinued elevator operations ¹⁾	2,230	0	--
Full group	22,639	22,727	0

¹⁾ See preliminary remarks.

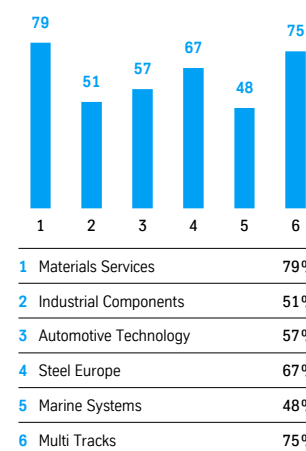
Our global purchasing function dependably supplied the thyssenkrupp plants and projects with the required amounts of materials and services in the reporting year – despite the limited availability of some material groups and massive challenges in logistics (particularly due to limited capacities in sea freight containers). More information is provided in the “Opportunity and risk report” under “Procurement risks”.

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Company > Purchasing

67%

Materials expense in relation to sales

Materials expense of the segments as % of sales 2020/2021



Sustainability in supplier management

As an international group of companies we develop technologies and solutions for future market and customer needs. To secure our customers' lasting success with innovative product and service solutions we purchase raw materials, goods and services from around the world. We do this on the basis of responsible corporate governance aimed at creating long-term value. For this reason we include our suppliers directly in our sustainability strategy.

Before a supplier can work with thyssenkrupp, they must sign our Supplier Code of Conduct or comply with equivalent standards. The Supplier Code of Conduct addresses possible risks and negative impacts along the supply chain, and is particularly intended to safeguard human rights, ensure fair working conditions and environmental protection, combat corruption, and make the origin of conflict minerals transparent. We expect all our suppliers to comply with the principles set out in the code. We completely overhauled the Supplier Code of Conduct in the past fiscal year to ensure that it continues to meet the latest standards in terms of sustainability.

One established element of our strategic supplier management is the annual selection of suppliers for our sustainability audits. In these audits we visit the suppliers on site to verify that they adhere to the principles and so meet our requirements on a permanent basis. In the sustainability audits we focus in particular on respect for human rights, for example with regard to working conditions. We select the suppliers to be audited using group-wide risk criteria, which take into account country as well as sector risks. Where necessary, improvement measures are agreed during the audits and then followed up. In this way we support supplier development and reduce our risks and possible negative impacts along the supply chain.

More than 60 sustainability audits were carried out in the 2020/2021 fiscal year. Key topics for potential improvements highlighted by the audits included health and safety, working hours and pay, and the documentation of business processes.

Employees

Employees in figures

On September 30, 2021 thyssenkrupp employed 101,275 people worldwide. Based on its continuing operations, this represents a decrease of 2,323 (2.2%) compared with September 30, 2020.

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Employees

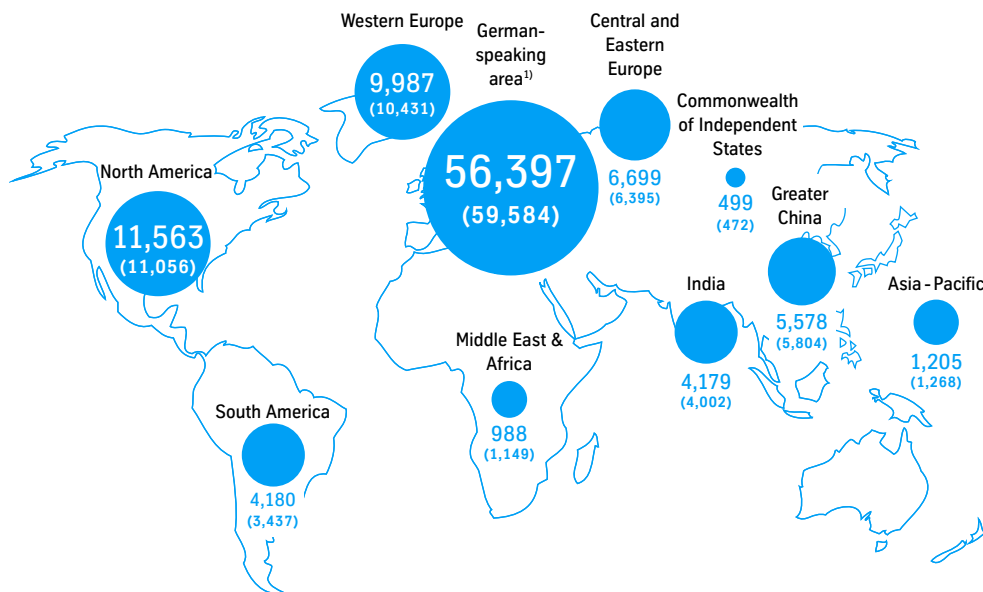
EMPLOYEES

	Sept. 30, 2020	Sept. 30, 2021	Change in %
Materials Services ¹⁾	15,800	15,296	(3)
Industrial Components	12,500	12,812	2
Automotive Technology ¹⁾	19,483	19,723	1
Steel Europe ¹⁾	26,632	26,303	(1)
Marine Systems	6,355	6,534	3
Multi Tracks ¹⁾	19,909	18,360	(8)
Corporate Headquarters ¹⁾	812	634	(22)
Reconciliation ¹⁾	2,107	1,613	(23)
Group continuing operations¹⁾	103,598	101,275	(2)
Discontinued elevator operations ¹⁾	0	0	0
Full group	103,598	101,275	(2)
Germany	56,445	53,278	(6)
Other countries	47,153	47,997	2

¹⁾ See preliminary remarks.

EMPLOYEES BY REGION

(prior-year figures in brackets)



¹⁾ Germany, Austria, Switzerland, Liechtenstein combined; in Germany 53,278 (56,445)

Change as opportunity – HR work in unusual times

In the past fiscal year HR work at thyssenkrupp was dominated by two main challenges: The first was to help contain the spread of the coronavirus pandemic, introduce or continue the necessary short-term HR measures and organize the long-term changes in employees' day-to-day work. The other was to drive the concrete realignment of the company in organizational terms by using it as a template for strategically important areas of HR work and accompanying the thyssenkrupp businesses in their individual transformation process.

No compromising on occupational safety and health. That is our value. Because we care.

It is on the basis of this vision that occupational health and safety is continuously advanced at thyssenkrupp. As in the second half of the prior fiscal year, 2020/2021 was dominated by crisis management to contain the spread of the coronavirus pandemic.

Close collaboration between the central expert board, which brings together health and safety experts and the crisis units from the businesses and regions, ensured that coronavirus hotspots were identified early and the corresponding steps were taken. It also facilitated communication with the workforce and enabled help from colleagues to be organized quickly as needed. Information was provided about company rules and recommendations, such as continuous updates to the travel policy, along with testing and vaccination programs. The situation at the specific sites was always taken into consideration.

Health and safety work in fiscal year 2019/2020 concentrated above all on assisting with planning for the pandemic (plans and hygiene strategies), in addition to the central purchasing of personal protective equipment. From early 2021 onwards we primarily organized a broad testing regime and a company vaccination program. Since April thyssenkrupp has distributed more than 775,800 testing kits to its employees in Germany alone. And with more than 23,300 doses injected, thyssenkrupp made a contribution to the national vaccination strategy for Germany. Attention was and is also given to the mental health impact of the coronavirus pandemic, partly in the form of the Employee Assistance Program, which is available to more than 80% of the workforce. It is striking that demand has been very high since the outbreak of the pandemic. For many years before the pandemic this service was used by 1.78% of employees on average in a given year. From January to September 2020 the figure was above 2% in every quarter, with an average of 2.04%. In the 2020/2021 fiscal year it was over 3% in every quarter, with an average of 3.3%.

775,800 self-tests provided to employees

23,300 vaccination doses

Communication and information are essential elements for developing a safety and health culture at thyssenkrupp. Regular communication was backed up in fall / winter 2020 by the campaign #strongertogether, which voiced a global appeal to get through the pandemic together and not to let up in our compliance with the hygiene rules. The particular difficulties caused by the coronavirus pandemic was also the topic of this year's We Care Days, which we have held since 2015 on April 28 to mark the World Day for Safety and Health at Work. This time the focus was on mental health. A campaign with the hashtag #howareyou called on everyone to ask themselves and others regularly and honestly how they really felt. An online platform provided employees from all segments and business units in around 40 countries with tips in 14 languages on working and living through the lockdown. They could take part in an online challenge that gave them the opportunity to try out little things every day that could help them feel better, even at difficult times. In the context of the special challenges posed by the coronavirus pandemic, suggestions were requested in 2020/2021 for the We Care Award, which is to be given to people or teams who have demonstrated particular commitment during the coronavirus pandemic – either in a work context or outside the company. The plan is to award this prize in the coming 2021/2022 fiscal year.

Regardless of the coronavirus pandemic, thyssenkrupp continues to promote the health of its individual employees. Topics include nutrition, exercise, stress management, preventing addiction and avoiding other non-work-related health risks. Employees currently have access to an average of four of these six programs. Medical screening programs are offered to employees on a voluntary basis, for example.

For many years thyssenkrupp has exceeded its own target of 10% for first aiders in the workforce. Currently 14.6% of employees are trained in first aid. We aim to maintain this high level.

Accident statistics show that thyssenkrupp is on the right path in terms of occupational safety: the key indicator used in this context, the accident frequency rate, fell year-on-year to 2.6. This figure is already very close to the target of 2.5 set for fiscal year 2023/2024. To ensure that this positive trend continues a focus dialog was started with the three segments that have a comparatively high accident frequency rate; individual action plans to prevent accidents were also agreed. The number of fatal accidents declined again, with the death of one employee in the reporting year compared with two fatalities in 2019/2020. Such incidents are systematically investigated and specific steps are taken to reduce the figure to zero. Occupational safety is a matter for the Executive Board at thyssenkrupp. This means that fatal accidents are discussed at regular Executive Board meetings; the same applies to the accident statistics, which all units have to report every month.

HR policy measures during the coronavirus pandemic and the turnaround

The effects of the coronavirus pandemic and the related economic challenges again required additional HR policy measures at thyssenkrupp in the past fiscal year.

Depending on the economic performance of the businesses, thyssenkrupp made use of instruments such as short-time working and other government aid in accordance with the legislation in place in individual countries. The number of employees on short-time work has declined sharply, but at the beginning of the 2020/2021 fiscal year it still came to around 13,400 worldwide (short-time working or similar employment schemes).

A range of other HR instruments was agreed across the group and includes programs for voluntary departures and severance pay, in addition to redundancy programs for employees just below pensionable age. Their exact implementation in the businesses was defined according to the operational planning and on the basis of the individual performance indicators. Phased early retirement and employee turnover were also used to reduce the headcount by not replacing departing employees. A network made up of experts from different businesses and functions remained available to advise and help find sustainable solutions in the interest of the company and the employees.

Another focus in 2020/2021 was on advancing and implementing the transformation of the Corporate companies that began in the prior fiscal year, and on wide-ranging restructuring activities in the businesses to further focus the portfolio of the overall group of companies. On current planning, more than 12,000 job reductions will be necessary here. Most of the redundancies in the past fiscal year concerned the Multi Tracks, Materials Services and Steel Europe segments. The regional focus was on Germany, which accounted for over 70%.

In the course of the disposals of the mining and infrastructure businesses within the Multi Tracks segment, which have over 4,000 employees worldwide, best-owner and fair-owner agreements were reached with the acquiring companies. These agreements make it possible to develop the respective businesses and also have rules to secure employment and the future of specific sites. The recently agreed disposal of the stainless steel business (including the sales organization), which has around 2,700 employees, also opens up attractive development prospects for this business. Successful conclusion of the sale of thyssenkrupp Carbon Components with around 100 employees averted the shutdown of this business, which had already been initiated.

It was not possible to ensure the continued existence of all the companies. The closure of the heavy plate business of thyssenkrupp Steel Europe at the Hüttenheim site on September 30, 2021 was unavoidable, for example. The same applies to the thyssenkrupp Springs & Stabilizers plant in Olpe and the thyssenkrupp industrial crankshafts site in Remscheid; in both cases the order situation was the reason. In these and other cases efforts were made to shed jobs in a way that was as socially responsible as possible. Various HR policy instruments were used depending on the specific circumstances. By using a professional outplacement support company it was possible to arrange new work for many of the employees concerned, based on the principle “from one job to the next”.

Change as opportunity: realignment also affects Human Relations

At the same time as managing the acute crisis, the HR function is accompanying the transformation of thyssenkrupp into a high-performance group of companies and driving its own realignment. The Human Relations Management service line got off to a successful start and has been working for many of the thyssenkrupp businesses since October 1, 2020.

Human Relations Management recognizes change as an opportunity to adapt its strategy, structure and working methods to the group's new requirements. The current challenges related to the coronavirus pandemic and the ongoing company restructuring require a leadership culture that evolves on a continuous basis. Human Relations Management has therefore accompanied and supported the roughly 1,200 managers with a wide range of exchange and training programs. The HR instruments for managers are also being redesigned. In the past fiscal year the focus was on the following activities: broad-based training on management skills adapted to the transformation, introduction of the new HR performance management system, working with the results of the employee survey “Employee Pulse Check” from April 2021, in addition to the introduction and implementation of hybrid working models on team level. The trainings and HR instruments provided aim to achieve the changes and improvements made necessary by the crisis, and to further strengthen managers' identification with the company.

Current challenges related to the coronavirus pandemic and the ongoing restructuring require a different leadership culture

Hybrid working: path to a new world of work

The coronavirus pandemic accelerated the digital transformation of the workplace. Hybrid working, switching between remote and office work, has now become established as one element of flexible models for employment and working hours. The positive impression of hybrid working that the group has gained to date means that thyssenkrupp will continue to promote it actively going forward.

In July 2021 thyssenkrupp adopted a policy entitled Agenda for Hybrid Working that outlines its common position with regard to these working practices. It explains that thyssenkrupp enables its employees to alternate regularly between remote and office-based work, to the extent permitted by the operating requirements for the particular job. The focus is initially on administration functions. The individual businesses decide for themselves whether and how to implement hybrid working. To prepare for this business-specific variety, thyssenkrupp is proceeding in several stages: possible ways of hybrid working were first agreed in a dialog between managers and employees in summer 2021. In the subsequent trial period that runs through year-end 2021, the method agreed for each team is introduced, tested and adjusted if necessary. Local works agreements on hybrid working are prepared and agreed in parallel; they come into effect in January 2022.

Key pillar of the transformation: continuous improvement

thyssenkrupp organizes itself as a group of independent businesses. The segments and the corporate function cooperate in the interest of a common, continuous improvement process.

This continuous improvement approach is defined by improvement projects which are highly focused in terms of content and timeframe and apply across the group, and by the broad involvement of employees both in the identification of projects and in their implementation. For fiscal year 2020/2021 the motto “Lean & Agile” was chosen and the focus was placed on optimizing processes in the indirect units. Examples for completed improvement projects include “Simplification of decision-making policies and processes” and “Streamlining reports”. The new online platform “i2d – ideation to delivery” gives all employees the chance to contribute their suggestions for widely applied improvement projects and present them to a high-level committee made up of Executive Board members of thyssenkrupp AG and the segments. This committee includes members from different businesses and management levels, in addition to employees from different areas within the group. It meets regularly to prioritize the suggestions and accompanies the projects through to completion. This diversity of perspectives and the consistent application of the agile working principle ensures that the improvement projects have a high participation and success rate. The professional support for all projects from agile coaches ensures that employees become familiar with the methodological approach and creates new ambassadors for lean and agile working methods in the group.

Continuous improvement process is a key pillar of thyssenkrupp's transformation

thyssenkrupp Academy: support with current challenges

The thyssenkrupp Academy is a partner for learning and transformation for all the employees of thyssenkrupp; in 2020/2021 it provided sustainable support both for the acute pandemic-related changes and challenges, and for the long-term transformation of the thyssenkrupp group of companies. With more than 400 participants in the virtual “Remote Leadership Impulse Sessions”, other virtual impulses to provide support in the new working environment and the virtualization of over half the programs on offer, the thyssenkrupp Academy was an ever-present advisor to employees and managers in the crisis. Core topics included virtual management and co-working as well as resilience and hybrid working. Another focus in the reporting year was on developing and implementing new courses and formats to support the realignment of the group and the transformation of the businesses. The design and conceptual phases for new programs on subjects such as “Business Model Innovation”, “Smart Factory” and “Customer Centricity” have already been completed. In the Backstage dialog format our CEO and more than 50 top executives discussed the future of the group of companies. In collaboration with the Change Lab department, 444 employees received training on the subject of “Lean & Agile” in 22 learn-as-we-go sessions.

Compensation systems for managers

As part of the ongoing transformation, the compensation systems for managers were also modified in 2020/2021. The annual bonus will be part of an overarching HR performance management approach in the future, which merges agreement on and achievement of individual performance and development targets into a single process. It has been considerably simplified compared with the previous approach and transferred to a modern IT platform. In terms of the compensation components based on company performance, the new model also offers greater scope for the specific success factors in individual businesses.

The long-term incentive (LTI) component of compensation was also modified with effect from fiscal year 2020/2021. For the installments awarded from October 1, 2020 onwards it is based on a four-year rather than a three-year period, and no longer looks solely at the performance of the group, but rather at that of the individual business segments. The relevant financial performance criteria are deliberately defined as relative key indicators; this enables comparisons with competitors and provides an incentive to deliver an above-average long-term performance. Additional sustainability targets are also set for the majority of managers, which are formulated as Indirect Financial Targets (IFTs) in the thyssenkrupp management control system. In this way we emphasize our social and ecological responsibility and our sustainable corporate development goal (see the compensation report for further details).

New: Employee Pulse Check

Among our fundamental values is a corporate culture that is defined by openness, honesty and mutual respect; it is a vital prerequisite for successful changes. In 2020/2021 the groupwide Employee Pulse Check was introduced at thyssenkrupp; a short survey on employee satisfaction and the success factors for change, such as leadership, culture and communication. It will be repeated at regular intervals. The survey is open to all employees of thyssenkrupp who work in a company that participates in the survey. For the first Employee Pulse Check in the reporting year this was around 70% of the companies in the global thyssenkrupp group. Companies that were undergoing in-depth restructuring or were in a disposal process at the time were exempt. The companies that carried out the Employee Pulse Check are currently drawing up measures for improvement in the action fields highlighted by the results of the survey.

70% of the companies in the thyssenkrupp group took part in the first Employee Pulse Check.

Employer branding: #GENERATIONTK campaign

The internal challenges in recent years, tough competition for talent and the fallout from the pandemic add up to a permanent stress test for our image as an employer, and hence for our ability to attract and retain employees. To address this, a new internal and external campaign on thyssenkrupp as an employer was launched in 2020/2021. Titled #GENERATIONTK – You have to move to go forwards, the campaign uses multiple communications channels to illustrate thyssenkrupp's aspiration to get better in many areas – in our values, our culture and in our leadership. Those currently with the company are just as much the focus of this hearts and minds campaign as potential new recruits.

Training – still a central element for securing skilled employees

Training young people has always been a central element of HR work at thyssenkrupp. In the reporting year our group of companies had altogether over 2,600 apprentices (prior year: more than 2,700) across 58 occupations, mostly in Germany but also many in other European countries. In Germany the apprentice training rate – the ratio of apprenticeship places to the total workforce – remained stable at 5.0% (prior year: 4.9%). thyssenkrupp offers apprentices the option of a classic apprenticeship or an integrated degree course. Collective agreements ensure consistently high quality standards for integrated degree courses. Despite severe restrictions as a result of the coronavirus pandemic, the quality of training was by and large maintained. Particularly for industrial apprenticeships, the trainers had to go to great efforts to ensure that the course content could be taught despite the reduced presence of the apprentices in the plants.

Number of apprentices: 2,600

Number of occupations: 58

Back in 2019 / 2020 we started a training campaign that has been well received by young people; it positions thyssenkrupp, particularly in digital media, as an attractive employer for integrated degree courses. In the current training year thyssenkrupp again offers a wide variety of apprenticeships.

Diversity

Openness, equal opportunities, and mutual respect are central values of our corporate culture. The working environment at thyssenkrupp is characterized by diversity, which also includes different models for working hours (e.g. part-time apprenticeships). We are currently increasingly switching to hybrid working wherever this is possible from an operational perspective: working remotely or in the office will be a standard element of flexible models for employment and working hours.

In addition, thyssenkrupp supports its employees with childcare. Internally we used gender-neutral language and support employee networks (the women's network wow!, LGBTI network, tk turkish community). We want everyone who works for us to be able to reach their full potential – irrespective of origin, gender, skin color, religious beliefs, political or other convictions, disabilities, age, sexual orientation and identity and other factors.

In terms of the equal representation of women and men in management positions, thyssenkrupp set itself a voluntary target to increase the proportion of women in management positions as early as 2011 as part of a unique European initiative. Starting from a figure of 8% in 2011, thyssenkrupp has improved continuously, raising the figure to 12.2% as of September 30, 2021. Although significant challenges remain and structural changes lie ahead, thyssenkrupp is aiming to fill 16% of leadership positions with women and wants to achieve this target by the end of the 2024 / 2025 fiscal year. This target, which reflects the proportion of women in the workforce as a whole, is a criterion for Executive Board compensation and one of the parameters in the Long-Term Incentive Plan.

Social responsibility

thyssenkrupp regards itself as an active corporate citizen. The thyssenkrupp group wants to engage positively with the communities around its locations and support the people who live there. We want to help solve the challenges currently faced by society and use our entrepreneurial skills for the common good. Accordingly, group companies are actively involved in various local projects, collaborations, multi-stakeholder initiatives and associations.

In our corporate citizenship activities, we are guided by our slogan “engineering.tomorrow.together.”. For this reason thyssenkrupp promotes enthusiasm for technology and innovation, education, and local engagement. To ensure we maintain our high compliance standards in all our work, among other things we have a global documentation and approval system for corporate citizenship activities. More than 220 measures were documented worldwide in the reporting year.

The coronavirus pandemic was again the main focus of thyssenkrupp’s corporate social responsibility activities in the reporting year. Donations were made to projects at various production sites and to non-profit associations and organizations according to the opportunities and needs on the ground. The thyssenkrupp subsidiary rothe erde India donated urgently needed oxygen concentrators in spring 2021 to help coronavirus patients in the country, for example. In Slovakia rothe erde Slovakia financed a modern intensive care bed for the polyclinic in Považská Bystrica. Employees of thyssenkrupp Forged Technologies in Campo Limpo, Brazil delivered several tons of food along with hygiene and cleaning products to local families in need. At Steel Europe the emergency aid from the prior year is being continued as part of long-term projects; these are intended to drive digitization in schools and are aimed at the education of children and young people who received little support from their parents during the crisis.

Activities in the coronavirus pandemic
and aid for flood regions

When catastrophic flooding hit parts of North Rhine-Westphalia and Rhineland-Palatinate, thyssenkrupp mobilized aid at short notice. At the cement business in Münsterland, for example, employees spontaneously put together packages of household and hygiene products. The company and other plant engineering businesses (Chemicals and Mining) donated virtually new work clothes to a local charity, Arbeiter-Samariter-Bund Witten, which were urgently needed to protect the people affected by the flooding and private helpers. The charity thyssenkrupp help for one world e.V., which was founded by employees in 2005, collected some €460,000 in donations from colleagues and companies within the group. The money was mainly used to provide quick support, without red tape, to thyssenkrupp employees living in the affected region.

Donations to political parties in Germany or abroad, to organizations affiliated with or resembling political parties, to individual politicians or candidates for elected office are generally incompatible with the group’s values and so are not permitted.

Compliance

thyssenkrupp has a broad understanding of compliance: Compliance with the law and internal regulations is a must for us and part of our corporate culture. Compliance creates the framework for our business actions and serves to safeguard our long-term business success. As well as providing comprehensive support for the core compliance areas antitrust law, corruption prevention, anti-money laundering, data protection and trade compliance, compliance work in the 2020/2021 fiscal year focused on the following main tasks:

- communication of strong values as the foundation for how we work together, also in a difficult economic environment,
- revision of the compliance commitment to update the tone-from-the-top and renew the commitment to the compliance program,
- support of portfolio measures with regard to antitrust advice
- continuous enhancement of the data protection compliance management system: further digitization through a project to extend use of data protection management software,
- greater integration of trade compliance into the thyssenkrupp compliance management system,
- Support for the ongoing further development of the further compliance topics within the group of companies,
- event-driven investigations following reports by whistleblowers, and proactive compliance audits.

Compliance firmly embedded in our corporate culture

Our compliance strategy is aimed at embedding a sustainable value culture at thyssenkrupp – a culture in which reliability, honesty, credibility, and integrity are the cornerstones of our actions. Because to us compliance is much more than just abiding by the law: compliance is a question of mindset. This includes our clear commitment that thyssenkrupp stands exclusively for fair and straight business. We would rather sacrifice a contract than win it by breaking the law.

In a healthy corporate and management culture, commitment and shared values go hand-in-hand. Violations of the law or internal rules are not compatible with our understanding of compliance. The following rules therefore apply unequivocally:

- We systematically investigate all reports of legal violations and clear up the facts.
- We treat all information received confidentially and use all appropriate measures to protect whistleblowers who act in good faith from any disadvantages arising from their notification. When clarifying such reports, we protect the legitimate interests of the people affected by the allegations.



compliance

www.thyssenkrupp.com >
Company > Compliance

Compliance program

In its mission statement, code of conduct and compliance commitment, thyssenkrupp has given a clear commitment that it will comply with internal and external laws and regulations. This obligation applies to all companies, managers and employees.

thyssenkrupp has given a clear commitment to comply with internal and external laws and regulations.

Specific areas of risk are covered by the compliance program, for which the Legal & Compliance group function is responsible. This is based on three elements: “inform and advise”, “identify” and “report and act”.

This program is closely interlinked with risk management and with our internal control system. In this way we ensure that compliance is an integral component of every single business process. The key areas of the program are antitrust law, corruption prevention, anti-money laundering, data protection and trade compliance.

Focus of compliance work

Compliance work in the 2020/2021 fiscal year focused in particular on providing antitrust advice in connection with the various portfolio measures and continued strengthening and further development of the compliance management system.

The revision of the Executive Board's compliance commitment to strengthen the tone-from-the-top within the thyssenkrupp group of companies was an important milestone in the past fiscal year. Above all, the Executive Board's new compliance commitment reflects the clear understanding that, in line with our positive compliance mindset, we abide by the rules out of conviction.

In the past year, data protection remained a focus of our compliance work. We again worked intensively on the continuous enhancement of the data protection compliance management system and increased digitization through a project to extend use of data protection management software.

In addition, we strengthened our compliance management system for the prevention of money laundering and financing of terrorism by extending and implementing our regulations and embedded trade compliance.

Furthermore, the Compliance function acts as groupwide advisor, coordinator and consolidator to the organizational units that are directly responsible for the so-called further compliance topics such as occupational safety, use of contractors, equal treatment, information security, supplier compliance and environmental protection. It also ensures uniform compliance reporting to the Executive Board. Substantive compliance responsibility in these areas remains with the competent corporate group functions or the relevant segment. This ensures that in all areas of the company compliance is understood in accordance with the thyssenkrupp mission statement, an intensive exchange of knowledge takes place between the Compliance function and those responsible for content, and the resultant synergies in organization, processes and methods are utilized. This means that in connection with the strategic realignment of thyssenkrupp as a group of companies, Compliance works with the responsible contact persons in the corporate group functions to adapt the reporting system and responsibilities for the respective topics.

Further activities in the reporting year relating to each of the three elements of the compliance program can be summarized as follows:

- “Inform & advise”: Our compliance officers trained, informed and advised employees around the world on applicable statutory requirements and internal groupwide policies, classroom trainings and also advised on concrete individual cases. Over 9,200 participants attended classroom trainings in the reporting year, more of which took place online as a result of the coronavirus pandemic. The training courses cover all the core topics in the thyssenkrupp compliance program. Furthermore, we have now launched the fifth round of our compliance e-learning program on corruption prevention and antitrust law. By the end of the fiscal year, after adjustment for employees leaving the company, more than 52,000 courses including e-learning format on compliance in procurement and on data protection have been completed. A special e-learning module provides the relevant target group throughout the organization with all important information on data protection. More than 4,000 additional employees successfully completed the e-learning module in the reporting year. In addition, a special Compliance@thyssenkrupp e-learning module was developed. This was rolled out in nine languages in November 2020. This module covers basic information on compliance at thyssenkrupp and is sent to all employees who have an email address. Unlike the other courses mentioned here, participation is voluntary. More than 36,000 employees completed the module in the fiscal year.
- “Identify”: In the reporting year our compliance officers once again conducted proactive and event-driven compliance audits and investigations. The aim of these is to regularly examine critical business operations based on a risk-oriented, structured audit process. Key elements in the identification of compliance risks are the whistleblower system and direct contact to supervisors or the Compliance function (for example, via a central hotline and a central email address) which provide employees and external persons with channels for reporting possible violations of laws or policies and regulations without revealing their identity.
- “Report & act”: As well as our regular reports to the Supervisory Board and Audit Committee, our intensive compliance reporting covers all levels of our group of companies: the Executive Board of thyssenkrupp AG, the segment boards, management of group companies, those responsible in the regions and project managers with market responsibility. In the event of proven violations, our “zero tolerance” policy applies: Where necessary, sanctions are systematically imposed on those concerned.

Compliance organization

As well as the management and constant development of the compliance program, our Compliance function has the important role of acting as a strategic business partner to provide our group functions and businesses with advice on relevant strategic decisions at an early stage. This requires a needs-based and appropriately staffed organization with clearly allocated roles and responsibilities, effective and efficient steering, and in particular a task allocation which is structurally in line with the requirements of the thyssenkrupp group of companies.

thyssenkrupp employs more than 80 full-time compliance employees worldwide, of whom around 30 also have other legal tasks. They are supported by a network of around 250 compliance managers, who are generally top executives of a group company and ensure that the compliance program is implemented at operating level in their area of responsibility. Additionally, on September 30, 2021 there were over 160 data protection officers and data protection coordinators. Together they play a key role in permanently embedding compliance in the thyssenkrupp group of companies and are available to employees seeking advice.

> 80

thyssenkrupp has more than 80 full-time compliance employees.

250

Around 250 compliance managers promote compliance at work and act as our mouthpiece in the businesses around the world.

Overview of non-financial disclosures

The non-financial statement pursuant to §§ 289b ff. and §§ 315b ff. HGB is integrated into the various sections of the management report as this information is important for understanding the business performance and position of the group. The information relating to the group in this combined management report applies equally to thyssenkrupp AG. In compiling the non-financial statement, elements of various frameworks, such as the UN Global Compact, were used as guidance. Furthermore, risks resulting from negative impacts of thyssenkrupp's business activities on non-financial aspects such as the environment and society are addressed in various sections of the management report. Based on this, no material non-financial risks that have to be reported according to § 289c HGB have been identified. The aspects "respect for human rights" and "social issues" are addressed as crosscutting issues. Here there are large overlaps between these issues and with "employee issues". "Social issues" is an important aspect for thyssenkrupp but was not identified as material within the meaning of the non-financial statement. Therefore, the non-financial disclosures on social issues are reported on a voluntary basis.

OVERVIEW OF NON-FINANCIAL DISCLOSURES

	Environmental issues	Employee issues	Respect for human rights	Social issues	Anti-corruption and prevention of bribery
Section	Sustainability and Indirect Financial Targets Climate, energy and environment Sustainability in supplier management Opportunity and risk report – Regulatory risks – Procurement risks – Production risks – Operational risks of the businesses	Sustainability and Indirect Financial Targets Sustainability in supplier management Employees Opportunity and risk report – Production risks – Personnel risks	Sustainability and Indirect Financial Targets Sustainability in supplier management Employees Opportunity and risk report – Production risks – Personnel risks	Social responsibility	Sustainability and Indirect Financial Targets Sustainability in supplier management Compliance Opportunity and risk report – Legal risks and compliance risks – Risks associated with information security Key corporate governance principles and practices

Forecast, opportunity and risk report

2021/2022 forecast

Overall assessment and key assumptions

We are pushing ahead with our strategic realignment as a high-performance, sustainable group of companies. The definition of our target portfolio in May 2020 placed a clear focus on the industrial portfolio and business models, competitive profitability and cash flow of our businesses.

Against this background, in fiscal 2021/2022 we will continue to focus on the performance and structural improvement of our businesses as well as continuing targeted growth initiatives. All targets are now backed up by concrete action plans.

Depending principally on when we receive approval from the antitrust authorities, we expect to complete the transactions for the Multi Tracks businesses for which sales agreements have already been signed. We will also develop other “best owner” concepts towards a closing and continue to review the planned spin-out of Steel Europe.

The key assumptions for the markets forming the basis of our forecast can be found in the section “Macro and sector environment” in the report on the economic position. The corresponding opportunities and risks are set out in the “Opportunity and risk report” that follows this section.

For 2022 we currently assume significant economic growth at global level. We expect most regions and countries to regain or exceed the pre-crisis level if they have not already done so this year.

Nevertheless, the economic conditions for our businesses are marked by uncertainties arising partly from:

- continued supply bottlenecks for industrial starting products (including semiconductors), which could increasingly hold back growth
- the volatility – including sudden fluctuations which are sometimes almost impossible to predict – and level of raw material prices as an important cost factor in our materials businesses and as a key factor for our plant engineering customers when awarding major projects as well as trend to a strong rise in energy prices
- the possible slowing growth of the Chinese economy as a key factor for global growth and as an important sales market
- uncertainty about how the pandemic will develop, especially as regards the development of vaccination rates, possible new virus mutations and the possibility of further lockdown restrictions and a “new normal” after the pandemic

We have the following expectations for our businesses:

At Materials Services we expect sales volumes to continue to increase in our focus markets Europe and North America in fiscal year 2021 / 2022, following weak demand in the two prior years due to the pandemic. Shortages of raw materials (e.g. magnesium) and starting products (e.g. semiconductors) will nonetheless mean that some of our customers' sectors, particularly the automotive industry, could produce less than planned, at least at the beginning of the fiscal year. Materials Services will continue to drive the digitization of its business processes and distribution channels in order to increase productivity and efficiency throughout the value chain and systematically pursue its omnichannel approach. This includes digitization of its sites to enhance productivity, on-time delivery and sustainability. Solutions include "paperless warehouse", toii®, robotic process automation (RPA), optical character recognition (OCR) and data analytics/AI. We will also further optimize interfaces to customers. As well as enhancing major portals, we are stepping up development of more specific, agile e-commerce solutions such as SteelBuy. More and more often, services are part of the portfolio. In line with our "Materials as a Service" strategy, new digital business models and customers services are being introduced. A focus in fiscal 2021 / 2022 will be on data analytics and forecasting tools, such as the "Pacemaker" tools already in use. This category includes control tower solutions to monitor and manage the supply chain. Their roll-out will continue, especially in the European trading and service center business. Moreover, the solutions offered by Materials IoT GmbH should be used for the digitization of production by an increasing number of external customers.

In the Bearings business, we expect to see a decline in demand in the wind energy area in fiscal 2021 / 2022 due to pull-forward effects from the state incentive programs in China, which have now expired. The drop in demand from China will be offset to some extent by European wind energy customers. We assume that demand in our other product areas will be stable. This will be supported by structural measures aimed at improving our competitiveness and securing our leading market position. In the global Forged Technologies business we expect to see a temporary reduction in demand for car/ truck components in the short term due to the present semiconductor issue. By contrast, we anticipate an unchanged high level of demand for construction machinery, with total volumes in the fiscal year expected to be similar to the level achieved in fiscal 2020 / 2021. Measures to cut costs and raise productivity will be driven forward consistently.

We were initially expecting a significant increase in market volume for the global production of cars and light vehicles in 2021. However, the ongoing bottlenecks in supplies of semiconductors and raw materials since late 2020 meant that the clearly visible recovery in demand was only partly met. Global automotive production will therefore remain on par with 2020 and so below its pre-pandemic level. A recovery is possible in 2022 if the pressures on the supply chain abate. Since forecasts are currently subject to great uncertainty, however, further production cuts may result if the supply shortages continue.

Following an anticipated rise of almost 5% in global demand for steel in 2021, a lower growth rate of around 2% is forecast for the coming year. A slowdown is expected to become visible in the Chinese steel market in particular as demand is likely to stagnate as the effects of the 2020 economic programs come to an end. Assuming that the recovery in all relevant steel-processing sectors continues, the development of the European steel market should be robust and next year demand could be back at the 2018 level. Uncertainty remains, however, due to the existing supply shortages in starting products for automotive manufacturers. We are supporting the market's rising technical

requirements and increasing demand for low-CO₂ flat steel products by systematically implementing our steel strategy 20-30 and introducing new, certified low-CO₂ flat steel products.

At Marine Systems, orders on hand for both submarine and surface vessels is very solid, particularly as a result of recent orders. We are also in negotiations for fiscal year 2021 / 2022 for a submarine order for an established customer and a surface-vessel project with a new customer. The programs introduced to enhance our performance are continuing.

In the past fiscal year the biggest business in the Multi Tracks segment – plant engineering – was still severely affected by the pandemic, which resulted in particular in delays in order placement and projects already under way, cost increases in project logistics and quality assurance, and lower utilization of engineering capacity. These factors will probably only have a minor impact in the current fiscal year. A significant rise in order intake for both new plants and services is expected, with projects relating to green hydrogen contributing to this. In addition we expect to see an improvement in the quality of project execution in all Multi Tracks businesses and positive effects from the cost-saving measures.

Expectations for 2021 / 2022

Our forecast is based on the market forecasts and the description of opportunities and risks provided in the section “Macro and sector environment” in the report on the economic position. GDP growth in 2022 for regions of importance to us – Germany, the USA and China – is expected to be 4.6%, 4.4% and 5.2% respectively.

In view of the forecast economic conditions, the structural improvement in our business that we still expect, and the existing uncertainties, we believe that an optimistic yet cautious view of fiscal year 2021/2022 is appropriate and are formulating our forecast with the corresponding ranges. Uncertainties and the ensuing reduction in planning visibility, especially for our more cyclical businesses with materials and automotive components, result mainly from future developments in terms of supply bottlenecks for starting products (including semiconductors) in industry, the effects of the recent rise in energy prices, the volatility of commodities prices and not least, the ongoing course of the pandemic.

The forecast is based on the composition of the group as at 9/30/2021 and so does not include the effects of completing the ongoing and any future portfolio measures.

Sales growth is expected to be in the mid-single-digit percentage range (prior year: €34 billion).

Taking the existing uncertainties into account, we are expecting a significant improvement in **adjusted EBIT** to a figure between €1.5 and 1.8 billion (prior year: €796 million). This performance stems essentially from the significant earnings improvement at Steel Europe and a significantly reduced loss at Multi Tracks, partially offset by the normalization of adjusted EBIT at Materials Services. However, it will not be possible to compensate fully for expenses due to supply chain issues and higher factor costs (essentially energy and material costs) by cost-cutting and efficiency gains.

- At **Materials Services** we are expecting positive developments in volumes. The dynamic price movements that provided strong support in the prior year may not be repeated, but we are assuming Adjusted EBIT in a low three-digit million euro range (prior year: €587 million).
- At **Industrial Components** we are expecting total sales to be slightly lower and adjusted EBIT to decline to a figure in the low three-digit million euro range (prior year: sales: €2.5 billion, adjusted EBIT €322 million). A temporary regional slowdown in demand for wind energy is expected, particularly due to pull-forward effects already caused by subsidies in China. In the forgings business we are expecting headwinds for car and truck components from the ongoing bottlenecks in customer supply chains.
- At **Automotive Technology** we expect rising contributions from new plants and projects and stable sales, depending on customer call-offs resulting from ongoing bottlenecks in the supply chain (i.a. semiconductors) (prior year: €4.5 billion), and adjusted EBIT roughly unchanged year-on-year (prior year: €264 million), with efficiency measures continuing and rising factor costs.
- At **Steel Europe** we expect a significant increase in adjusted EBIT by at least €1 billion as a result of a planned volume and margin increase and structural improvements from implementing the Steel Strategy 20-30. This performance depends particularly on further developments with the supply chain issues, and in the ensuing shipment volumes (prior year: adjusted EBIT: €116 million).
- At **Marine Systems** we expect a slight improvement in sales and slightly higher adjusted EBIT (prior year, sales: €2 billion, adjusted EBIT: €26 million). This was also supported by improvements in project execution.
- For the businesses combined in the **Multi Tracks** segment, overall we expect a slight improvement in sales (prior year: €5.7 billion) and a significant improvement in adjusted EBIT (prior year: adjusted EBIT €(298) million).
- For **Corporate Headquarters** we anticipate adjusted EBIT at the same level as the prior year (prior year: adjusted EBIT €(194) million).

Capital spending is expected to be at the same level as a year earlier (prior year: €1,630 million). There will be higher investments at Steel Europe in connection with Steel Strategy 20-30 and lower investments overall at the other businesses. Investments will be approved on a restrictive basis, depending on business performance.

For free **cash flow before M&A** we are expecting a significant increase to around break-even (prior year: €(1.3) billion). While maintaining the current high capital expenditure, which is mainly driven by the Steel Strategy 20-30, the improvement will come primarily from increasing adjusted EBIT and depend on changes in net current assets, including cash flows from order intake and the payment profile of project business (especially at Marine Systems and Multi Tracks), as well as restructuring payments.

We are expecting net income of at least €1 billion (prior year: €(25) million).

The effects described above mean that **tkVA** is expected to be higher than a year ago and significantly positive (prior year €(622) million).

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.

Opportunity and risk report

Opportunities

thyssenkrupp defines opportunities as events or developments that enable us to exceed the group's forecasts and targets. Opportunity management encompasses all measures required for the systematic and transparent management of opportunities. As it is integrated with the strategy, planning and reporting processes, opportunity management is an important element of the strategic and value-based management of the group.

Overall assessment by the Executive Board: thyssenkrupp with opportunities as a group of companies

For thyssenkrupp, there are still opportunities arising from its positioning as a high-performing group of companies. The goal is to significantly improve the performance of every individual business and create the necessary framework for the businesses to develop optimally and assume leading market positions.

Opportunity management process

In the annual planning process the segments also describe bands for their earnings and liquidity targets (adjusted EBIT, free cash flow before M&A) related to the following fiscal year. In this way, that take account of the opportunities and risks of their businesses. This means opportunities and risks are discussed in the planning meetings with the Executive Board. Their assessment addresses, among other things, strategic factors such as relevant market and technology trends which in some cases remain relevant far beyond the forecast period. In the subsequent monthly reports the segments update the earnings and liquidity projections as well as the opportunities and risks in the current fiscal year. The graphic "Opportunity and risk reporting at thyssenkrupp" in the "Risks" section of this report shows how these elements are integrated into the standard reporting system.

Management of our opportunities is a task shared by the group's decision makers – from the Executive Board of thyssenkrupp AG to the segment management boards and managements of the companies through to officers and project leaders with local market responsibility. This structured involvement of numerous experts in decision-making processes in the group ensures that opportunities are reliably identified and systematically exploited.

Opportunities for the group

Opportunities will arise for the group if we can systematically implement our transformation into a sustainable and high-performing group of companies and achieve the desired improvements in the performance of our businesses.

Opportunities come from the continued transformation into a high-performing group of companies.

As an international group of companies with largely independent industrial and technology businesses we use our broad technological expertise to develop high-quality products and intelligent industrial processes and services. With our products and services under a strong umbrella brand, we see opportunities to help create a better and sustainable future.

Our goal as a group of companies is to give our businesses the freedom they need to focus fully on their customers and their markets so that they can compete successfully. We want to foster a strong entrepreneurial climate that speeds up decision-making, increases efficiency, and puts the customer first. This means more entrepreneurial freedom in the business operations but also more accountability, opening up opportunities to better utilize the value potential of our businesses. The aim is therefore to create conditions that enable the individual businesses to optimize their performance and achieve leading market positions that are sustainable both economically and in terms of climate protection.

The systematic implementation of a performance culture and corresponding focus on value-adding investment will create opportunities to continuously improve our competitiveness. This is supported by the restructuring of various businesses and by portfolio measures, which will allow us at thyssenkrupp to concentrate on businesses in attractive markets with good prospects for the future.

We are convinced that thyssenkrupp stands for efficient processes and production methods with high product quality and that many of our plants set global standards in terms of resource efficiency and environmental protection. In our view, our sustainable products and technologies open up opportunities to participate in growth, for example, in the areas of renewable energy, hydrogen and e-mobility. More details of our corporate strategy and the associated opportunities are presented in the "Strategy" section.

We also see opportunities in our global research and development initiatives, where we are working on technologies to help solve the most pressing challenges of the future, focusing on the areas of climate protection and energy transition, digital transformation of industry and mobility for the future. Detailed information on current initiatives, key development areas and the associated opportunities is presented in the "Technology and innovations" section.

In our development projects we are also always guided by the group's financial scope. Unfavorable economic conditions may result in delays or compromises in implementing existing opportunities. More on this and on other risks can be found in the "Risks" section.

Operational opportunities of the businesses

Materials Services – In line with the “Materials as a Service” segment strategy, Materials Services places services at the center of its development and customers at the heart of all endeavors. The segment is working to offer increasingly complex and flexible solutions for processing and supply chain management. This mirrors the requirements of its customers, who are continuing to focus on their core competencies in an increasingly uncertain market environment characterized by a steady rise in digitization and, additionally at present, materials shortages. Materials Services is benefiting from this in two ways, because both the profitability and market growth of these innovative services are higher on average than in classic distribution.

All businesses have operational opportunities in their specific markets.

Opportunities arise for the segment from its specific market and sector knowledge, access to its global customer base and its agility in conventional project management. Moreover, thanks to its global network, Materials Services can further standardize processes and systems in materials distribution in order to systematically expand its business. Growing customer requirements in the area of supply chain management in particular offer major opportunities for this segment – for example when Materials Services takes over the management of several suppliers to ensure that the right quantities are delivered to the right place at the right time and in the right quality. That is Materials Services’ understanding of its role, as expressed in its mission statement “Connecting.smarter.”

The segment also increases customer retention through the continuous development and implementation of tailored digital solutions. The omnichannel architecture, which comprises individual customer portals, interfaces for electronic data exchange, online shops and ordering apps, gives customers worldwide 24/7 access to the segment’s products and services. Materials Services is continuously driving its digital transformation along the entire value chain with the aid of a systematic innovation process. Artificial intelligence can be used to meet specific customer requirements, for example, with regard to speed of delivery, material quality or pricing, and to optimize internal logistics or production processes.

At the same time, Materials Services is making smart use of digital solutions and products to improve the use of resources. In the long term, fewer physical goods in the supply chain means greater sustainability. Sustainability is therefore firmly rooted in the “Materials as a Service” strategy. Materials Services uses the available data to reduce inputs and transportation and thus cut CO₂ emissions to improve supply chains and thus avoid empty runs and shape transportation routes without efficiency losses. Furthermore, the segment sees sustainability as an opportunity to work even more closely with its customers and for future businesses.

The segment has placed networked digital working on a more professional basis and stepped up interactive processes in all areas of business – from warehousing to production and administration. In this way, Materials Services is increasing its project execution performance, for example, through increased use of agile methods.

As part of its transformation and efficiency programs, Materials Services has identified opportunities and defined extensive measures to further improve its cost and earning situation. Key elements are still network, process and portfolio optimization and initiatives relating to procurement and distribution excellence.

If we can implement these optimizations faster than planned, the forecasts for our key performance indicators could be moderately exceeded.

Industrial Components – The Bearings business offers positive growth prospects in particular in view of the development of the wind energy market; these could be strengthened by the present climate targets and measures to achieve them. The majority of growth is driven by the increasing size of installations. We are convinced that we are well-positioned for this market trend with our machinery, technical expertise and global production network. Despite short-term fluctuations in demand in connection with the phasing out of individual government incentive programs, our assumption is that the mid- to long-term growth trend will continue, with upside potential coming not least from decarbonization initiatives and the steadily growing competitiveness of renewable energies. The business cycle in industrial applications for our forged technologies has recovered well from the pandemic-related downturn. However, we are only predicting moderate growth here in the mid- to long-term. Opportunities here come, among other things, from major regional infrastructure programs, which could trigger a hike in demand for our products.

A key factor for the future performance of our global forged technologies business is the development of the global truck market (particularly Class 8 trucks) and the construction machinery sector. If growth in these sectors is stronger than expected, our forecasts could be moderately exceeded.

Automotive Technology – A key factor for the future business performance of Automotive Technology is the development of the global economy and personal mobility. Medium-term forecasts indicate growing demand irrespective of the current impact of the coronavirus pandemic. In the wake of the automotive sector's ongoing transformation, size and innovative strength are increasingly becoming key success factors.

Alongside measures to enhance performance and competitiveness, Automotive Technology will therefore align with the industry trend by exploring, evaluating and independently pursuing strategic options to develop the automotive components business in alliances and development partnerships.

We are convinced that Automotive Technology is capable of meeting future customer requirements on the basis of further investment, increased standardization and focusing of research and development, new products, and greater digitization, including at production sites.

We operate worldwide as an engineering and production partner for components, modules and systems. With our products we want to support the global trend towards an efficient and environmentally friendly kind of mobility that also meets challenging political targets to reduce vehicle emissions. In the relevant areas of weight reduction and optimization of powertrain technologies, we want to offer our customers state-of-the-art solutions and are working to steadily extend our position. With the further development of our chassis systems we are creating the conditions for new approaches and solutions. We want to actively shape the shift towards increasingly automated or self-driving vehicles and contribute to making driving safer. We see growth opportunities here across all vehicle classes.

In addition, we are moving into new areas of business. One example is CarValoo GmbH, a thyssenkrupp startup that is working on the development of digital solutions to capture and evaluate vehicle use data. The aim is to speed up the extremely time-consuming processing of damage to vehicles, which is still a predominantly manual process, and make it more precise and cheaper for fleet operators and end-customers.

If the relevant markets and sectors – particularly the automotive markets – perform better than expected, the forecasts for our key performance indicators could be moderately exceeded. This is the case in particular if the markets pick up more quickly than expected after the plunge resulting from the coronavirus pandemic.

Further opportunities will arise if we achieve higher savings than expected from the efficiency programs we are systematically driving forward.

Steel Europe – The Steel Europe segment is focused on the market for premium flat carbon steel, which depends to a large extent on the performance of the European economy.

Against the background of increasing customer demands, new market trends, and structural problems in the market, we started to develop the Steel Strategy 20-30 in 2019. In the project period up to 2030 we aim to improve average annual EBIT by more than €600 million. Launched in mid-July 2020, the strategy is focused on systematically aligning the business to attractive future markets and profitable steel grades, improving production performance and product quality, and achieving climate-neutral steel production. The accelerated digital transformation of the company will open up opportunities to further improve internal processes. In addition to this, we launched a performance program in 2020 to implement further measures in the short- to mid-term. This will further strengthen the company's earning power. If we can implement these measures faster than expected, the forecasts for our key performance indicators could be moderately exceeded.

Our investment program is a key element in our Steel Strategy 20-30. Over the course of the program, extensive new investments and maintenance projects, some of which are already underway, will focus on the development of market potential and at the same time enable the implementation of cost-reducing structural measures. The process kicked off with the construction of an additional walking beam furnace at hot strip mill 2 in Duisburg with the aim of further improving the surface quality of our premium sheet products, used for example for automotive skin panels. The furnace is scheduled for completion in 2022. Further opportunities are opening up in the area of e-mobility, where growth in demand is expected for high-quality electrical steel which has an attractive revenue structure. We want to support this market trend by investing in a double reversing mill and an annealing and isolating line to further extend our competency in steel for e-mobility. Overall this investment program will significantly strengthen our market and competitive position in terms of technology and quality.

While the coronavirus pandemic had a massive downside effect in the 2019/2020 fiscal year, there was a clear recovery in the European steel market in the reporting year, resulting in a shortage of steel and rising prices. If this trend continues for a prolonged period, accompanied by falling raw material costs, it would constitute a significant opportunity.

The transformation towards climate neutrality is also opening up good prospects for us: we are observing strong interest in climate-friendly steel products among a wide range of our customers. We have already made the first deliveries of certified low-CO₂ steel. We want to increase volumes significantly in the coming years, initially using existing technology, with additional investment to drive forward development. In this way, we aim to respond innovatively to the market trend,

In this context, we also see opportunities from the planned stand-alone solution for the steel business. We are convinced that this can open up interesting future perspectives and are looking for planning certainty with regard to the regulatory framework for the green transformation.

Marine Systems – The rise in defense budgets due to the global security situation and the continued need for modernization is favorable for our marine business. Marine Systems has increased its market position thanks to a joint major order from the German and Norwegian navies and orders on hand now cover a five-year period. At the same time, this order is an important initial step towards harmonization of the national fleets operated by NATO members.

The frigate orders for the Egyptian and Brazilian navies, we are currently working on, offer good opportunities to secure follow-on orders and further extend our service business. The acquisition of a shipyard in Brazil opens up market opportunities, especially in South America.

In parallel with this, we are driving forward commercial projects such as schemes to remove old ammunition from the oceans and the development of unmanned underwater exploration vehicles.

Marine Systems' business model proved comparatively robust during the coronavirus pandemic thanks to the long-term nature of orders.

Good prospects of securing our market position also come from the extensive concept currently being implemented for the Kiel site, together with the now largely harmonized business processes, which include the marine electronics unit. If we can implement these optimizations faster than planned, the forecasts for our key performance indicators could be moderately exceeded.

Multi Tracks – To further strengthen the competitiveness of our plant engineering business and exploit growth opportunities on our markets, we aim to continuously standardize and optimize our products and order execution methods. We want to cement our position as a leading partner for the engineering, construction and service of industrial plants and systems by further expanding our innovative and eco-friendly technologies.

In chemical plant engineering, opportunities could arise in the medium term through entry into new markets (for example water electrolysis). Further opportunities may result from the ongoing expansion of our high-margin service business. We want to utilize the increasing demand for solutions for digitization and the operation of industrial plants and develop further areas of business with corresponding service offerings.

We see good opportunities for our water electrolysis technologies, which are assigned to the independent unit Uhde Chlorine Engineers (UCE), to benefit from the strong demand for production processes for green hydrogen. We want to use this upfront advantage. Therefore, we are examining how this field can best be driven forward. That includes exploring the option of a stock market listing to make the real value of this business visible and fund further growth.

We also see very good opportunities for the other businesses grouped at Multi Tracks if thyssenkrupp does not remain the sole owner. All options for partnerships or a sale of individual businesses are therefore still being examined. The forecasts for the Multi Tracks segment's key performance indicators could be moderately exceeded if the relevant markets and sectors of the various businesses, the investment spending of our customers or contract execution turn out better than expected.

Risks

thyssenkrupp defines risks as events or developments that reduce our ability to achieve our forecasts and targets. Risk management encompasses all measures involved in the systematic and transparent management of risks. With its link to planning and reporting processes in controlling, it is an important element of value-based management and goes far beyond the early identification of risks required by law. Efficient, forward-looking risk management therefore also serves the interests of our capital providers and other stakeholders.

No risks that threaten thyssenkrupp's ability to continue as a going concern

Overall assessment by the Executive Board: no risks that threaten thyssenkrupp's ability to continue as a going concern

Our transparent and systematic risk management system with structured processes contributes to efficient management of the group's overall risks. At present, there are no risks that threaten the company's ability to continue as a going concern.

Risk strategy and risk policy

Our risk strategy is focused on securing the existence of the company long-term and sustainably increasing the value of the company. The precondition for us to be successful as a company is identifying and evaluating the risks and ensuring that all employees manage them optimally. Risks threatening the company's ability to continue as a going concern must be avoided.

Our "Governance, Risk and Compliance (GRC) Policy" defines basic principles for corporate governance and risk management at thyssenkrupp. It also describes the group's universally applicable principles of risk policy framework for meeting the requirements of proper, consistent and proactive risk management. The principles are based on the thyssenkrupp mission statement and the strategic goals for the various business models; they serve as guidelines for professional and responsible risk management. Further aims of risk management at thyssenkrupp are to increase risk awareness and establish a value-based risk culture at all corporate levels. For this, it is important to analyze risks and opportunities in the group transparently and to systematically incorporate them into business decisions.

Basic principles of corporate governance and risk management defined in the GRC Policy

Risk management process

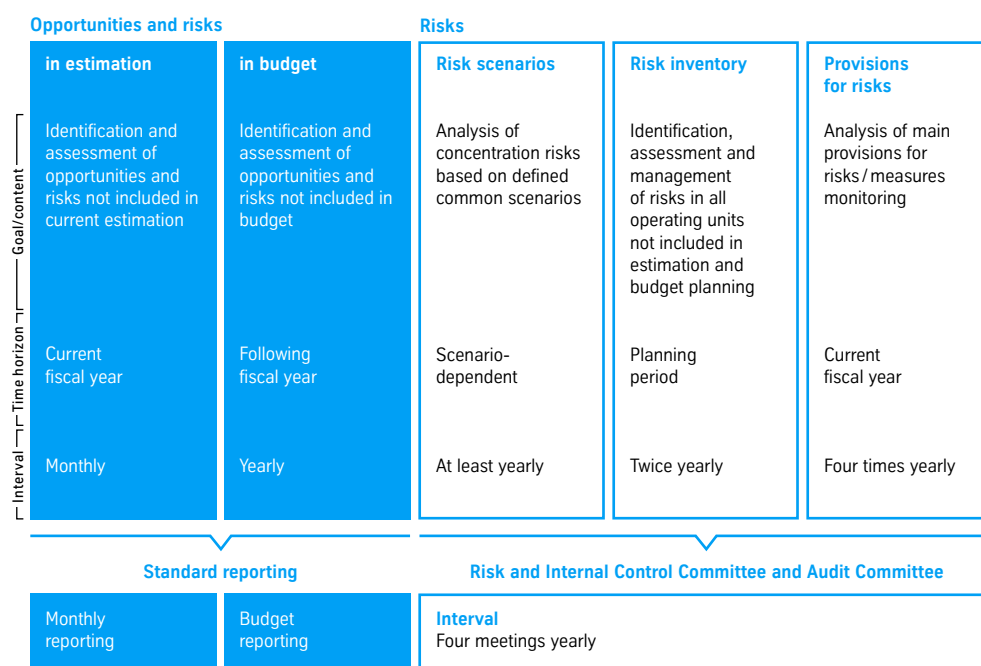
We continuously enhance thyssenkrupp's risk management system, align it with the internationally recognized COSO model and integrate it with our internal control system and other management systems. Individual responsibilities in the risk management process are clearly defined in our GRC Policy. Details can be found in the corporate governance statement. All other requirements for the risk management process are defined in a binding group regulation on risk management.

The efficient design of our various risk management tools ensures that the sub-processes are integrated in a continuous risk management loop and all risk managers are involved appropriately in the risk management process. Our methods and tools to identify, assess, control and report risks are implemented throughout the group and we continually develop them when new requirements arise.

Risk management throughout the group is based on standardized sub-processes and procedures.

The organizational anchoring of corporate risk management in controlling facilitates holistic risk management integrated with planning and reporting processes. Our main focus in using the risk management tools is to ensure that possible deviations in the key performance indicators adjusted EBIT and free cash flow before M&A are assessed realistically. The following graphic outlines our approaches:

OPPORTUNITY AND RISK REPORTING AT THYSSENKRUPP



The opportunities and risks not included in the updated monthly projections or in the budget are part of standard segment reporting. Regular discussion of opportunities and risks in established controlling talks, which include the CFO, makes an important contribution to integrated business management during the year and to corporate planning by highlighting bands for the key performance indicators adjusted EBIT and free cash flow before M&A related to the current and the subsequent fiscal year.

As part of the planning process and on an ad hoc basis we also analyze macroeconomic concentration risks taking into account centrally defined risk premises. These groupwide risk scenarios mainly address slumps in major economies and other exogenous shocks and their impacts on thyssenkrupp.

All consolidated companies worldwide use a standardized IT risk management application for structured documentation of risks and to prepare risk maps. The assessment period used for the risk map goes beyond the period covered by the forecast and covers the entire three-year operational planning period; this provides multi-year transparency in the local risk assessments. The regular reporting and updating of risks at local level also ensures that risk awareness remains high throughout the group.

Risks already recognized through provisions in the statement of financial provisions are also the subject of standardized analyses and risk reporting, ensuring systematic control of these risks too.

Ad hoc risks are communicated immediately to the risk management officers and are also documented via the established reporting channels.

Our standardized risk management processes ensure that the Executive Board and Supervisory Board are informed promptly and in a structured way about the group's current risk situation. However, despite comprehensive risk analysis, the occurrence of risks cannot be entirely ruled out.

Roles and responsibilities

We have organized risk management at thyssenkrupp as a combined top-down/bottom-up process. Binding process and system standards are formulated centrally at group level and apply to all operating entities. Responsibility for measuring and controlling risks along the value chain lies at local level with the functional managers in the operating entities.

The risk management system contains top-down and bottom-up elements.

The group's material risks are discussed and validated in meetings of the interdisciplinary Risk and Internal Control Committee (RICC) held once every quarter and chaired by the CFO. At the same time this forms the preparation for risk reporting to the Executive Board and Audit Committee. The RICC meetings are attended by all key officers responsible for governance, risk and compliance in the group. This interdisciplinary approach at committee level makes a key contribution to strengthening the high level of the group's corporate governance processes.

Employees responsible for risk management receive training on a regular basis and as required. We also use our groupwide web-based IT risk management tool to provide targeted information and training material.

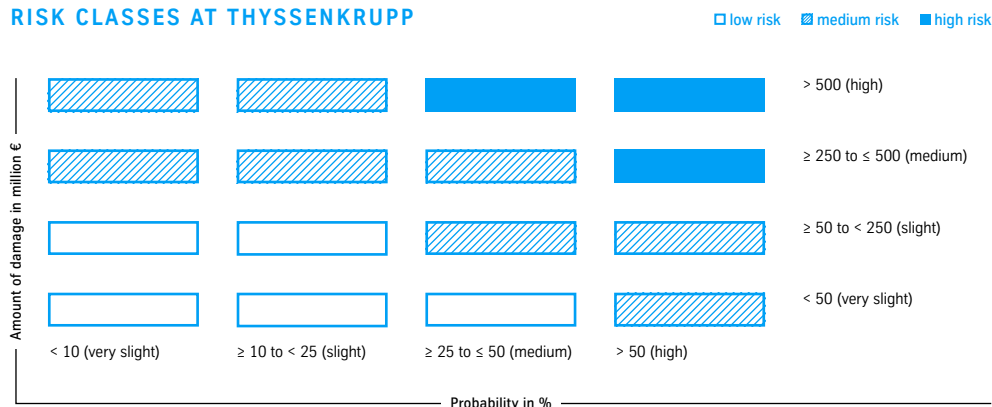
Internal Auditing uses the information from the risk maps for its risk-oriented audit planning. The internal audits structured on this basis contribute to the efficient monitoring of the risk management system and deliver insights to further improve risk management in the group.

Risk assessment

Identified risks are evaluated consistently using central rules. We define risk classes on the basis of probability of occurrence and impact on the key performance indicators adjusted EBIT and free cash flow before M&A in the planning period. If there are variances in the earnings and liquidity perspectives for individual risks, the higher assessment is used for the overall risk assessment. The main individual risks in defined risk categories, which we address in the following sections, are grouped in the following graphic as "high", "medium" or "low."

Risk assessment is based on clearly defined criteria.

RISK CLASSES AT THYSSENKRUPP



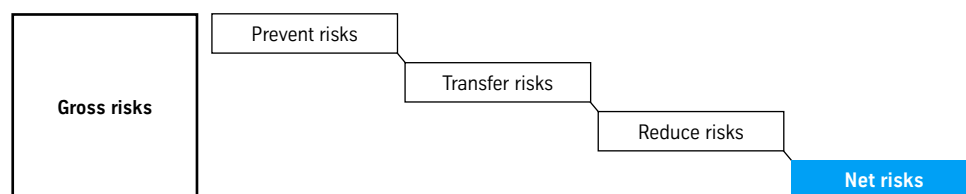
Risk control

In the risk mapping process all consolidated companies are required to formulate risk control measures for the individual risks identified and assessed in the three-year planning period and systematically monitor their implementation.

Risk control measures are in place for all risks.

Risk presentation at thyssenkrupp is by the net method, i.e. taking into account already realized, effective risk control measures that reduce gross risk.

RISK MANAGEMENT MEASURES AT THYSSENKRUPP



We prevent risks by following the risk policy principles and not entering into transactions if they infringe codes of conduct or other groupwide policies.

We transfer risks in cases where the financial scale of a risk can be minimized by central measures such as insurance policies. More information is contained in the section below on risk transfer.

We reduce risks by taking appropriate targeted measures and for example by continuously improving our internal control system. More information on the individual initiatives can be found in the sections “Internal control system in the accounting process” and “Operational risks of the businesses”.

Risk transfer

Risk transfer to insurers is handled centrally at thyssenkrupp AG. The scope and design of insurance cover are determined on the basis of structured risk assessments in which insurable risks in the group of companies are identified, evaluated and reduced or eliminated through specific protection plans. A balanced insurer portfolio ensures risks are spread appropriately across the insurance market.

The insurance department at thyssenkrupp manages the transfer of risk.

Binding standards are in place for all companies in the group to ensure risk prevention always stays at an appropriately high level. These standards are developed by experts from all areas of the group under the leadership of thyssenkrupp AG and are updated as required. Internal and external auditors regularly check compliance with these standards.

Internal control system in the accounting process

The internal control system comprises all the systematically defined controls and monitoring activities aimed at ensuring the security and efficiency of business management, the reliability of financial reporting, and compliance of all activities with laws and policies. An effective and efficient internal control system is key to managing risks in our business processes successfully.

The internal control system reduces process-related risks.

We continuously develop the requirements placed on the internal control system and adapt the control landscape to changing processes using a standardized risk control matrix and a structured self-assessment process.

Various monitoring measures and controls in the accounting process help ensure compliant financial reporting. For consolidation we use a group system based on standard software. In this way we ensure consistent procedures and minimize the risk of misstatements in our accounting and external reporting. An appropriate segregation of functions and application of the dual-control principle reduce the risk of fraudulent conduct.

thyssenkrupp has clearly defined the sub-processes involved in financial reporting and assigned clear responsibilities for them. The central function Controlling, Accounting & Risk is responsible for the preparation of the consolidated financial statements and issues binding instructions to the local units with regard to content and timing. Internal thyssenkrupp service providers support the local units in preparing local financial statements. All employees involved in the accounting process undergo regular training.

We perform regular central system backups on the IT systems used in the consolidation process in order to avoid data losses and system failures. The security strategy also includes system controls, manual spot checks by experienced employees, and custom authorizations and access controls.

Internal Auditing regularly checks the effectiveness of the internal control and risk management systems and is integrated in the overall process.

These coordinated processes, systems and controls ensure that our accounting is reliable and complies with IFRS, German GAAP (HGB) and other relevant standards and laws.

Risk categorization

We have pooled the types of risks relevant to thyssenkrupp in the following categories:

- Risks from external parameters
- Financial risks
- Legal risks and compliance risks
- Risks from operating activities

We deal in detail with these categories and provide a risk assessment in the following sections.

Risks from external parameters

The external risks mainly include macroeconomic risks and regulatory risks.

Macroeconomic risks – Economic risks for our business models exist when positive impetus is not forthcoming from the global economy and markets of relevance for thyssenkrupp and growth rates fall below the economic forecasts.

Global economic growth forecasts are, however, very uncertain due to the lack of clarity about the development of the coronavirus pandemic, especially the development of vaccination rates, new virus mutations and renewed lockdowns. Such developments could weigh on all our business activities and severely impact our key performance indicators.

Economic forecasts are highly uncertain due to a wide range of unpredictable factors.

In addition, there are numerous geopolitical uncertainties. It is still unclear what course will be taken by the current trade conflicts and many global crises such as Afghanistan. Other factors are the ongoing bottlenecks in the supply of industrial inputs, which could hold back growth. The recurrent floods and natural catastrophes resulting from climate change are also a significant risk to growth. Further risk factors are a possible sharper slowdown in the Chinese economy in the mid-term and a possible increase in China's bid for self-sufficiency.

There are also risks in the financial area in general due to mushrooming debt in recent years in numerous industrialized countries and also many emerging economies. This situation could be exacerbated through the numerous government support measures to mitigate the consequences of the pandemic. Other risks come from the significant rise in material and raw material costs and the related fears of inflation, especially if central banks are slow to react, and the uncertainty caused by volatile exchange rates.

If economic growth is weaker than forecast in the planning as a result of these risks, the individual economic risks for thyssenkrupp would be "medium", given that the overall macroeconomic environment has improved compared with the prior year.

We continuously monitor economic development and corresponding country-specific conditions based on wide-ranging early warning indicators. In a worst-case scenario integrated into the planning process, we simulate the impacts of lower growth rates on our business models to enable us to take action and minimize risks at an early stage when necessary.

Our current economic assessment is presented in detail in the section “Macro and sector environment”. Further details on specific market risks in our businesses can be found in the section “Operational risks of the businesses”.

Regulatory risks – New laws and other changes in the legal framework at national and international level could entail risks for our business activities if they lead to higher costs or other disadvantages for thyssenkrupp compared with our competitors, either directly or with regard to our value chain. Overall the regulatory risks for thyssenkrupp are classified as “medium”.

Risks for our business models could result from national and international regulations.

In our energy-intensive operations, we face regulatory risks on the global markets if additional costs are imposed under energy- and climate-related rules which we are unable to pass onto our customers on the international market in full or at all, or if there is no longer demand for products and technologies in the long term. thyssenkrupp supports effective climate protection efforts and a sustainable energy transition in which climate protection, security of supply, and competitiveness are equal priorities. We support the relevant discussion processes on regulatory efforts through close working contacts with the relevant national and international institutions and cooperate with industry associations at all levels to reduce possible risks. Concrete risks in particular for Steel Europe in this connection are described in the section “Operational risks of the businesses”.

Financial risks

The central responsibilities of thyssenkrupp AG include coordinating and managing finance requirements within the group and securing the financial independence of the company as a whole. This involves optimizing financing and limiting the financial risks.

Financial risks are contained by centrally managed measures.

Default risks – To minimize default risks from operating activities and the use of financial instruments, such transactions are only concluded with contractual partners who meet our internal minimum requirements. The credit risk management function defines minimum requirements for the selection of contractual partners. The credit standing information is subject to appropriate, continuous monitoring which permits the credit risk management function to intervene at an early stage to minimize risks. Outstanding receivables and default risks in connection with supplies and services are constantly monitored by the subsidiaries; in some cases they are additionally insured under commercial credit policies. The credit standing of key account customers is monitored particularly closely. Further details are reported in Note 22.

Liquidity risks – To secure the solvency and financial flexibility of the group at all times, we maintain long-term credit facilities and cash funds on the basis of multi-year financial planning and rolling monthly liquidity planning. We use the cash pooling system to allocate resources to the individual companies internally according to requirements.

Market risks – To hedge market risks (currency, interest rate and commodity price risks) we use derivative hedging instruments. These mainly include foreign currency forward contracts, interest rate swaps, interest rate/foreign currency swaps and commodity forward contracts with banks and commercial partners. The use of derivative financial instruments is extensively monitored.

Currency risks – To contain the risks of our numerous payment flows in different currencies – in particular in US dollars – we have developed groupwide policies for foreign currency management. All subsidiaries are required to hedge foreign currency positions at the time of their inception. They mainly use our central hedging platform for this. Translation risks arising from the translation of foreign currency positions are generally not hedged.

Interest rate risks – The task of central interest rate management is to control and optimize the risk of changing interest rates on funds invested and borrowed. For this, regular interest rate risk analyses are prepared, the results are fed into our risk management system.

Taking into account the control measures selected, the financial risks outlined above are assessed as “low”.

Valuation risks – For the success of our strategic realignment it is important to have an organization in which the businesses can develop optimally. Therefore, disposals and acquisitions, partnerships and restructuring within our existing business activities are conceivable. Portfolio measures and restructuring are generally associated with execution risks; in addition our strategic businesses are regularly tested for impairment. In view of the improved business outlook in some units compared with the prior year we consider the risks identified in this category to be “low” and recognize provisions in the balance sheet as needed.

We recognize provisions for impairment.

Risks associated with pension obligations – The fund assets used to cover pension liabilities are exposed to capital market risks. To minimize these risks, the individual investment forms are selected and weighted with the support of independent experts. In addition, parts of the investments are aligned with the structure of the pension obligations in selected countries for the purposes of risk management (liability-driven investment).

In connection with the valuation of pensions, thyssenkrupp is exposed to the risk of falling interest rates. Decreasing discount rates for pension obligations would result in pension provisions increasing and weighing on equity.

Additional risks exist in connection with the payment of life-long pensions due to the rising life expectancies of beneficiaries and the need to adjust pension amounts on a regular basis. In addition, payments to pension funds could increase substantially in some countries in the future due to stricter statutory requirements, or additional allocations to pension plans could become necessary in individual cases if pension plans are terminated prematurely.

Legal risks and compliance risks

Legal and compliance risks include litigation risks, compliance risks focused on antitrust violations and corruption, and risks from trade restrictions.

Litigation risks – We define litigation risks as risks in connection with pending or imminent lawsuits or regulatory or administrative court proceedings brought against thyssenkrupp. The thyssenkrupp group uses a software tool with which litigation risks are systematically identified, categorized, evaluated and reported to the Executive Board and the Audit Committee on a quarterly basis as part of the established risk management process. We carefully examine claims asserted by third parties for merit. Legal disputes in and out of court are supported by in-house counsel and where necessary external counsel.

We currently classify litigation risks individually and cumulatively as “medium”. Cumulative litigation risks are combined risks from lawsuits brought by numerous claimants and from regulatory proceedings against thyssenkrupp which relate to the same matter and can be classified as a single litigation risk. Information on further litigation risks for which we have recognized provisions or which are classified as contingent liabilities is provided in Notes 16 and 21.

Compliance risks – We operate a strict compliance program focused on reducing risks in the areas of antitrust law, corruption prevention, prevention of money laundering, data protection and trade compliance because these offenses have enormous potential to cause financial and reputational damage. Details of the compliance program and further information on the compliance organization can be found in the “Compliance” section.

A strict compliance program guards against the high potential for damage in the event of violation of the regulations.

We continue to classify general compliance risks overall as “high”.

Risks from trade restrictions – Due to the global nature of its business thyssenkrupp is exposed to possible risks stemming from trade restrictions such as anti-dumping/anti-subsidy tariffs, export restrictions, special monitoring measures, embargoes, far-reaching economic sanctions against certain countries, persons, businesses and organizations, as well as other protectionist or politically motivated restraints.

These restrictions can impede our business activities in individual national markets. Moreover, violations could lead to severe penalties, sanctions, reputational damage and claims for compensation. We therefore take strict care to comply with customs and export control regulations and other trade restrictions.

Risks from operating activities

Risks from operating activities include procurement risks, production risks, sales risks, order risks, risks associated with information security and personnel risks.

Procurement risks – To manufacture our products, we procure raw materials and other starting materials. Depending on the market situation, procurement prices can vary considerably and impact on our cost structures. The availability of some starting materials (e.g., semiconductor products) or transportation routes for raw materials could be restricted or transportation capacity might not be available; in turn, this could jeopardize our production and the fulfillment of our contractual obligations towards our customers. Current availability risks mean that the individual risks identified in this category are “medium”. We counteract these risks through margin-securing measures and alternative procurement sources.

Supply chain risks, especially the availability of starting materials, are monitored continuously.

Structured energy procurement is used to counter the risk of a rise in energy prices, as is currently occurring. We are working across the group to save energy and recycle waste.

Further information on specific procurement risks in our businesses can be found in the section “Operational risks of the businesses.”

Production risks – Unfavorable constellations and developments at our sites could expose us to a risk of business interruptions and property damage. In addition to the cost of repairing damage, there is above all the risk that a business interruption might result in production losses and thus jeopardize the fulfillment of our contractual obligations towards our customers. We work to counter these risks through regular preventive maintenance measures and through modernization and investment in our machinery and production facilities. In addition we take out appropriate insurance and therefore transfer risks to external service providers. The remaining financial risks in this category are classified as “medium”.

We counter the risk of production stoppages through regular maintenance and investment in our equipment to ensure we are able to fulfill our contractual obligations to our customers.

Accident risks and the related risk of harming people cannot be completely ruled out in the production, installation, maintenance and use of our products. A safety-oriented corporate culture and the extensive occupational health and safety measures implemented by our occupational safety organization are intended to help minimize the accident risks faced by our employees and subcontractors.

In our production plants there are process-related risks that could result in air and water pollution. Furthermore, some of the group’s real estate no longer used for operations is subject to risks from past pollution and mining subsidence. To minimize risks thyssenkrupp invests continuously and sustainably in environmental protection and scheduled remediation and maintains a close dialog with authorities, local communities and political representatives. We recognize adequate provisions for dealing with past pollution.

Further details on production risks in our businesses can be found in the section “Operational risks of the businesses.”

Sales risks – The risks described in the section “Macroeconomic risks” may diminish our business prospects on individual markets and therefore lead to sales risks. In the event of sustained developments, we carry out market-oriented adjustments or relocate capacities.

We counter sales risks resulting from dependence on individual markets and industries by focusing our businesses systematically on the markets of the future. As a group of companies with leading engineering expertise, thyssenkrupp operates globally, maintains good, long-term customer relationships, and pursues active strategic market and customer development. Our diversified product and customer structures help ensure that we remain largely independent of regional crises on our sales markets.

Product and process quality and meeting the corresponding quality requirements of our customers have top priority for us. However, we cannot rule out the possibility that we will not always be able to meet these quality standards. We classify the risks arising from this as “low” and we counter them with extensive measures in connection with production and quality assurance systems.

Further details on specific sales risks in our businesses and on our receivables management system, which is designed to counter the risk of bad debt, are provided in the section “Operational risks of the businesses.”

Order risks – Particularly in the plant engineering and marine businesses, one of the core challenges is the execution of major contracts involving a high degree of complexity and long project run times. Cost overruns and/or delays in individual project phases cannot be ruled out. We currently classify individual identified risks in aggregate as “medium”. We continuously improve our management tools so that we have better information on order status at all times and can take project-specific measures more quickly if required.

We check the credit standing of our customers carefully before entering into contracts for major orders and deploy experienced project managers for order execution. Through transparent monitoring of order status we ensure that payments are made promptly on the basis of order progress and minimize payment defaults.

Risks associated with information security – Our IT-based business processes are exposed to various risks associated with information security, which we classify as “medium”. Human error, organizational or technical processes and/or security vulnerabilities in information processing can create risks that threaten the confidentiality, availability and integrity of information. For this reason we continually review our processes and technologies. Systems are updated and processes modified immediately as necessary. The IT-based integration of our business processes is subject to the condition that the risks involved for our companies and business partners are continuously minimized. This is all the more important when entire value chains are transformed as a result of increasing digitization.

Cyber security remains a permanent challenge.

The number of attacks on the IT infrastructure of major German companies and so also of thyssenkrupp continues to increase. In this connection we have introduced measures to further improve our information security management and security technologies. One focus is protecting our production operations from unauthorized access for the purpose of espionage or sabotage. A group of IT security experts provides cross-segment support with the early identification of risks; this is being continuously expanded. In addition, vulnerability analyses are carried out regularly with the support of our IT security team and external experts to verify the security of the infrastructure and if necessary take corrective action.

Sensitizing our employees to the risks involved in handling business-related information is a very important issue to us. In this context we carry out internal communication campaigns and strive to ensure that the confidentiality of information is guaranteed through appropriate technical support.

Together with the group's data protection officers and coordinators, our experts ensure that personal data are processed in accordance with the rules of the EU General Data Protection Regulation and the applicable local laws.

All these measures are intended to protect the group's business data as well as the privacy of our business partners and employees, and to respond appropriately to potential new risks.

Personnel risks – To implement our fundamental strategic realignment successfully, we need dedicated and highly qualified employees and managers in all businesses. There is a risk of not being able to find enough key personnel to fill vacancies or losing competent employees in the challenging situation in which the group currently finds itself. In addition, pandemic-related factors could result in temporary personnel shortages, with the protection of our employees' health a top priority for us. Other extreme events, such as terrorist attacks or severe accidents could also cause the loss of employees. We classify the individual personnel risks overall as "low", with economic risks from the coronavirus pandemic taken into account under "Macroeconomic risks".

thyssenkrupp continues to position itself as an attractive employer and promotes the long-term retention of employees in the group. This involves offering management development programs, career prospects and attractive incentive systems. We provide targeted support for our employees, inform interested young people about career opportunities at thyssenkrupp from an early stage and support apprentices as they start their working life. We cooperate with key universities and establish contact with students from an early stage to secure the quality and number of talented youngsters we need.

Operational risks of the businesses

Materials Services – The global materials and service business of Materials Services is exposed to cyclical swings in demand and prices on the procurement and sales sides – in some cases to a greater extent than other businesses. This influences the segment's earnings situation and net working capital. While Material Services is currently benefiting from the economic cycle, the underlying effects could weaken or reverse in the foreseeable future.

The present shortage of materials and the ongoing effects and restrictions in connection with the coronavirus pandemic have made it especially clear that strategic partnerships with our suppliers are essential for the stability of our procurement processes. Thanks to its multi-sourcing strategy, the segment can respond to possible disruptions in the supply chain at short notice because fast delivery with minimum capital employed remains a key success factor for Material Services' business model. Therefore, this segment works continually to optimize and digitize logistics processes and the entire supply chain.

In addition the segment reduces cyclical risks through its international presence, high degree of diversification, and broad customer base – in terms of not just the total number of customers but also their business sectors. In this way, Materials Services can cushion both production stoppages by individual customers and sector-specific downturns in demand (for example, as a result of the shortage of semiconductors in the automotive sector or the ongoing effects of the coronavirus pandemic on the aviation industry). Overall that results in significant diversification of risks.

Material Services contains cyclical risks through its presence on all continents.

Materials Services is working to raise the efficiency and profitability of the segment by means of cost-cutting measures. At the same time, a holistic innovation process speeds up introduction of new digital and AI-based solutions for materials and services. AI-based supply chain forecasting is only one of the many projects here.

In addition, Materials Services plans to further improve its hedging of fluctuations in raw material prices and exchange rates with the aid of Big Data. Furthermore, the segment is making systematic improvements to net working capital management and efficient receivables management to counter the risk of defaults. These tools have become more important since the start of the coronavirus pandemic.

Industrial Components – Our Bearings business is subject to demand risks in the wind energy sector as a result of some dependence on national incentive programs for the expansion of renewable energies and local restrictions on the erection of wind farms. Any disruption of the global investment climate, in particular in the areas of infrastructure and general machinery manufacture, may also jeopardize our targets in these markets. Intense competition and the auctioning of projects may impact prices in the relevant sales markets. Higher than expected factor cost increases, particularly for raw materials, could negatively impact earnings margins. We are countering this price pressure with continuous optimizations and efficiency enhancements. To minimize the above price risks we are also investing in extending our technology leadership and optimizing our global production network.

If the global shortage of semiconductors leads to further production stoppages on the truck and construction machinery markets, there is a risk that our Forged Technology business might fail to meet its forecasts. In addition, the transition to an energy system dominated by renewables in Germany is creating major challenges for energy-intensive industries and thus for example also our forging facility in Germany.

Automotive Technology – The performance of Automotive Technology is directly linked to the performance of the automotive markets around the world. The global economy is still affected by the coronavirus pandemic. Although it has picked up compared with the previous year, it has not yet returned to the pre-pandemic level.

There are still considerable risks due to new waves of infection, further lockdowns and the resulting supply bottlenecks for starting materials (e.g., semiconductors), which could result in our customers prioritizing certain models or even to production stoppages. Consequently, there is a threat of sudden cuts in the volume of orders called off by customers, which could lead to production stoppages in our facilities and sub-optimal capacity utilization. If these risks materialize, we will use instruments such as short-time work to retain our skilled workforce.

We are a leading global player, for example, in components for the powertrain sector. This position is jeopardized by the increasing trend towards electrification. To counter this we are developing alternative products in new fields of business.

Additional risks could come from further future restrictions on multinational trade such as possible tariffs on automobile exports or auto parts. In an attempt to lessen dependency on individual markets Automotive Technology is expanding its customer base, developing technical innovations, and strengthening its local presence internationally.

Automotive Technology is exposed to the risk of future multinational trade restrictions.

In addition to these risks, both auto component and production equipment suppliers are exposed to risks from consolidation processes, intense competition, and a further increase in price pressure. We endeavor to counter this price pressure with continuous optimizations and sustainable efficiency enhancements.

On the procurement side there are risks that rising raw material prices cannot be passed on in full to customers or only with delays. We counter these risks by framing contracts with customers accordingly. In addition to the price risk there are also risks of logistics and supply chain disruption. In the area of procurement, supplier insolvencies, poor quality, production problems at some suppliers and a general shortage of certain components such as semiconductor products could also cause production stoppages at our facilities and, as a knock-on effect, at our customers' facilities.

Moreover, there are risks relating to the availability of transportation capacities (trucks, ships, containers) and infrastructure. We counter these risks through systematic supplier and logistics management, taking into account sustainability requirements. In view of the risks relating to the coronavirus outlined above, we endeavor to include force majeure clauses in supply contracts.

With regard to ongoing technological innovations and improvements and the ramp-up of new plants, risks from unplanned earnings impacts cannot be ruled out. Newly implemented or modified processes also carry the risk of organizational weak points, for example inadequately resourced internal control systems. On top of this there are potential risks from unexpected yield and quality problems and the associated warranty obligations. Automotive Technology uses extensive production and quality assurance systems to avoid or limit such risks as far as possible. It goes without saying that all our production plants operate in accordance with sustainability requirements.

Steel Europe – Our steel business is particularly exposed to the risk of fluctuating demand. This could be caused by economic weakness as a result of the coronavirus pandemic, market distortions/shifts as a result of trade conflicts or protectionist tariffs and, in some cases, short-term fluctuations in processing of our steel deliveries if customers are exposed to supply chain turbulence. To contain these risks Steel Europe implements customer acquisition measures, ensures appropriate shipments to a range of market segments, optimizes costs in all areas and focuses on less cyclical high-end market segments. The segment counters sales risks with appropriate staggering of contract terms and periods.

Steel Europe counters increased competition on the market for flat steel products with its technological expertise and an even stronger focus on markets and customers, which should enable the segment to differentiate itself from its competitors. This includes constant optimization of value chains and targeted investment in relevant research and development areas with the aim of developing innovative products and customer solutions and bringing them to market quickly. In addition, a quality management system geared to the ever increasing requirements of the market ensures steady improvements in product quality and helps secure a competitive market position.

Steel Europe reduces the risks of exposure to customer insolvencies through regular evaluation of the creditworthiness of business partners, intensive monitoring and appropriate hedging instruments.

Steel Europe counters the risk of rising raw materials prices by using diversified procurement sources, risk-reducing procurement strategies, active risk management and margin-securing measures. As a result of increasing extreme weather conditions, all modes of transportation entail a risk that starting materials will not be available as planned. To avoid any resultant business interruptions, we take a variety of compensation measures where necessary such as shifting some goods to transportation routes that are not affected or using additional handling equipment when loading and unloading. There is still a risk that the pandemic could interrupt global supply chains.

The cost risk resulting from the increase in the price of emissions allowances will continue in the fourth trading period (2021 to 2030), for example due to the mechanisms introduced to reduce allowances and the implementation of the EU's climate target by 2030. We have implemented a hedging strategy in an attempt to counter this. We are actively monitoring the current debate about the EU Commission's proposal for a significant reduction in the allocation of free allowances in the second half of the decade, accompanied by the introduction of a carbon border adjustment mechanism, for example, for steel.

Steel Europe hedges the rising price of emissions allowances.

To reduce business interruption risks and improve preventive fire safety, funds are made available for ongoing preventive maintenance and for modernization and investment. There are business continuity plans and emergency and crisis plans to deal with possible business interruptions, including those due to the pandemic. These set out measures to remedy the damage. The segment has integrated a business and technical risk controlling system for property insurance into its risk management process.

The move towards an energy system dominated by renewables in Germany is creating major additional challenges for energy-intensive industries in general and the steel sector in particular. However, basic exemptions for in-house electricity producers have been retained in the Renewable Energies Act (EEG 2021). Nevertheless, these regulations need to be developed within the framework of the transformation process in the steel industry to prevent the risks arising from renewable energy surcharges hindering the move towards carbon-neutral steel production. For this transformation, the steel industry needs to be able to rely on the availability of renewable electricity at competitive prices at all times.

Regulatory requirements placed on the electricity and gas networks of our large production sites and our power plants could result in further cost impacts. In addition, relief measures aimed at ensuring the international competitiveness of energy-intensive industries are increasingly being restricted, which also jeopardizes planning certainty. The risk of rising wholesale electricity prices is being countered by the extensive supply of electricity produced in-house. In response to the risk of increasing natural gas prices, the group is pursuing a centrally managed price hedging strategy.

Marine Systems – Various measures have successfully reduced or stabilized the operational risks relating to existing export contracts, which have been exposed to significant delays in some cases. Marine Systems implements structured mitigation measures and systematic supplier and risk management to counter technical and timing risks relating to new systems and components.

Moreover, possible political developments in customer countries or surrounding regions entail a risk that export approvals might not be granted for our projects. In the reporting period, Marine Systems successfully prevented the occurrence of such risks and obtained all necessary official permits.

In view of the ongoing shortage of raw materials and components, an impact on delivery times at Marine Systems cannot be completely ruled out. Moreover, it remains to be seen whether changes in the budget situation in customer countries as a result of the pandemic affect the intensity of procurement.

Multi Tracks – Market conditions for our plant engineering business and also for the other businesses combined in the new Multi Tracks segment are volatile due to the pandemic, as reflected in postponements of new projects and delayed progress on ongoing projects. However, service business is stable.

In the plant engineering business, the specific risks described in the section “Order risks” with regard to the execution of major long-term contracts and technically complex orders are countered by professional and result-oriented project management and the increased use of project management measures. Technological risks are associated in particular with “first of their kind” contracts.

In the Springs & Stabilizers business unit there is continued uncertainty with regard to future sales volumes as a result of the ongoing semiconductor crisis in the automotive industry and the resultant production problems experienced by our customers. Extensive measures have been introduced to counter the start-up risks at our Hungarian site. These include structural and process-based approaches and training.

Extensive restructuring has been undertaken at Automation Engineering to adjust capacity. There has not yet been any signs of a recovery in the powertrain assembly market and this could have implications for order intake.

Takeover-related disclosures

The following information, valid September 30, 2021, is presented in accordance with §§ 289a and 315a HGB. Details under §§ 289a and 315a HGB which do not apply at thyssenkrupp are not mentioned.

Composition of capital stock

The capital stock of thyssenkrupp AG amounts to €1,593,681,256.96 and consists of 622,531,741 no-par value bearer shares. Each share carries the same rights and grants one vote at the Annual General Meeting.

Direct and indirect shareholdings exceeding 10% of the voting rights

As of the reporting date, the following shareholdings in the company exceed 10% of the voting rights:

- Direct shareholding of Alfried Krupp von Bohlen und Halbach Foundation, Essen, in the amount of around 21% of the voting rights of thyssenkrupp AG as of September 30, 2021 according to a voluntary notification of September 2021;
- Indirect shareholding of Cenvian Capital II GP Limited, St. Helier, Jersey, in the amount of 15.08% of the voting rights according to a WpHG announcement of March 2014. Voting rights are attributed to it by its controlled company Cenvian Capital II Master Fund LP, Cayman Islands, which has a direct shareholding of 12.23% of the voting rights of thyssenkrupp AG.

Appointment and dismissal of Executive Board members, amendments to the Articles of Association

The appointment and dismissal of members of the Executive Board of thyssenkrupp AG are subject to §§ 84, 85 AktG and § 31 Codetermination Act (MitbestG) in conjunction with § 6 of the Articles of Association. Amendments to the Articles of Association are subject to the approval of the Annual General Meeting with a majority of at least three quarters of the capital stock represented; §§ 179 ff. AktG apply. Under § 11 (9) of the Articles of Association, the Supervisory Board is authorized to resolve amendments to the Articles of Association which relate only to their wording. Most recently the Supervisory Board amended the wording of § 5 following expiry on January 16, 2019 of the authorization to create authorized or conditional capital pursuant to § 5 (5 and 6) of the Articles of Association.

Key agreements subject to conditions

thyssenkrupp AG is party to the following agreements that contain certain conditions in the event of a change of control as a result of a takeover bid:

- The company has committed, bilaterally agreed credit facilities in the amount of €1.5 billion. For the majority of these credit facilities the banks have the right under certain conditions to cancel their credit facility and the associated outstanding loans and demand their repayment if one or more shareholders, who act in a concerted manner towards thyssenkrupp AG with shareholders other than the Alfried Krupp von Bohlen und Halbach Foundation, together hold more than 50% of the voting rights or capital stock of thyssenkrupp AG.

The company has bonds and private placements outstanding in the nominal amount of €4.5 billion. A change of control, i.e. cases where a third party or third parties acting in a concerted manner towards thyssenkrupp AG acquires or holds more than 50% of the capital stock or more than 50% of the voting shares of thyssenkrupp AG, may under certain conditions lead to the early redemption including interest.


- The service agreements with Executive Board members Oliver Burkhard and Dr. Klaus Keysberg contain commitments to benefits in the event of premature termination of their service contracts due to a change of control (change of control clause). A change of control exists when (i) a shareholder has acquired control within the meaning of the Securities Acquisition and Takeover Act (WpÜG) by holding at least 30% of the voting rights in the company, (ii) an enterprise agreement in accordance with § 291 AktG has been entered into with the company as a dependent enterprise or (iii) the company has been merged with another non-group legal entity in accordance with § 2 Transformation Act (UmwG), unless the value of the other legal entity is less than 50% of the value of the company as evidenced by the agreed exchange ratio. In the event of a change of control Oliver Burkhard and Dr. Klaus Keysberg have the right, within a period of six months after the change of control, to resign their employment for good reason and terminate their Executive Board service contract subject to three months' notice to the end of a month (special termination right). If the Executive Board members exercise this special termination right, they are entitled to a severance payment amounting to their annual fixed salary and the expected STI payments for the remaining term of their Executive Board service contract, but limited to a maximum of two years' compensation, comprising fixed salary and STI. The special termination right and the right to severance payments do not apply if the change of control is by the Alfried Krupp von Bohlen und Halbach Foundation. The related arrangements are presented in the compensation report in the section "Compensation on termination of contract – change of control."

Corporate governance statement

The corporate governance statement in accordance with §§ 289 f (1) Sentence 2 and 315 d HGB is the central instrument of corporate governance reporting. The Executive Board and Supervisory Board issue a joint declaration of conformity and bear joint responsibility for the corresponding sections of the report. At thyssenkrupp corporate governance stands for responsible corporate management and control geared to long-term value creation. At thyssenkrupp good corporate governance is an issue which embraces all areas of the group.

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

The Executive Board and Supervisory Board of thyssenkrupp AG issued the following declaration in accordance with § 161 (1) of the German Stock Corporation Act (AktG) and published it on the company's website on October 1, 2021:

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Declaration by the Executive Board and Supervisory Board
of thyssenkrupp AG
on the recommendations of the
"Government Commission German Corporate Governance Code"
in accordance with § 161 AktG

thyssenkrupp AG complies with all the recommendations of the German Corporate Governance Code dated December 19, 2019 ("Code") as published by the Federal Ministry of Justice in the official section of the Federal Gazette on March 20, 2020 and will continue to do so in future.

Furthermore, thyssenkrupp AG has complied with all the recommendations of the Code since the last Declaration of conformity was made on February 6, 2021.

Duisburg/Essen, October 01, 2021

For the Supervisory Board For the Executive Board

– Russwurm –

– Merz –

In its Declaration of conformity of October 1, 2020 thyssenkrupp AG disclosed deviations from the GCGC, which all related to the new rules on Executive Board compensation introduced in the Code dated December 16, 2019 (G.1 [Definition of the compensation system], G.3 [Peer group], G.7 [Definition of performance criteria for variable compensation components], G.9 [Comprehensible

target achievement], G.10 [Access to long-term variable compensation components] and G.11 [Retention and claw-back options for variable compensation components]). A new compensation system for the Executive Board that conformed to all the requirements of the GCGC was proposed to the Annual General Meeting 2021 and approved by a majority of 96.70% of capital represented. Thereafter, an additional Declaration of conformity was made in February 2021, stating that thyssenkrupp AG again complied with all the recommendations of the GCGC.

The declarations of conformity issued in the past five years have been made publicly available on our website.


Our listed subsidiary Eisen- und Hüttenwerke AG also complies with the GCGC, taking into account the particularities of its membership of the group. Individual deviations are presented and explained in the company's declaration of conformity published on October 1, 2021.

Key corporate governance principles and practices

thyssenkrupp Code of Conduct

While the group mission statement describes our goals and standards, the concrete principles and ground rules for our work and our behavior towards business partners and the public are summarized in the thyssenkrupp Code of Conduct. It provides employees, managers and board members alike with guidelines on subjects such as the requirements for compliance, equality and non-discrimination, cooperation with the employee representatives, occupational safety and health, environmental and climate protection, as well as data protection and information security. Suppliers are required to follow the thyssenkrupp Supplier Code of Conduct. In addition, thyssenkrupp has signed the United Nations Global Compact, the BME Code of Conduct and the Diversity Charter.

All these principles are implemented with the aid of the existing programs and management systems and the Indirect Financial Targets. thyssenkrupp also pursues a strategy of sustainable and responsible business in the individual operating segments. We provide detailed information on our comprehensive sustainability agenda in our non-financial statement, which forms part of this annual report (under "Fundamental information about the group", in the section "Targets" and in the chapter "Overview of non-financial disclosures") and on our website.

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Sustainability strategy and
targets

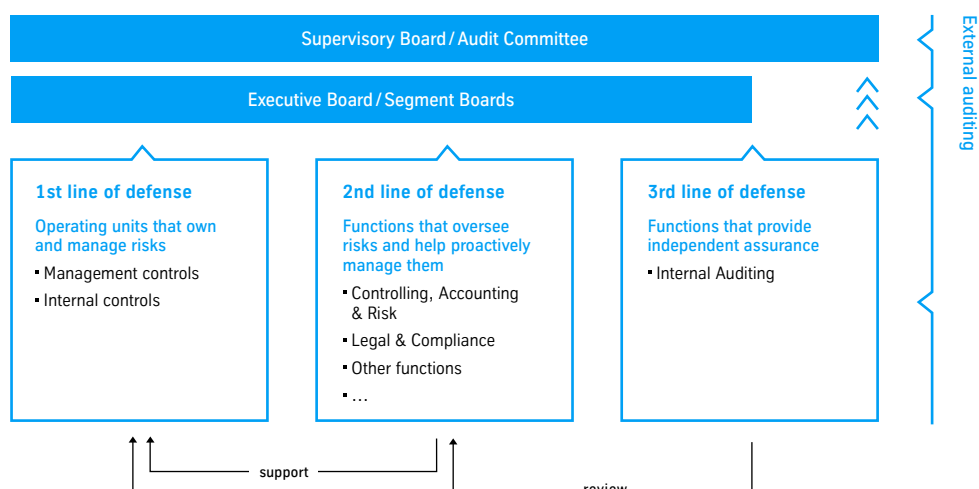
Integrated governance, risk and compliance model

Dealing responsibly with risks is part of corporate governance at thyssenkrupp, because the continuous and systematic management of business risks – but also opportunities – is fundamental to professional governance. An integrated governance, risk management and compliance (GRC) model, embedded in the GRC Policy that applies to all companies of the thyssenkrupp group, provides the basis for risk management in the group.

The structure of the risk management system is based on international standards.

As a framework for this, thyssenkrupp uses the internationally established three lines of defense model adapted to the group's specific organizational structure. This model shows the responsibilities for risk management in the thyssenkrupp group within each line of defense and how these are segregated within the GRC model.

THREE LINES OF DEFENSE MODEL



Risks have to be identified at the 1st line of defense and managed where they arise. Various risk management tools are available to reduce the risks to an acceptable level. Systematic risk management in the operating units on the 1st line of defense must be strengthened with automated internal controls in the business processes wherever possible. As there are cases where this is not fully possible, further control measures have to be performed by management to ensure the effectiveness of the internal control system.

The 2nd line of defense includes functions such as Controlling, Accounting & Risk and Legal & Compliance. They perform governance tasks across the group and provide the framework for the internal control system, the risk management system, and compliance – for example via binding internal documents – and support the 1st line of defense with the management of risks. At the same time these functions oversee and manage the group's risks from the viewpoint of the group as a whole. Close integration of the internal control system, risk management system and compliance maximizes the efficiency of risk prevention and management.

Key features of our internal risk management and control system are described in the section "Opportunity and risk report".

Compliance, in the sense of all groupwide measures to ensure adherence to statutory requirements and binding internal regulations, is a key management and oversight duty at thyssenkrupp.

The Executive Board of thyssenkrupp AG has unequivocally expressed its rejection of compliance violations in the thyssenkrupp Compliance Commitment. We have a policy of zero tolerance towards violations in our core compliance areas, antitrust law, corruption prevention, data protection, anti-money-laundering and export control legislation. At the same time the compliance commitment expresses our positive compliance mindset: we stick to the rules out of conviction.

The Chief Compliance Officer, who is responsible for managing the compliance program, reports via the responsible head of corporate center to the Executive Board member of thyssenkrupp AG responsible for compliance.

More information on compliance at thyssenkrupp can be found in the “Compliance” section of the combined management report.

In the 3rd line of defense the Internal Auditing function ensures by means of independent audits that the processes and systems are correct, secure, appropriate and cost-effective, and that the control systems in the other two lines of defense are effective. The head of Corporate Internal Auditing reports on the auditing function to the Audit Committee twice a year or as needed. Internal Auditing itself is subject to an external quality assessment every five years; the last quality assessment was successfully completed in the first quarter of the fiscal year 2020 / 2021.

The three lines of defense model is supplemented by the work of the external financial statement auditors.



Compliance is a question of mindset

Executive Board

Composition and method of operation of the Executive Board

On the basis of the organizational structure it has adopted, the Executive Board bears responsibility for managing the Company in the interest of the Company, i.e. taking into account the concerns of the shareholders, employees and other stakeholders, with the aim of sustainable value creation. It makes provisions for compliance with the statutory requirements and binding internal regulations, and works to ensure that these are observed by the companies of the thyssenkrupp group. The Executive Board has established appropriate compliance and risk management systems. Significant business transactions are subject to the approval of the Supervisory Board; they are listed in § 7 (1) of the Articles of Association and Annex 2 of the Rules of Procedure for the Executive Board.

The Executive Board of thyssenkrupp AG must consist of at least two members. The age limit for Executive Board members has been defined as the statutory retirement age of the state pension scheme (or alternatively of a pension scheme of a professional association that applies to the Executive Board member). The Executive Board members bear joint responsibility for overall business management; they decide on key management measures such as corporate strategy and corporate planning. The Executive Board Chairwoman is responsible for coordinating all the directorates of the Executive Board and for communicating with the Supervisory Board; she also represents the Executive Board. More detailed information on the individual members of the Executive Board and

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their areas of responsibility (directorates) can be found on the Company's website. The Executive Board has not formed any committees. It is advised by the Executive Committee, which meets regularly and is composed of the CEOs of the segments, the heads of the corporate center and a representative of the regions. As part of the transformation into a high-performance group of companies, this allows expertise from the businesses to feed more strongly into considerations at group level than in the past and thus further strengthens the role of the businesses.

Compensation system and compensation of Executive Board members

The Supervisory Board adopted a compensation system for the Executive Board on November 18, 2020 that conforms to the Act Implementing the Second Shareholders' Rights Directive (ARUG II) and is in line with the new recommendations of the GCGC as amended on December 16, 2019. The compensation system was approved at the Annual General Meeting 2021 by a majority of 96.70%.

The compensation report in accordance with § 161 AktG can be found in the corresponding section of this annual report. In addition, the compensation report, including the statement by the financial statement auditors, the current compensation system and the last resolution of the Annual General Meeting on compensation have been made public on our website. Details of the new compensation system are also included in the invitation to the Annual General Meeting 2021.

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Compensation report


Supervisory Board

Composition and method of operation of the Supervisory Board

The Supervisory Board advises and oversees the Executive Board in its management of the Company. It determines the number of members the Executive Board has above the minimum number, appoints and dismisses the members of the Executive Board, and defines their directorates. It also determines the compensation of Executive Board members. Details of Executive Board compensation can be found in the compensation report. The Supervisory Board reviews the parent company and consolidated financial statements along with the combined management report of thyssenkrupp AG, adopts the parent-company financial statements and approves the consolidated financial statements and the combined management report. It examines the proposal for the appropriation of net income and with the Executive Board submits it to the Annual General Meeting for resolution. On the substantiated recommendation of the Audit Committee, the Supervisory Board proposes the auditors for election by the Annual General Meeting. After the corresponding resolution is passed by the Annual General Meeting, the Audit Committee awards the contract to the auditors and monitors the audit of the financial statements together with the independence, qualifications, rotation and efficiency of the auditors. Details of the activities of the Supervisory Board in the fiscal year 2020/2021 are contained in the report by the Supervisory Board. The compensation of the Supervisory Board members is determined by the Annual General Meeting. It was last approved at the Annual General Meeting on February 5, 2021 by a majority of 99.71% of capital represented. The system resolved by the Annual General Meeting on January 17, 2014 was thus confirmed without any changes. The compensation paid to the individual Supervisory Board members is presented in the compensation report.

The composition of the Supervisory Board of thyssenkrupp AG is governed by law and the detailed provisions of § 9 of the Articles of Association. In accordance with the German Codetermination Act, it is composed of ten shareholder representatives and ten employee representatives. Under the Articles of Association, the Alfried Krupp von Bohlen und Halbach Foundation has a designation right.

In accordance with § 27 (1) of the Codetermination Act, the chair of the Supervisory Board is elected from among the Supervisory Board members. The task of the Supervisory Board chair is to coordinate the work of the Supervisory Board and chair the Supervisory Board meetings. Public statements by the Supervisory Board are issued by the Supervisory Board chair. At thyssenkrupp at least one member of the Supervisory Board must have expertise of financial accounting and another member must have expertise of auditing financial statements. All members of the Supervisory Board are subject to a statutory secrecy obligation. More detailed information on the individual members of the Supervisory Board and its six committees can be found on the Company's website.

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Supervisory Board

Composition and method of operation of the Supervisory Board committees

The Supervisory Board has formed a total of six committees. With the exception of the Nomination Committee, all committees must be composed of equal numbers of shareholder and employee representatives. The Mediation Committee formed in accordance with § 27 (3) of the Codetermination Act (MitbestG) must be composed of the Supervisory Board Chair, the Deputy Chair, one shareholder representative and one employee representative. In line with the recommendation of the GCGC, the chair of the Supervisory Board and the chair of Audit Committee are not the same person.

The Executive Committee and the Personnel Committee are composed of the same four members, namely Prof. Dr.-Ing. Siegfried Russwurm (chairman of both committees), Dr. Bernhard Günther, Jürgen Kerner and Dirk Sievers. As part of its activities the Personnel Committee handles the topic of succession planning, which the Supervisory Board Chairman also discusses with the Executive Board. This enables the Supervisory Board to ensure long-term succession planning together with the Executive Board. The Mediation Committee is composed of four members (Prof. Dr.-Ing. Siegfried Russwurm [Chair], Dr. Bernhard Günther, Jürgen Kerner and Dirk Sievers). The Audit Committee is composed of six members (Dr. Bernhard Günther (Chair), Friederike Helfer, Tanja Jacquemin, Jürgen Kerner, Dirk Sievers and Dr. Verena Volpert) and the Strategy, Finance and Investment Committee eight members (Prof. Dr.-Ing. Siegfried Russwurm (Chair), Prof. Dr. Dr. h.c. Ursula Gather, Friederike Helfer, Jürgen Kerner, Dr. Ingo Luge, Tekin Nasikkol, Peter Remmler and Dirk Sievers). The Nomination Committee is composed of up to five shareholder representatives (Prof. Dr.-Ing. Siegfried Russwurm (Chair), Prof. Dr. Dr. h.c. Ursula Gather, Dr. Bernhard Günther, Friederike Helfer and Dr. Ingo Luge) who are elected exclusively by the shareholder representatives on the Supervisory Board. Details of their responsibilities can be found in the rules of procedure for the committees issued by the Supervisory Board. These rules and the current members can be found on the Company's website.

 www.thyssenkrupp.com >
Company > Management >
Supervisory Board Committees

The chairs of the committees report regularly on the meetings and work of the committees at the Supervisory Board meetings. Their main task is to prepare specific topics for discussion and decision at full meetings of the Supervisory Board, except where the Supervisory Board has granted decision-making powers to the committees. Preparatory and decision-making responsibilities are set out in the rules of procedure for the committees. Details on the tasks and method of operation of the committees in the reporting year are provided in the report by the Supervisory Board.

The Supervisory Board regularly assesses the effectiveness of the work of the full Board and its committees. In addition to qualitative criteria to be defined by the Supervisory Board, the assessment includes in particular the procedures of the Supervisory Board and the flow of information between the committees and the full Supervisory Board as well as the timely and adequate provision of information to the Supervisory Board and its committees. The last self-assessment took place in fiscal year 2019/2020 and was overseen by external and independent experts.

Avoiding conflicts of interest

In the reporting year there were no consulting or other service agreements between Supervisory Board members and the Company. There were no conflicts of interest that Executive Board or Supervisory Board members would have had to disclose immediately to the Supervisory Board. Details of the other directorships held by Executive Board and Supervisory Board members on statutory supervisory boards or comparable German and non-German control bodies of business enterprises are provided in the sections of the same name under "Additional information". Details of related party transactions are given in Note 23 to the financial statements of the thyssenkrupp group.


Directors' dealings

Members of the Executive Board and Supervisory Board and persons close to them are required to disclose the purchase and sale of thyssenkrupp AG shares and debt certificates or related financial instruments whenever the value of the transactions amounts to €20,000 or more within a calendar year. No transactions were reported to us in the 2020/2021 fiscal year. Previous transactions were published and are available for viewing on the Company's website. At September 30, 2021 the total volume of thyssenkrupp AG shares held by Executive Board and Supervisory Board members amounted to less than 1% of the shares issued by the Company.

Shareholders and Annual General Meeting

The shareholders of thyssenkrupp AG exercise their rights at the Company's Annual General Meeting. At the Annual General Meeting the shareholders regularly pass resolutions on the appropriation of net income, the ratification of the acts of the Executive Board and Supervisory Board, and the election of the financial-statement auditors. As a rule, shareholders can exercise their voting rights at the Annual General Meeting in person or by proxy, for which they can authorize a person of their choice or a Company-nominated proxy acting on their instructions. They can also cast their votes online on the internet or in writing by postal vote. The Annual General Meeting can be viewed live and in full on the Company's website. Also on our website we make all legally required documents and information on the Annual General Meeting available to shareholders in good time.

Because of the coronavirus pandemic, the Executive Board decided with the approval of the Supervisory Board to hold the Annual General Meeting 2021 without the physical presence of shareholders and their proxies in accordance with § 1 (1) and (2) of the Act on Measures to Combat the Effects of the Coronavirus Pandemic in Legislation Governing Companies, Cooperatives, Associations, Foundations and Freehold Property ("Covid Act"). Shareholders and their proxies could exercise their rights as before in writing via the InvestorPortal, which was available on the thyssenkrupp website, as in prior years. The Annual General Meeting was streamed in full on the company website and in the InvestorPortal. Also on our website we made all documents and information on the Annual General Meeting available to shareholders in good time. In accordance

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Investors > Annual General
Meeting

with the Covid Act, an additional function was to allow questions to be submitted electronically via the InvestorPortal until two days before the Annual General Meeting. All the submitted questions were categorized by topic and answered by the company.

Accounting and financial statement auditing

In line with European Union requirements, thyssenkrupp prepares the consolidated financial statements for the thyssenkrupp group and interim reports in accordance with the International Financial Reporting Standards (IFRS). However, the parent-company financial statements of thyssenkrupp AG, on which the dividend payment is based, are drawn up in accordance with German GAAP (HGB).

In accordance with the statutory provisions the auditor is elected each year by the Annual General Meeting for a period of one year. At the proposal of the Supervisory Board, the Annual General Meeting on February 05, 2021 elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) to audit the annual financial statements for fiscal year 2020 / 2021 and review the interim financial reports for fiscal year 2020 / 2021 and to review the interim financial reports for fiscal year 2021 / 2022 drawn up before the 2022 Annual General Meeting. PwC has been auditing the parent-company financial statements and consolidated financial statements of thyssenkrupp AG since fiscal year 2012 / 2013. It was appointed in 2012 following an external bidding process. In accordance with EU Regulation 537 / 2014, thyssenkrupp AG is obliged to rotate the auditors of its financial statements and consolidated financial statements in 2022 / 2023. The bidding process required by law was carried out. Further information can be found in the Report by the Supervisory Board. The signatory auditors for the parent-company financial statements of thyssenkrupp AG and consolidated financial statements of the thyssenkrupp group are Harald Kayser (since fiscal year 2017 / 2018) and Michael Preiß (since fiscal year 2015 / 2016). The statutory requirements and obligation to rotate auditors were fulfilled.

PwC is the financial statement auditor and consolidated financial statement auditor of thyssenkrupp AG.

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

For the Supervisory Board of thyssenkrupp AG, the law stipulates that the board must be composed of at least 30% women and at least 30% men. The 30% minimum for the proportion of women members as required by law and defined by the Supervisory Board has been exceeded since fiscal year 2019 / 2020. The appointment of five female members on the shareholder side and four on the employee side during the reporting period brought the proportion of women on the Supervisory Board to 45% at September 30, 2021.

In May 2017 the Supervisory Board set a target of 20% women on the Executive Board, to be implemented by June 30, 2022. With the appointment of Martina Merz to the Executive Board of thyssenkrupp AG, the proportion of women on the Executive Board comes to 33%.

In April 2017 the Executive Board of thyssenkrupp AG raised the female representation target for the first management level below the Executive Board from 8% to 11% and for the second from 23% to 25%, both to be implemented by June 30, 2022.

Other companies of the thyssenkrupp group subject to codetermination law have also adopted targets for the proportion of women on supervisory boards, management boards, and two management levels below for the period after June 30, 2017, set a deadline for implementation and published both in accordance with statutory provisions. The implementation periods end on June 30, 2022.

Diversity model of the composition of the Executive Board and Supervisory Board of thyssenkrupp AG

As a listed company, thyssenkrupp AG meets the diversity requirements in particular under the Stock Corporation Act, the German Corporate Governance Code (GCGC) and the applicable accounting standards. These contain different requirements for the composition of the Executive Board and Supervisory Board which are also taken into account in the diversity model adopted by the Supervisory Board. The model also includes the targets defined by the Supervisory Board for its composition and overall competency profile. Please refer to the preceding section for information on the proportion of women on the Supervisory Board and the target set.

Executive Board

The diversity model is aimed at securing sufficient diversity of opinion and knowledge on the Executive Board. The assessment, selection and appointment of candidates is based on the rules and generally accepted principles of non-discrimination. In selecting candidates for the Executive Board, the Supervisory Board also considers further diversity criteria: the candidate's personality, expertise and experience, internationality, training and professional background as well as age and gender.

The weighting given to the diversity criteria depends on the Executive Board position and duties to be performed in each individual case. The Personnel Committee of the Supervisory Board takes the above criteria into account when selecting candidates for the Executive Board. The diversity model for the composition of the Executive Board was applied in the reporting period, in which there was no change to the Executive Board. In particular, the Executive Board members have many years of experience in their respective areas of responsibility. Furthermore, one of the three Executive Board members, Martina Merz, is female.

Supervisory Board

The diversity model for the Supervisory Board aims to ensure that the members of the Supervisory Board have the knowledge, skills and professional experience needed to perform their tasks properly.

thyssenkrupp AG followed the statutory requirements when setting the target for the percentage of women on the Supervisory Board. They stipulate that at least 30% of the members must be women and at least 30% men. In addition the diversity model contains two key elements: the targets of the Supervisory Board for its own composition and the competency profile for the Supervisory Board as

a whole. Both already contain requirements for the Supervisory Board's diversity model, for example age, gender, education and professional background.

The diversity model is implemented through the election of Supervisory Board members. The election recommendations made to the Annual General Meeting of thyssenkrupp AG must meet the statutory requirements for the representation of women and men on the Supervisory Board while taking into account the targets set by the Supervisory Board itself and aiming to fulfill the competency profile for the board as a whole. This also applies to the appointment of successor candidates to the Supervisory Board. The Nomination Committee takes the diversity model into account when seeking candidates to act as shareholder representatives on the Supervisory Board.

Under the GCGC, the Supervisory Board must be composed in such a way that its members have the knowledge, skills, and professional experience needed to perform their tasks properly. In May 2020 the Supervisory Board updated the existing targets for its composition and competency profile in line with the requirements of the latest version of the GCGC as follows:

- Supervisory Board to have sufficient members with international experience, in particular in the expansion markets;
- Industrial expertise/sector knowledge in the fields in which thyssenkrupp operates with a global perspective, corporate management, management of companies subject to codetermination, corporate development, organization and structuring, corporate strategy and portfolio management with a global perspective, personnel management and development, human resources, digitization and IT, sustainability, financing and capital market, accounting and auditing, law, compliance and corporate governance;
- Avoidance of significant and non-temporary conflicts of interest (existing conflicts of interest or conflicts of interest to be expected in the future) and appropriate handling of other conflicts of interest;
- Supervisory Board members to serve no more than a maximum three periods of office, and observe an age limit of 75 (i.e. Supervisory Board members to stand down from the Supervisory Board at the end of the Annual General Meeting after they reach 75);
- At least six shareholder representatives should be independent of the company and the Executive Board;
- The following criteria have been defined to evaluate the independence of shareholder representatives:
 - No personal or business relationship with thyssenkrupp AG or its Executive Board which could constitute a significant and non-temporary conflict of interest.
 - The Supervisory Board member or a close relative of the Supervisory Board member was not a member of the Executive Board of thyssenkrupp AG in the two years prior to appointment, does not currently or did not in the year prior to appointment, either directly or as a shareholder or in a responsible function at a non-group company, maintain a material business relationship with thyssenkrupp AG or one of its dependent companies (e.g. as a customer, supplier, lender or advisor), is not a close relative of an Executive Board member and has not been a member of the Supervisory Board for more than 12 years.

- No board role or consultancy duties at key competitors of thyssenkrupp AG and its group companies and no personal relationship to a key competitor;
- The Supervisory Board should not include more than two former Executive Board members;
- The Chairs of the Supervisory Board, the Audit Committee and the Personnel Committee should be independent of the Company and the Executive Board;
- The maximum term of office of the Supervisory Board members should not exceed 12 years (up to the end of the Annual General Meeting that resolves on the ratification of the acts of the Supervisory Board for the eleventh year of office of the Supervisory Board member);
- The Supervisory Board is composed of at least 30% women and at least 30% men.

The current composition of the Supervisory Board meets the targets and the competency profile. The Supervisory Board's targets for its own composition are factored into the election proposals put to the Annual General Meeting, while aiming to fulfill the competency profile for the board as a whole. This was most recently the case for the election of Dr. Verena Volpert at the Annual General Meeting 2021. She had previously been appointed to the Supervisory Board by the district court.

The Supervisory Board members have the professional and personal qualifications mentioned in the competency profile. In the assessment of the shareholder representatives on the Supervisory Board, the shareholder representatives all meet the defined criteria for independence, namely: Birgit Behrendt, Stefan Erwin Buchner, Dr. Wolfgang Colberg, Prof. Dr. Dr. h.c. Ursula Gather, Angelika Gifford, Dr. Bernhard Günther, Friederike Helfer, Dr. Ingo Luge, Prof. Dr.-Ing. Siegfried Russwurm and Dr. Verena Volpert, as well as Dr. Ingrid Hengster and Dr. Lothar Steinebach, who have now left the Supervisory Board. In particular, Dr. Bernhard Günther, Chair of the Audit Committee, is considered to be an independent member of the Supervisory Board with expertise in the field of accounting, and Dr. Verena Volpert is considered to be an expert in the auditing of financial statements. Taken as a whole, the Supervisory Board members are familiar with the sector in which thyssenkrupp operates.

Group financial statements

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thyssenkrupp group – statement of financial position

ASSETS

million €	Note	Sept. 30, 2020	Sept. 30, 2021
Intangible assets	04	2,075	1,892
Property, plant and equipment (inclusive of investment property)	05	6,319	6,513
Investments accounted for using the equity method	06	722	670
Other financial assets	11	658	718
Other non-financial assets	12	230	337
Deferred tax assets	31	497	472
Total non-current assets		10,501	10,602
Inventories	08	5,922	7,116
Trade accounts receivable	09	4,833	4,308
Contract assets	10	1,575	1,434
Other financial assets	11	535	849
Other non-financial assets	12	1,414	1,386
Current income tax assets		162	123
Cash, cash equivalents and time deposits	34	11,547	8,974
Assets held for sale	03	0	2,019
Total current assets		25,989	26,209
Total assets		36,490	36,811

See accompanying notes to consolidated financial statements.

EQUITY AND LIABILITIES

million €	Note	Sept. 30, 2020	Sept. 30, 2021
Capital stock		1,594	1,594
Additional paid-in capital		6,664	6,664
Retained earnings		1,472	1,771
Cumulative other comprehensive income		80	372
thereof: disposal groups		—	(34)
Equity attributable to thyssenkrupp AG's stockholders		9,810	10,400
Non-controlling interest		364	445
Total equity	13	10,174	10,845
Accrued pension and similar obligations	15	8,560	7,896
Provisions for other non-current employee benefits	16	289	298
Other provisions	16	507	513
Deferred tax liabilities	31	58	60
Financial debt	17	5,303	3,784
Other financial liabilities	19	96	66
Other non-financial liabilities	20	6	1
Total non-current liabilities		14,819	12,619
Provisions for current employee benefits	16	156	176
Other provisions	16	1,188	1,175
Current income tax liabilities		166	151
Financial debt	17	1,199	1,640
Trade accounts payable	18	3,475	4,244
Other financial liabilities	19	665	729
Contract liabilities	10	3,073	2,205
Other non-financial liabilities	20	1,575	1,794
Liabilities associated with assets held for sale	03	0	1,232
Total current liabilities		11,497	13,347
Total liabilities		26,316	25,966
Total equity and liabilities		36,490	36,811

See accompanying notes to consolidated financial statements.

thyssenkrupp group – statement of income

million €, earnings per share in €	Note	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Sales	24, 25	28,899	34,015
Cost of sales	04, 05	(29,184)	(29,659)
Gross margin		(285)	4,356
Research and development cost		(247)	(234)
Selling expenses		(2,195)	(2,379)
General and administrative expenses		(1,881)	(1,540)
Other income	26	245	323
Other expenses	27	(897)	(114)
Other gains/(losses), net	28	1	32
Income/(loss) from operations		(5,260)	443
Income from companies accounted for using the equity method		4	(106)
Finance income		1,188	725
Finance expense		(1,525)	(962)
Financial income/(expense), net	29	(333)	(343)
Income/(loss) from continuing operations before tax		(5,593)	101
Income tax (expense)/income	31	52	(120)
Income/(loss) from continuing operations (net of tax)		(5,541)	(19)
Income/(loss) from discontinued operations (net of tax)	03	15,134	(6)
Net income/(loss)		9,592	(25)
Thereof:			
thyssenkrupp AG's shareholders		9,585	(115)
Non-controlling interest		8	90
Net income/(loss)		9,592	(25)
Basic and diluted earnings per share based on	32		
Income/(loss) from continuing operations (attributable to thyssenkrupp AG's shareholders)		(8.91)	(0.17)
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)		15.40	(0.18)

See accompanying notes to consolidated financial statements.

thyssenkrupp group – statement of comprehensive income

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Net income/(loss)	9,592	(25)
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	(246)	455
Tax effect	(1,006)	(23)
Other comprehensive income from remeasurements of pensions and similar obligations, net	(1,252)	432
Unrealized gains/(losses) from fair value measurement of equity instruments		
Change in unrealized gains/(losses), net	2	6
Tax effect	0	0
Net unrealized (gains)/losses	2	6
Share of unrealized gains/(losses) of investments accounted for using the equity-method	0	3
Subtotals of items of other comprehensive income that will not be reclassified to profit or loss in future periods	(1,250)	440
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	(468)	127
Net realized (gains)/losses	146	1
Net unrealized (gains)/losses	(322)	128
Unrealized gains/(losses) from fair value measurement of debt instruments		
Change in unrealized gains/(losses), net	(3)	9
Net realized (gains)/losses	0	0
Tax effect	0	(1)
Net unrealized (gains)/losses	(3)	8
Unrealized gains/(losses) from impairment of financial instruments		
Change in unrealized gains/(losses), net	(10)	(20)
Net realized (gains)/losses	5	7
Tax effect	1	4
Net unrealized (gains)/losses	(4)	(9)
Unrealized gains/(losses) on cash flow hedges		
Change in unrealized gains/(losses), net	35	48
Net realized (gains)/losses	(13)	46
Tax effect	1	(3)
Net unrealized (gains)/losses	23	90
Share of unrealized gains/(losses) of investments accounted for using the equity-method	(3)	83
Subtotals of items of other comprehensive income that could be reclassified to profit or loss in future periods	(309)	300

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Other comprehensive income	(1,559)	740
Total comprehensive income	8,034	715
Thereof:		
thyssenkrupp AG's shareholders	8,061	611
Non-controlling interest	(28)	105
Total comprehensive income attributable to thyssenkrupp AG's stockholders refers to:		
Continuing operations	(6,772)	617
Discontinued operations	14,833	(6)

See accompanying notes to consolidated 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, 2019	622,531,741	1,594	6,664	(6,859)
Adjustment due to the adoption of IFRS 16				(1)
Balance as of Oct. 1, 2019	622,531,741	1,594	6,664	(6,860)
Net income/(loss)				9,585
Other comprehensive income				(1,251)
Total comprehensive income				8,333
Profit attributable to non-controlling interest				
Other changes				0
Balance as of Sept. 30, 2020	622,531,741	1,594	6,664	1,472
Net income/(loss)				(115)
Other comprehensive income				434
Total comprehensive income				319
Profit attributable to non-controlling interest				
Capital increase				0
Changes of shares of already consolidated companies				(7)
Other changes				(14)
Balance as of Sept. 30, 2021	622,531,741	1,594	6,664	1,771

See accompanying notes to consolidated financial statements.

Equity attributable to thyssenkrupp AG's stockholders

Cumulative other comprehensive income

	Foreign currency translation adjustment	Fair value measurement of debt instruments	Fair value measurement of equity instruments	Impairment of financial instruments	Cash flow hedges		Share of investments accounted for using the equity method	Total	Non-controlling interest	Total equity
					Designated risk component	Hedging costs				
	187	7	0	46	68	(1)	43	1,751	469	2,220
								(1)	0	(1)
	187	7		46	68	(1)	43	1,750	469	2,219
								9,585	8	9,592
	(280)	(2)	2	(4)	15	0	(3)	(1,523)	(36)	(1,559)
	(280)	(2)	2	(4)	15	0	(3)	8,061	(28)	8,034
								0	(40)	(40)
								0	(38)	(38)
	(93)	6	2	42	84	(1)	40	9,810	364	10,174
								(115)	90	(25)
	111	4	6	(9)	133	(36)	83	725	15	740
	111	4	6	(9)	133	(36)	83	611	105	715
								0	(44)	(44)
								0	2	2
								(7)	4	(3)
								(14)	16	2
	19	10	8	33	217	(37)	123	10,400	445	10,845

thyssenkrupp group – statement of cash flows

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Net income/(loss)	9,592	(25)
Adjustments to reconcile net income/(loss) to operating cash flows:		
(Income)/loss from discontinued operations (net of tax)	(15,134)	6
Deferred income taxes, net	(185)	(67)
Depreciation, amortization and impairment of non-current assets	4,180	1,064
Reversals of impairment losses of non-current assets	(3)	(159)
Income/(loss) from companies accounted for using the equity method, net of dividends received	(4)	106
(Gain)/loss on disposal of non-current assets	(16)	(45)
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes		
– Inventories	1,132	(1,816)
– Trade accounts receivable	(932)	(35)
– Contract assets	(583)	62
– Accrued pension and similar obligations	(226)	(132)
– Other provisions	(81)	116
– Trade accounts payable	(2,089)	1,400
– Contract liabilities	339	(358)
– Other assets/liabilities not related to investing or financing activities	(216)	(24)
Operating cash flows – continuing operations	(4,224)	94
Operating cash flows – discontinued operations	898	(3)
Operating cash flows	(3,326)	92

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Purchase of investments accounted for using the equity method and non-current financial assets	(4)	(1)
Expenditures for acquisitions of consolidated companies net of cash acquired	0	(36)
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(1,265)	(1,404)
Capital expenditures for intangible assets (inclusive of advance payments)	(69)	(44)
Capital expenditures in time deposits	(850)	0
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	5	0
Proceeds from disposals of previously consolidated companies net of cash disposed	14,697	1
Proceeds from disposals of property, plant and equipment and investment property	57	122
Proceeds from disposals of intangible assets	25	1
Proceeds from disposals of time deposits	0	850
Cash flows from investing activities – continuing operations	12,595	(510)
Cash flows from investing activities – discontinued operations	(181)	0
Cash flows from investing activities	12,414	(510)
Repayments of bonds	(750)	(850)
Proceeds from liabilities to financial institutions	4,564	222
Repayments of liabilities to financial institutions	(4,642)	(264)
Lease liabilities	(143)	(148)
Proceeds from/(repayments on) loan notes and other loans	(721)	(140)
Profit attributable to non-controlling interest	(40)	(44)
Expenditures for acquisitions of shares of already consolidated companies	0	(3)
Financing of discontinued operations	937	(3)
Other financing activities	(156)	(52)
Cash flows from financing activities – continuing operations	(952)	(1,283)
Cash flows from financing activities – discontinued operations	(1,010)	3
Cash flows from financing activities	(1,963)	(1,280)
Net increase/(decrease) in cash and cash equivalents	7,125	(1,698)
Effect of exchange rate changes on cash and cash equivalents	(134)	18
Cash and cash equivalents at beginning of year	3,706	10,697
Cash and cash equivalents at end of year	10,697	9,017
thereof: cash and cash equivalents within the disposal groups	0	42
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows of continuing operations:		
Interest received	16	10
Interest paid	(222)	(159)
Dividends received	15	17
Income taxes (paid)/received	(130)	(177)

See accompanying notes to consolidated financial statements.

thyssenkrupp group –

Notes to the financial statements

Corporate information

thyssenkrupp Aktiengesellschaft (“thyssenkrupp AG” or “Company”) is a publicly traded corporation domiciled in Duisburg and Essen in Germany. The address is: thyssenkrupp AG, thyssenkrupp Allee 1, 45143 Essen. The consolidated financial statements of thyssenkrupp AG and its subsidiaries, collectively the “group”, for the year ended September 30, 2021, were authorized for issuance in accordance with a resolution of the Executive Board on November 9, 2021.

Statement of compliance

Applying Art. 315e of the German Commercial Code (HGB), the group’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations of the International Accounting Standards Board (IASB) effective within the EU in accordance with the Regulation No. 1606/2002 of the European Parliament and the Council concerning the use of International Accounting Standards.

01 Summary of significant accounting policies

The consolidated financial statements are presented in euros since this is the currency in which the majority of the group’s transactions are denominated, with all amounts rounded to the nearest million except when otherwise indicated; this may result in differences compared to the unrounded figures.

Consolidation

The group’s consolidated financial statements include the accounts of thyssenkrupp AG and all significant entities which are directly or indirectly controlled by thyssenkrupp AG (subsidiaries). This typically occurs when thyssenkrupp AG possesses more than half of the voting rights of a company. As far as structured entities are concerned, the ability to control does not result from a majority of voting rights but from contractual agreements.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Capital consolidation is performed by offsetting the carrying amounts of subsidiaries against their attributable equity. On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition.

The interest of minority shareholders (non-controlling interest) is stated at the minority’s proportion of the fair values of the identifiable assets, liabilities and contingent liabilities recognized.

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

Joint arrangements where two or more parties jointly control an activity either classify as joint operations or as joint ventures. Joint operations result in including the assets and liabilities as well as the related income and expense on a pro rata basis in the group’s consolidated financial statements. Joint ventures are accounted for using the equity method of accounting. Where the group transacts with its joint operations or joint ventures, unrealized profits and losses are eliminated to the extent of the group’s interest.

Investments in associates are also accounted for using the equity method of accounting. Here the group is in a position to exercise significant influence that is presumed when the group holds between 20% and 50% of the voting rights (“Associated Companies”). Where a group entity transacts with an associate of the group, unrealized profits and losses are eliminated to the extent of the group’s interest in the relevant associate.

Subsidiaries, joint operations, joint ventures and associates which influence the group’s net assets, financial position and results of operations are only immaterial. Such entities are measured at fair value or at cost when the fair value of unlisted equity instruments cannot be reliably measured; they are presented under the “Other financial assets, non-current” line item. Goodwill arising on acquisition is recognized as an asset and is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired.

Goodwill arising on the acquisition of a joint venture or an associate is included within the carrying amount of the joint venture or the associate, respectively. Goodwill arising on the acquisition of subsidiaries or joint operations is presented separately in the balance sheet.

Foreign currency translation

The functional and reporting currency of thyssenkrupp AG and its relevant European subsidiaries is the euro (€). Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in the net profit or loss for the period.

Financial statements of the foreign subsidiaries included in the group consolidated financial statements where the functional currency is other than the euro are translated using their functional currency which is generally the respective local currency. The translation is performed using the current rate method. Net exchange gains or losses resulting from the translation of foreign financial statements are accumulated and included in equity. Such translation differences are recognized as income or as expenses in the period in which the subsidiary is disposed of.

Companies that manage their sales, purchases, and financing substantially not in their local currency use the currency of their primary economic environment as their functional currency. Financial statements prepared in local currency are translated into the functional currency using the temporal method. The resulting translation differences are included in the consolidated statement of income as “Other income or expenses”. Thereafter, the functional currency financial statements are translated into the reporting currency using the current rate method.

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

CURRENCIES

	Exchange rate as of (Basis €1)		Annual average exchange rate for the year ended (Basis €1)	
	Sept. 30, 2020	Sept. 30, 2021	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
US Dollar	1.17	1.16	1.12	1.20
Chinese Renminbi Yuan	7.97	7.48	7.85	7.78
Swiss Franc	1.08	1.08	1.07	1.09
Polish Zloty	4.55	4.62	4.39	4.54

Intangible assets

Intangible assets with finite useful lives are capitalized at cost and amortized on a straight-line basis generally over a period of 3 to 15 years, depending on their estimated useful lives. Useful lives are examined on an annual basis and adjusted when applicable on a prospective basis. The amortization expense of intangible assets is primarily included in cost of sales in the consolidated statement of income.

Goodwill is stated at cost and tested for impairment annually or on such other occasions that events or changes in circumstances indicate that it might be impaired. Goodwill impairment losses are included in other expenses.

Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and impairment losses. Capitalized production costs for self-constructed assets include costs of material, direct labor, and allocable material and manufacturing overhead. Borrowing costs directly attributable to the production of assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Administrative costs are capitalized only if such costs are directly related to production. Maintenance and repair costs (day-to-day servicing) are expensed as incurred. The group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing parts and major inspection of such an item if it is probable that the future economic benefits embodied within the item will flow to the group and the cost of the item can be measured reliably. Where fixtures and equipment comprise of significant parts having different useful lives those parts are depreciated separately.

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

	Useful lives
Buildings (inclusive of investment properties)	10 to 50 years
Buildings and land improvements	15 to 25 years
Technical machinery and equipment	8 to 25 years
Factory and office equipment	3 to 10 years

Investment property consists of investments in land and buildings that are held to earn rental income or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. Investment property is stated at cost less accumulated depreciation and impairment losses. The fair value of the group's investment property is stated in Note 05.

Impairment of non-financial assets

At each balance sheet date, the group reviews the carrying amounts of its intangible assets, property, plant and equipment and investment property to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the Cash Generating Unit to which the asset belongs.

Goodwill arising on acquisition is allocated to the Cash Generating Units that are expected to benefit from the synergies of the acquisition. Those groups of Cash Generating Units represent the lowest level within the group at which goodwill is monitored for internal management purposes. The recoverable amount of the Cash Generating Unit that carries a goodwill is tested for impairment annually as of September 30, or on such other occasions that events or changes in circumstances indicate that it might be impaired. For more details refer to Note 04.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately. In allocating an impairment loss the carrying amount is not reduced below the highest of fair value less costs of disposal, value in use and zero (value limit of IAS 36.105).

In case of impairment losses related to Cash Generating Units that carry a goodwill the carrying amount of any goodwill allocated to the Cash Generating Unit is reduced first. If the amount of impairment losses exceeds the carrying amount of goodwill, the difference is generally allocated proportionally to the remaining non-current assets of the Cash Generating Unit to reduce their carrying amounts accordingly.

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

Leases

A contract constitutes a lease if the contract conveys the lessee

- the right to control the use of an identified asset (the leased asset)
- for a specific period
- in exchange for a consideration.

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

The lease liabilities include the following lease payments over the respective lease term:

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

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

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

Subsequent measurement is performed at amortized cost. Right-of-use assets are depreciated on a straight-line basis over the lease term, unless the useful life of the underlying asset is shorter. If the lease agreement contains reasonably certain purchase options, the right of use is depreciated over the economic life of the underlying asset.

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

In accordance with the recognition exemptions, low-value leases of and short-term leases (less than twelve months) are recognized in the statement of income. thyssenkrupp has identified certain asset classes (e.g. PCs, telephones, printers, copiers) which regularly contain leased assets of low value. Outside these asset classes, only leased assets with a value of up to €5,000 are classified as low-value leased assets. Furthermore, the new regulations are not applied to leases of intangible assets. For contracts comprising a non-lease component as well as a lease component, each lease component must be accounted for separately from non-lease component as a lease. The lessee must allocate the contractually agreed-upon payment to the separate lease components based on the relative standalone selling price of the lease component and the aggregated standalone selling price of the non-lease components. In addition, intragroup leases will continue to be presented in the segment report according to IFRS 8 as operating leases in accordance with IAS 17.

The term of the lease is determined based on the non-cancellable lease term. Especially real estate leases contain extension and termination options. Such contractual conditions offer the greatest possible operational flexibility to the group. In determining the lease term, all facts and circumstances are considered that provide an economic incentive to exercise renewal options or not to exercise termination options. Lease term modifications from the exercise or non-exercise of such options are only considered in the lease term if they are reasonably certain and are based on an event that is within the control of the lessee.

As a lessor in an operating lease, the group recognizes the leased asset as an asset at amortized cost under property, plant and equipment. The lease payments received during the period are recognized as lease income under sales and are amortized on a straight-line basis over the term of the lease.

As a lessor in a finance lease, the group recognizes a receivable in the statement of financial position at the amount equal to the present value of the discounted net investment in the lease adjusted for the unguaranteed residual value.

Inventories

Inventories are stated at the lower of acquisition/manufacturing cost or net realizable value. In general, inventories are valued using the average cost method. Manufacturing cost includes direct material, labor and allocable material and manufacturing overhead based on normal operating capacity.

Financial instruments

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

Financial assets

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

The classification and measurement of financial assets is based on the financial asset's cash flow characteristics and on thyssenkrupp's business model for managing the financial assets. Different business models may apply for separate portfolios of identical debt instruments, e.g. where factoring programs exist for certain trade accounts receivable.

If a debt instrument is held with the objective of collecting contractual cash flows and if the cash flows are solely payments of principal and interest, the instrument is recognized at amortized cost. At thyssenkrupp this mainly concerns trade accounts receivable, contract assets, and cash, cash equivalents and time deposits as well as the interest-free loans resulting from the Elevator investment (cf. Note 03).

If the cash flow conditions are met but the debt instrument is held both to collect contractual cash flows and to sell, the instrument is measured at fair value in equity (with recycling). At thyssenkrupp this mainly concerns trade accounts receivable which may be sold, and securities.

For equity instruments not held for trading – with the exemption of the preference shares of the Elevator investment – thyssenkrupp has consistently exercised the option to recognize future changes in fair value in profit or loss. However changes in fair value of the preference shares are directly recognized in equity (without recycling). Derivatives that do not qualify for hedge accounting are also recognized at fair value in profit or loss.

Debt instruments, lease receivables, trade accounts receivable and contract assets recognized at amortized cost or at fair value in equity are measured according to the expected loss model. Using forward-looking information, the expected credit loss is generally calculated by multiplying the three parameters carrying value of the financial asset, probability of default, and loss given default. thyssenkrupp applies the simplified impairment model under IFRS 9 and reports lifetime expected losses for all trade accounts receivable and contract assets. For all other financial assets twelve-month expected credit losses are reported. Owing to the short maturities, these generally correspond to lifetime expected losses at thyssenkrupp with the exemption of the non-current loans of the Elevator investment.

thyssenkrupp has developed two models to determine the expected credit loss, in particular to determine the expected default rates for trade accounts receivable. The expected default rates are determined mainly on the basis of external credit information and ratings for

each counterparty. If no rating information is available at counterparty level, an assessment is made based on the average probability of default for each segment plus an appropriate risk premium. For Elevator, which had a different customer structure than the rest of the group, the probability of default was determined on the basis of historical default rates taking forward-looking information into account. Consideration is also given to the respective business model, customer groups, and economic environment of the region. Default is generally assumed after 360 days.

As before, financial assets are fully or partially impaired on the basis of individual allowances if it is reasonable to assume that they can no longer be fully realized, e.g. because the due date has long passed, or owing to insolvency or similar proceedings.

Receivables that do not bear interest or bear below market interest rates and have an expected term of more than one year are discounted with the discount subsequently amortized to interest income over the term of the receivable.

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

Financial liabilities

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

Trade accounts payable and other non-derivative financial liabilities

Trade accounts payable and other non-derivative financial liabilities are in general measured at amortized cost using the effective interest method. Finance charges, including premiums payable on redemption or settlement, are periodically accrued using the effective interest method and increase the liabilities' carrying amounts unless they have already been settled in the period in which they were incurred.

Derivative financial instruments

Derivative financial instruments, mainly foreign currency forward contracts, interest rate swaps and commodity forward contracts, are used generally to reduce the currency, interest rate and commodity price risk. Such derivatives and so-called "embedded derivatives", which are an integral part of certain contracts and must be accounted for separately, are measured initially and subsequently at fair value. If the fair value is positive, they are recognized as financial assets, otherwise as financial liabilities. If they do not qualify for hedge accounting, they are recognized at fair value in profit or loss, and gains or losses due to fluctuations in fair value are recognized immediately in profit or loss.

Hedging relationships are mainly used to hedge foreign currency risks of firm commitments, future receivables and liabilities denominated in foreign currency, commodity price risks arising from sales and purchase transactions, and interest rate and foreign currency risks from non-current financings. In the case of cash flow hedges, the fluctuations in fair value are divided into an effective and an ineffective portion. The effective portion of fluctuations in fair value is recognized initially directly in equity within cumulative other comprehensive income. thyssenkrupp uses the option of separately reporting hedging costs (forward element and currency basis spread) in connection with designated foreign currency derivatives in other comprehensive income. Reclassification to profit or loss takes place when the hedged item affects profit or loss. The ineffective portion of fluctuations in fair value is recognized directly in profit or loss.

Fair value hedges are mainly used to hedge the exposure to changes in fair value of a firm commitment and exposure to inventory price risks as well as to hedge interest rate risks. In addition to the fluctuations in fair value of the derivative, the offsetting fluctuations in the fair value of the hedged item are also recognized in profit or loss insofar as they relate to the hedged risk.

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

More information about financial instruments is provided in Note 22.

Income taxes

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

In this connection management judgments are required which may differ from the interpretations of local tax authorities. If this results in changes to income taxes from the past, these are reported in the period in which sufficient information is available for an adjustment. Generally income taxes are calculated on the basis of the profits reported for the fiscal year.

To the extent that items are credited or charged directly to other comprehensive income in equity, the corresponding income tax is also recognized directly in equity.

Current income taxes are recognized in the amount in which it is assumed they will be paid to the tax authorities in the future.

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

Cumulative other comprehensive income

The equity line item “Cumulative other comprehensive income” presents changes in the equity of the group that were not recognized in the consolidated statement of income of the period, except those resulting from capital transactions with the owners. Cumulative other comprehensive income includes foreign currency translation adjustments, unrealized gains and losses on fair value measurement of debt and equity instruments and on derivative financial instruments in cash flow hedging, hedging costs in connection with designated foreign currency derivatives, impairment losses on financial instruments recognized at fair value in equity, as well as the share of the other comprehensive income attributable to associates and joint ventures accounted for using the equity method. Remeasurements of pensions and similar obligations are reported in retained earnings in the period that they are recognized as other comprehensive income.

Accrued pension and similar obligations

The group's net obligation for defined benefit and other postretirement benefit plans have been calculated for each plan using the projected unit credit method as of the balance sheet date. A quarterly valuation of pensions is performed on the basis of updated interest rates and fair values of plan assets.

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

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

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

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

The group also maintains multi-employer plans. In principle, these multi-employer plans contain defined benefit plans as well as defined contribution plans. With respect to defined benefit multi-employer plans these are accounted for in the same way as any other defined benefit plan in case the required information is available. Otherwise these plans are accounted for as defined contribution plans. In particular in the Netherlands, there exist multi-employer defined benefit plans that are accounted for as defined contribution plans due to the fact that the pension obligations and the plan assets cannot be assigned to the participating employers.

Other provisions

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

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Provisions for restructuring costs are recognized when the group has a detailed formal plan for the restructuring and has notified the affected parties.

A provision for onerous contracts is recognized when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Share-based compensation

The group has management incentive plans which grant stock rights to executive and senior employees that are exclusively settled in cash after the end of the respective performance period. The fair value of these rights is calculated on the date of grant and on each balance sheet date and recognized as an expense on a straight-line basis over the vesting period with a corresponding increase in provisions. The provision is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the provision are recognized as part of income from operations.

The Group has had a share-based compensation plan in place since fiscal year 2020 / 2021 under which the members of the Executive Board receive part of their short- and long-term performance-related compensation components (STI and LTI) in the form of shares. In cases where the existing installments of the incentive plans were affected, the provision was reclassified to equity and the expense is amortized by the straight-line method over the vesting period.

See also information provided in Note 14.

Revenue recognition

Revenue from contracts with customers is recognized when the included distinct performance obligations, i.e. the distinct goods or services promised in the contract, are transferred to the customer. Transfer takes place when the customer obtains control of the promised goods or services. This is generally the case when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from the transferred goods or services. Revenue from contracts with customers corresponds to the transaction price. The transaction price includes variable consideration only to the extent it is highly probable that actual occurrence of the variable consideration will not result in a significant revenue reversal. Variable consideration can include for example volume discounts, delay penalties, early completion incentives, or credits in connection with bonus agreements. The transaction price is not adjusted for a financing component, mainly because the period between the transfer of goods and services and the date of payment by the customer is generally less than twelve months.

Where a contract with a customer has multiple distinct performance obligations, the transaction price is allocated to the performance obligations by reference to their relative standalone selling prices. The standalone selling prices are determined on the basis of directly observable market prices or using recognized estimation methods. If distinct performance obligations are satisfied acting as an agent, the revenue recognized is not the gross amount payable by the customer but only the net amount retained as a commission-like fee for the respective performance obligation.

Revenue from the sale of goods and commodities is recognized at the point in time at which control is transferred to the customer. The time of transfer of control is determined partly on the basis of the delivery clauses agreed with the customer. In the case of goods and commodities supplied under consignment arrangements, sales revenue is generally recognized when the corresponding goods are removed from consignment by the customer.

Sales revenue from contracts with customers in the plant construction business is recognized over time by the percentage-of-completion method. The percentage of completion is as a rule determined by the ratio of contract costs incurred up to the reporting date to the total estimated contract costs as of the reporting date. Contract losses are recognized as expense immediately and reported in the statement of financial position under other provisions. The recognition of revenue over time for the performance of services is generally carried out through linear allocation of the transaction price over the service performance period.

Incremental costs of obtaining a contract with a customer are capitalized under non-current non-financial assets only if they relate to contracts with an original expected duration of more than 12 months. They are amortized by the straight-line method over the term of the contract.

If the performance obligations fulfilled for the customer exceed the payments received or due from the customer, contract assets are recognized in the statement of financial position on a net basis insofar as the right to receive payment from the customer is still conditional. Unconditional rights to receive payment are recognized under trade accounts receivable and from this point payment automatically becomes due with the passage of time. If the payments received or due from the customer exceed the performance obligations fulfilled, contract liabilities are recognized in the statement of financial position on a net basis.

Research and development costs

Research costs are expensed as incurred.

Development costs, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if the product or process is technically and commercially feasible, it is intended to complete the intangible asset, there is a market for the output of the intangible asset, the attributable expenditure can be measured reliably, and the group has sufficient resources to complete development. Other development costs are expensed as incurred. Capitalized development costs of completed projects are stated at cost less accumulated amortization and impairment losses.

Earnings per share

Basic earnings per share amounts are calculated by dividing net income/(loss) attributable to thyssenkrupp AG's shareholders by the weighted average number of shares outstanding. Shares issued during the period are weighted for the portion of the period that they were outstanding.

Segment reporting

In accordance with the so-called management approach, segment reporting of the thyssenkrupp group is based on the internal organizational and reporting structure. The data used to determine the internal key figures are derived from the IFRS consolidated financial statements with the exemption of intragroup leases that are classified as operating leases according to IAS 17.

Single assets held for sale, disposal groups and discontinued operations

A single non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The group reports assets and liabilities as a disposal group, that will be disposed of by sale or otherwise in a single transaction, which collectively meet the held for sale criteria as specified in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The Group reports the assets and liabilities of a disposal group separately in the balance sheet line item "assets held for sale/disposal" and "liabilities associated with assets held for sale/disposal", respectively. Unless a disposal group qualifies for discontinued operations reporting, the revenues and expenses of the disposal group remain within continuing operations until the date of disposal. The group reports the results of a disposal group that also qualifies as a separate component of the group as discontinued operations if it represents a separate major line of business or geographical area of operations. The group reports the results of discontinued operations in the period in which they occur separately within the consolidated statement of income as "discontinued operations (net of tax)". All prior period consolidated statements of income are adjusted to report the results of the component within discontinued operations. In the consolidated statement of cash flows the cash flows resulting from discontinued operations are presented separately from cash flows resulting from continuing operations; prior year presentation has been adjusted accordingly.

On initial classification as held for sale, non-current assets are recognized at the lower of the carrying amount and fair value less costs to sell and depreciation and amortization ceases. A disposal group is initially measured in line with the respective IFRS standards to determine the carrying amount of the disposal group which is then compared to the fair value less costs to sell of the group in order to recognize the group at the lower of both amounts. Impairment losses on initial classification as held for sale are included in profit or loss, as are gains and losses on subsequent remeasurement, but not in excess of the cumulative impairment loss.

Financial statement classification

Certain line items on the consolidated balance sheet and in the consolidated statement of income have been combined. These items are disclosed separately in the Notes to the consolidated financial statements.

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

Estimates and judgments

The preparation of the group financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. All estimates and assumptions are made to the best of management's knowledge and belief in order to fairly present the group's financial position and results of operations; they are reviewed on an ongoing basis. This applies in particular with regard to the possible impacts of the current global coronavirus pandemic. Actual results may differ from these estimates.

Accounting estimates and judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements are in particular relevant for the following issues:

Business combinations

As a result of acquisitions the group recognized goodwill in its balance sheet. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair value. One of the most significant estimates relates to the determination of the fair value of these asset and liabilities. Land, buildings and equipment are usually independently appraised while marketable securities are valued at market price. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the group either consults with an independent external valuation expert or develops the fair value internally, using an appropriate valuation technique which is generally based on a forecast of the total expected future net cash flows. These evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Recoverability of goodwill

As stated in the accounting policy, the group tests annually and in addition if any indicators exist, whether goodwill has suffered an impairment loss. If there is an indication, the recoverable amount of the cash-generating unit has to be estimated which is the greater of the fair value less costs to sell and the value in use. The determination of the value in use involves making adjustments and estimates related to the projection and discounting of future cash flows (cf. Note 04). Although management believes the assumptions used to calculate recoverable amounts are appropriate, any unforeseen changes in these assumptions could result in impairment charges to goodwill which could adversely affect the future financial position and operating results.

Recoverability of assets

At each balance sheet date, the group assesses whether there is any indication that the carrying amounts of its property, plant and equipment, investment property or intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the greater of the fair value less costs to sell and the value in use. In assessing the value in use, discounted future cash flows from the related assets have to be determined. Estimating the discounted future cash flows involves significant assumptions, including particularly those regarding future sale prices and sale volumes, costs and discount rates (cf. Note 04 and 05). Although management believes that its estimates of the relevant expected useful lives, its assumptions concerning the economic environment and developments in the industries in which the group operates and its estimations of the discounted future cash flows are appropriate, changes in the assumptions or circumstances could require changes in the analysis. This could lead to additional impairment charges in the future or to reversal of impairments if the trends identified by management reverse or the assumptions or estimates prove incorrect.

Leases

Some leases contain extension and termination options. These contractual conditions offer thyssenkrupp as lessee maximum operational flexibility. In determining the lease term, all facts and circumstances are considered that provide an economic incentive to exercise renewal options or not to exercise termination options. In determining the lease term, possible options are only taken into account if they are considered reasonably certain. Where facts and circumstances change over time, exercise of the option is re-assessed.

Other provisions

The recognition and measurement of other provisions are based on the estimation of the probability of a future outflow of resources as well as empirical values and the circumstances known at the reporting date. This means that the actual later outflow of resources may differ from the other provisions, cf. also the remarks under Note 16.

Measurement of single assets held for sale, disposal groups and discontinued operations

Single assets held for sale as well as disposal groups and discontinued operations are measured at fair value less costs to sell. The determination of fair value less costs to sell can be based on estimations and assumptions of the management that carry a certain degree of uncertainty.

Revenue recognition from contracts with customers

Certain group companies, particularly at Elevator Technology, Plant Technology and at Marine Systems, report some of their business transactions as construction contracts, in which revenue is recognized over time using the percentage-of-completion method. This method requires accurate estimates of the extent of progress towards completion. Depending on the methodology to determine contract progress, the significant estimates include total contract costs, remaining costs to completion, total contract revenues, contract risks and other judgments. The managements of the operating companies continually review all estimates involved in such contraction contracts and adjust them as necessary.

The expected variable consideration amount is estimated at the inception of a contract with a customer. The estimate is made using either the probability-weighted expected value or the most likely amount. The estimation method giving the better forecast for the respective contract is always used. The variable consideration amount estimated at contract inception is reviewed at each reporting date and adjusted as necessary.

In the case of contracts with customers which have multiple distinct performance obligations, the required allocation of the transaction price to the distinct performance obligations is carried out by reference to the relative standalone selling prices. The relative standalone selling prices used generally correspond to directly observable market prices at which the group company separately sells the performance obligations to other customers. If the standalone selling price is not directly observable, a best estimate of the standalone selling price is made. In these cases an adjusted market assessment approach, an expected cost plus a margin approach, or a residual approach is used.

Income taxes

The recognition and measurement of current and deferred tax receivables and liabilities depend on management estimates of tax uncertainties and future business performance. This includes both the interpretation of existing tax regulations and the testing of deferred tax assets for impairment. These estimates are adjusted when there is sufficient evidence of the need for such adjustment.

Employee benefits

The group accounts for pension and other postretirement benefits in accordance with actuarial valuations. These valuations rely on statistical and other factors in order to anticipate future events. These factors include key actuarial assumptions including the discount rate, expected salary increases, mortality rates and health care cost trend rates. These actuarial assumptions may differ materially from actual developments due to changing market and economic conditions and therefore result in a significant change in postretirement employee benefit obligations, of equity and the related future expense. (Cf. Note 15 for further information).

Legal contingencies

thyssenkrupp companies are parties to litigations related to a number of matters as described in Note 21. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. For the assessments internal and external lawyers are used. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against thyssenkrupp companies or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Effects of the coronavirus pandemic

Against the background of the current global coronavirus pandemic an impairment test was conducted on the critical items goodwill, other intangible assets and property, plant and equipment (cf. Note 04 and 05), deferred tax assets (cf. Note 31), trade accounts receivable and contract assets (cf. Note 09 and 10).

The reporting year continued to be marked by uncertainty about the further course of the coronavirus pandemic. However, the thyssenkrupp group was able to benefit overall from the significantly lower impact of the coronavirus. Whereas the market recovery led to a significant improvement in adjusted EBIT in particular at our materials businesses at Materials Services and Steel Europe due to rising volumes and prices, Industrial Components, Automotive Technology and Multi Tracks were also able to leverage recovery effects. Marine Systems and Corporate Headquarters reported no material pandemic effects.

Effects of climate change

In particular, a review was carried out in the reporting year to determine whether the reason for the significant impairment carried out at Steel Europe in accordance with IAS 36 in the previous year still exists in full or in part. Since the beginning of the reporting year, we have seen a strong recovery in steel prices and volumes, which was not expected in the previous year under the impact of the coronavirus pandemic and which also leads to improved expectations, at least with regard to the short and medium-term earnings situation at Steel Europe. In general, as one of the largest CO₂ emitters, the steel industry will face major structural challenges in the future in order to make its contribution to climate protection. In the reporting year, for example, the social and political discussion about necessary or intensified climate protection measures gained dynamic, which in particular at Steel Europe leads to further financial risks with a view to the medium and sustainable cash flow expectations that had already been adjusted in the previous year. The impairment from the previous year therefore remains in full.

Recently adopted accounting standards

In fiscal year 2020/2021 thyssenkrupp adopted the following amendments to already existing standards that did not have a material impact on the group's financial statements:

- Amendments to IFRS Framework: "Amendments to References to the Conceptual Framework in IFRS Standards", issued in March 2018
- Amendments to IFRS 3: "Definition of a Business (Amendments to IFRS 3)", issued in October 2018
- Amendments to IAS 1 and IAS 8: "Amendments to IAS 1 and IAS 8: Definition of Material", issued in October 2018
- Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Benchmark Reform", issued in September 2019

However, thyssenkrupp does not apply the amendment to IFRS 16 "Leases COVID-19 Related Rent Concessions", issued in May 2020, giving lessees an optional practical expedient to account for covid-19-related rent concessions such as rent holidays and temporary rent reductions.

Issued accounting standards that have not been adopted in fiscal year 2020/2021

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

- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures (2011)": "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture", issued in September 2014, initial application deferred indefinitely
- IFRS 17 "Insurance Contracts", issued in May 2017, not yet endorsed, expected initial application in fiscal year 2023/2024
- Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current", issued in January 2020 and July 2020, respectively, not yet endorsed, expected initial application in fiscal year 2023 / 2024
- Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements to IFRSs 2018–2020 Cycle, issued in May 2020, initial application in fiscal year 2022/2023
- Amendments to IFRS 4 "Insurance Contracts – deferral of IFRS 9", issued in June 2020, initial application in fiscal year 2021/2022
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2", issued in August 2020, initial application in fiscal year 2021/2022
- Amendments to IAS 1 "Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies", issued in February 2021, not yet endorsed, expected initial application in fiscal year 2023/2024
- Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates", issued in February 2021, not yet endorsed, expected initial application in fiscal year 2023/2024
- Amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction", issued in May 2021, not yet endorsed, expected initial application fiscal year 2023/2024

02 Consolidated companies and equity interests

Composition of the scope of consolidation

The changes in the scope of consolidation in fiscal years 2019/2020 und 2020/2021, respectively are presented in the table below:

ACQUISITIONS/DIVESTITURES OF BUSINESSES

Number of consolidated companies	Germany	Abroad	Total
Balance as of Sept. 30, 2019	108	348	456
Additions	2	6	8
Disposals	(17)	(116)	(133)
Balance as of Sept. 30, 2020	93	238	331
Additions	6	10	16
Disposals	(5)	(7)	(12)
Balance as of Sept. 30, 2021	94	241	335

The additions in 2020/2021 mainly result from incorporations, while the disposals mainly result from disposals and mergers. To further details see “acquisitions and disposals” in this Note and “discontinued operation and disposal groups” in Note 03.

2 (prior year: 2) controlled subsidiaries are not consolidated because their combined influence on the group's net assets, financial position and results of operations is not material. Their net sales amount to 0.01%, their income/(loss) before tax amounts to 0.26% and their total equity amounts to 0.01% of the group's respective balances.

The group has 11 (prior year: 12) associated companies and 11 (prior year: 11) joint ventures that are accounted for using the equity method of accounting. Another 6 (prior year: 6) associated companies are not accounted for using the equity method of accounting because their combined influence on the group's net assets, financial position and results of operations is not material. The income before tax of the immaterial associated companies amounts to 1.71% and their total equity to 0.08% of the group's respective balances.

A complete listing of the group's subsidiaries and equity interests is published in the German Federal Gazette and is available on the thyssenkrupp website at www.thyssenkrupp.com.

Structured entities

thyssenkrupp includes 4 (prior year: 3) structured entities in the consolidated financial statements. One of the structured entities is a special purpose leasing company established to realize the second construction phase of the thyssenkrupp Quarter. The lease object and the corresponding liabilities are included in the consolidated financial statements. There are no obligations to provide financial support. The three other structured entities do not have a material influence on the group's net assets, financial position and results of operations.

thyssenkrupp also has contractual relationships with 2 (prior year: 2) non-controlled structured entities. The group holds a maximum 1% share in these entities. Under factoring programs, contractual relationships exist with a structured entity in which the company holds no interests. The other non-controlled structured entity has a supply contract with a group company. Potential losses from this contract are already included in the purchasing commitments stated under commitments (cf. Note 21).

Acquisitions and disposals

Fiscal year 2020/2021

In fiscal year 2020/2021 the group completed minor acquisitions at Marine Systems and Industrial Components which, on an individual basis and in total, were immaterial as well as minor disposals at Multi Tracks and Materials Services which also, on an individual basis and in total, were immaterial; this also includes the disposal of Carbon Components, which was sold to Action Composites GmbH, Austria, in August 2021.

Fiscal year 2019/2020

In fiscal year 2019/2020 the group completed minor acquisitions at Elevator Technology which, on an individual basis and in total, were immaterial.

03 Discontinued operation and disposal groups

Discontinued Elevator operations

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 approval of the responsible authorities, the closing of the transaction together with the deconsolidation of Elevator Technology took place on July 31, 2020. The transaction met the criteria of IFRS 5 for presentation of Elevator Technology as a discontinued operation. It encompassed Elevator Technology and individual units from Corporate Headquarters. In accordance with IFRS 5, all expense and income of the discontinued elevator operations are reported separately in the income statement and all cash flows are reported separately in the statement of cash flows. In addition, subsequent expenses and income and cash flows directly related to the sale of the activities must continue to be reported separately in the statement of income and the statement of cash flows. As a result of the sale at the end of July 2020, it was no longer necessary to report the assets and liabilities attributable to Elevator Technology separately in the statement of financial position as of September 30, 2020.

The following table shows the results of 2019/2020 of Elevator Technology, which was reported as a discontinued operation up to the end of July 2020. In 2020/2021 the table shows subsequent expenses and income resulting from reciprocal obligations under the agreement on the sale of the elevator operations in the last fiscal year. This required the reassessment of the mutual claims and obligations to reflect the information obtained in 2020/2021.

DISCONTINUED ELEVATOR OPERATIONS

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Sales	6,544	0
Other income	70	61
Expenses	(5,918)	(67)
Ordinary income/(loss) from discontinued operations (before tax)	695	(6)
Income tax (expense)/income	(572)	0
Ordinary income/(loss) from discontinued operations (net of tax)	124	(6)
Gain/(loss) recognized on disposal of discontinued operations (before tax)	15,010	0
Income tax (expense)/income	0	0
Gain/(loss) recognized on disposal of discontinued operations (net of tax)	15,010	0
Income/(loss) from discontinued operations (net of tax)	15,134	(6)
Thereof:		
thyssenkrupp AG's shareholders	15,132	(6)
Non-controlling interest	2	0

In 2019/2020 intergroup income and expenses between companies of the discontinued elevator operations and the rest of the thyssenkrupp group were eliminated in full.

Tax expense of the discontinued elevator operations in fiscal year 2019/2020 reflects impairment of the deferred tax assets attributable to this area in the amount of €325 million. This mainly relates to the impairment of deferred tax assets related to selected, temporally indefinite rights to use the “thyssenkrupp” mark. In connection with the full sale of the elevator business, an agreement was also made to reverse the transfer of rights of use of the thyssenkrupp mark which were transferred by thyssenkrupp AG to thyssenkrupp Elevator AG in the 2018 / 2019 fiscal year. An impairment loss has to be recognized for this reversal because probably insufficient taxable income will be available in the German tax group of Elevator in the foreseeable future.

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. Disclosures required under IFRS 12 are included in Note 06. Regarding treatment in connection with segment reporting, we refer to Note 24.
- 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). Regarding treatment in connection with segment reporting, we refer to Note 24.
- 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. The disclosures required under IFRS 7 are included in Note 22. Regarding treatment in connection with segment reporting, we refer to Note 24.

Disposal groups

In the course of its transformation and strategic realignment, thyssenkrupp is also focusing on its portfolio. In this context in the 4th quarter of 2020/2021 the disposal of Mining, Infrastructure and the stainless steel business has been initiated. These transactions do not meet the requirements of IFRS 5 for a presentation of a discontinued operation. Therefore, expenses and income will continue to be presented as income from continuing operations until the date of disposal and the assets and liabilities of the respective disposal groups will be disclosed separately in the balance sheet as of September 30, 2021 in the line items “Assets held for sale” and “Liabilities associated with assets held for sale”.

Disposal group Mining

On July 29, 2021, thyssenkrupp signed an agreement to sell the mining business in the Multi Tracks segment to Danish company FLSmidth. The disposal group provides technologies for the mining industry. The transaction is subject to merger control approval. Signing triggers extensive carve-out activities expected to be completed by closing in a period of approximately twelve months.

In connection with the initiated sale immediately before the initial classification as a disposal group it has been ensured that the measurement of the assets is in accordance with IAS 36; this has not resulted in any impairment. The assets and liabilities of the disposal group as of September 30, 2021 are presented in the following table; €(30) million of cumulative other comprehensive income presented within equity is attributable to the disposal group.

DISPOSAL GROUP MINING

million €	Sept. 30, 2021
Intangible assets	93
Property, plant and equipment	66
Deferred tax assets	18
Inventories	98
Trade accounts receivable	115
Contract assets	74
Other current financial assets	1
Other current non-financial assets	33
Current income tax assets	4
Cash and cash equivalents	31
Assets held for sale	532
Accrued pension and similar obligations	37
Provisions for other non-current employee benefits	4
Other non-current provisions	4
Non-current financial debt	6
Provisions for current employee benefits	10
Other current provisions	39
Current income tax liabilities	2
Current financial debt	3
Trade accounts payable	95
Other current financial liabilities	1
Contract liabilities	167
Other current non-financial liabilities	78
Liabilities associated with assets held for sale	445

Disposal group Infrastructure

On August 5, 2021, thyssenkrupp signed an agreement with FMC Beteiligungs KG to sell Infrastructure in the Multi Tracks segment. The disposal group is active in civil engineering, port engineering and special-purpose civil engineering, as well as in structural engineering. The product portfolio comprises the areas of profiles and anchor technology, flood protection, pile driving and drawing technology, drilling engineering, trench sheeting and shoring. Closing is expected in the second half of calendar year 2021.

In connection with the allocation of Infrastructure to the Multi Tracks segment, comprehensive studies of the market environment and of the potential for disposing of individual assets were performed. In light of this, Infrastructure was tested again for impairment under IAS 36 in the 3rd quarter of 2020/2021 and an impairment loss of €27.3 million was identified; €0.2 million of this amount related to intangible

assets and €24.3 million to property, plant and equipment. €2.8 million could not be recognized due to the lower value limits under IAS 36.105. The relevant recoverable amount used to determine the impairment loss in each case corresponded to the respective value in use, which amounted to €58 million in total and was determined applying a discount rate (after taxes) of 7.65%. In addition, the carrying amounts of assets and liabilities were reviewed in the 4th quarter of 2020/2021 on initial classification as a disposal group as part of the initiated sale process; this resulted in further impairment losses of €20 million, which relate in particular to current assets. Impairment losses are reported in cost of sales in the 4th quarter of 2020/2021. Following the recognized impairment losses, the carrying amount of the disposal group corresponds to fair value less costs of disposal.

The assets and liabilities of the disposal group as of September 30, 2021 are presented in the following table; €(2) million of cumulative other comprehensive income presented within equity is attributable to the disposal group.

DISPOSAL GROUP INFRASTRUCTURE

million €	Sept. 30, 2021
Inventories	39
Trade accounts receivable	22
Other current non-financial assets	2
Cash and cash equivalents	5
Assets held for sale	68
Accrued pension and similar obligations	17
Provisions for other non-current employee benefits	1
Non-current financial debt	3
Other current provisions	2
Current income tax liabilities	1
Current financial debt	2
Trade accounts payable	8
Other current financial liabilities	1
Contract liabilities	1
Other current non-financial liabilities	5
Liabilities associated with assets held for sale	40

Disposal group stainless steel business

On September 16, 2021, thyssenkrupp signed an agreement with Arvedi Group, Italy, to sell the stainless steel business (stainless steel plant in Terni, Italy, (AST) including the associated sales organization in Germany, Italy and Turkey) from the Multi Tracks segment. Among other things, the transaction is subject to merger control approval. Closing of the sale is expected in the first half of 2022. thyssenkrupp is also examining a potential minority investment in AST; the details will be negotiated prior to closing.

The carrying amounts of the assets and liabilities were reviewed in connection with the initiated sale process on initial classification as a disposal group in accordance with IAS 36; this resulted in the reversal of an impairment loss in the total amount of €38 million, as the fair value (level 3, derived from the purchase price) less costs of disposal is higher than the carrying amount. This had been written down as of September 30, 2020, due to the lower expectations regarding the future results of operations because of the coronavirus pandemic. Of the total €38 million reversal, €6 million is attributable to buildings and €32 million to technical machinery and equipment. It is reported in cost of sales in the 4th quarter of 2020/2021; deferred tax liabilities of €11 million were recognized at the same time.

The assets and liabilities of the disposal group as of September 30, 2021 are presented in the following table. There were also intragroup financing liabilities of €276 million as of the reporting date. €(1) million of cumulative other comprehensive income presented within equity is attributable to the disposal group.

DISPOSAL GROUP STAINLESS STEEL BUSINESS

million €	Sept. 30, 2021
Intangible assets	22
Property, plant and equipment (inclusive of investment property)	282
Investments accounted for using the equity method	17
Other financial assets	7
Deferred tax assets	60
Inventories	521
Trade accounts receivable	477
Other current financial assets	6
Other current non-financial assets	8
Current income tax assets	12
Cash and cash equivalents	6
Assets held for sale	1,419
Accrued pension and similar obligations	20
Provisions for other non-current employee benefits	1
Other non-current provisions	15
Non-current financial debt	1
Provisions for current employee benefits	1
Other current provisions	24
Current financial debt	1
Trade accounts payable	577
Other current financial liabilities	9
Contract liabilities	38
Other current non-financial liabilities	59
Liabilities associated with assets held for sale	747

Notes to the statement of financial position

04 Intangible assets

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

CHANGES IN INTANGIBLE ASSETS

million €	Franchises, trademarks and similar rights and values as well as licenses thereto	Development costs, internally developed software and website	Goodwill	Total
Gross amounts				
Balance as of Oct. 1, 2019	2,244	982	4,614	7,840
Currency differences	(49)	(1)	(155)	(206)
Acquisitions/divestitures of businesses	2	(15)	5	(8)
Additions	43	43	0	85
Transfers	36	(4)	0	33
Disposals	(87)	(3)	0	(90)
Reclassification due to the presentation as assets held for sale	(706)	(98)	(1,764)	(2,569)
Balance as of Sept. 30, 2020	1,482	904	2,700	5,085
Currency differences	6	1	4	11
Acquisitions/divestitures of businesses	(22)	0	(5)	(27)
Additions	24	14	0	38
Transfers	12	2	0	14
Disposals	(21)	(2)	0	(23)
Reclassification due to the presentation as assets held for sale	(135)	(3)	(114)	(252)
Balance as of Sept. 30, 2021	1,346	916	2,585	4,847
Accumulated amortization and impairment losses				
Balance as of Oct. 1, 2019	1,496	663	652	2,811
Currency differences	(36)	(1)	(30)	(68)
Acquisitions/divestitures of businesses	(1)	0	0	(1)
Amortization expense	100	53	0	153
Impairment losses	23	115	777	915
Reversals of impairment losses	0	0	0	0
Transfers	1	0	0	1
Disposals	(83)	(3)	0	(85)
Reclassification due to the presentation as assets held for sale	(512)	(24)	(180)	(715)
Balance as of Sept. 30, 2020	988	803	1,219	3,010
Currency differences	3	0	5	8
Acquisitions/divestitures of businesses	(22)	0	(6)	(28)
Amortization expense	73	20	0	93
Impairment losses	20	4	3	26
Reversals of impairment losses	0	0	0	0
Transfers	1	0	0	2
Disposals	(19)	(2)	0	(20)
Reclassification due to the presentation as assets held for sale	(111)	(3)	(23)	(137)
Balance as of Sept. 30, 2021	934	823	1,197	2,955
Net amounts				
Balance as of Oct. 1, 2019	748	319	3,962	5,029
Balance as of Sept. 30, 2020	494	101	1,481	2,075
Balance as of Sept. 30, 2021	412	92	1,387	1,892

Impairment of goodwill

Goodwill impairment losses are included in other expenses.

Goodwill

Goodwill (excluding goodwill of equity method investments) has been allocated to cash generating units (CGUs) of all segments. Under IFRS, the recoverable amount of a CGU is the higher of its value in use and fair value less costs of disposal. For the year-end reporting, the higher value for the CGUs was determined by calculating the value in use with the help of the discounted cash flow method using after-tax cash flow projections from financial budgets covering a three-year period prepared by the businesses and approved by thyssenkrupp AG management. Despite the continuing uncertainty about how the macroeconomic environment will develop, a fundamental assumption underpinning the planning is significant economic growth, with the pre-crisis level being reached or exceeded starting in 2022 at a global level. For the cash flows beyond the budget period, the third budget year is projected over two further years using business-specific assumptions, and in general this is then used to calculate the perpetuity based on a sustained growth rate of 1.3% (prior year: 1.25%). The weighted average cost of capital discount rate is based on a risk-free interest rate of 0.1% (prior year: 0.0% and a market risk premium of 7.5% (prior year: 7.5%). Moreover for each CGU the beta, the cost of debt and the capital structure is derived individually from the relevant peer group. In addition CGU specific tax rates and country risk premiums are used. To discount cash flows after-tax discount rates are applied. Based on an iterative calculation the following pre-tax discount rates are derived from the after-tax discount rates for the seven CGUs that report a goodwill as of September 30, 2021 (prior year: 18 CGUs):

PRE-TAX DISCOUNT RATES

in %	Ranges	
	Sept. 30, 2020	Sept. 30, 2021
Materials Services	7.9 – 8.1	n/a
Industrial Components	9.4 – 10.6	9.8
Automotive Technology	10.2 – 11.7	9.2
Steel Europe	7.6	n/a
Marine Systems	8.4	9.3
Multi Tracks	7.6 – 12.3	10.6 – 13.3
Corporate Headquarters & Others	8.2	8.8

As of September 30, 2021 total goodwill of the thyssenkrupp group amounts to €1,387 million (prior year: €1,481 million). It mainly related to the CGUs Marine Systems and Chemical & Process Technologies (Segment Multi Tracks).

SIGNIFICANT GOODWILL

CGU (Segment)	Carrying amount of goodwill allocated to CGU in million €	Proportion of total goodwill in %	Pre-tax discount rate in %	Growth rate in %	Description of key assumptions of goodwill testing
Marine Systems (Marine Systems)	1,041 (1,041)	75	9.3 (8.4)	1.3	<ul style="list-style-type: none"> – Profitable progress on order backlog portfolio – Realization of planned order intake, particularly in submarine area, resulting in significant margin improvement in order backlog portfolio – Efficiency increases along entire value chain based on implemented performance program
Chemical & Process Technologies (Multi Tracks)	235 (235)	17	13.3 (12.3)	1.3	<ul style="list-style-type: none"> – Profitable progress on contracts won – Realization of planned order intake – Profitable growth in the divisions “Fertilizer & Methanol” and “Electrochemical Technologies” – Profit improvement resulting from already implemented restructurings

Impairment of other intangible assets

Impairment losses of intangible assets other than goodwill are primarily included in cost of sales.

In conjunction with the termination of the central Daproh (data and process harmonization) project, the acquired software was written down in full in the amount of €17 million at Corporate Headquarters in 2020/2021.

Impairments recognized on the other intangible assets in 2019/2020 are disclosed in Note 05.

05 Property, plant and equipment (inclusive of investment property)

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

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

million €	Land, leasehold rights and buildings including buildings on third-party land	Technical machinery and equipment	Other equipment, factory and office equipment	Right-of-use assets	Assets under operating lease	Construction in progress	Total
Gross amounts							
Balance as of Sept. 30, 2019	5,883	19,465	2,491	94	49	927	28,909
Effects of the adoption of IFRS 16	0	0	0	988	0	0	988
Balance as of Oct. 1, 2019	5,883	19,465	2,491	1,082	49	927	29,896
Currency differences	(77)	(253)	(37)	(39)	0	(25)	(432)
Acquisitions/divestitures of businesses	(2)	(11)	1	0	0	19	7
Additions	56	366	112	139	2	683	1,357
Transfers	101	414	11	(11)	4	(482)	36
Disposals	(119)	(161)	(98)	(23)	(1)	(2)	(405)
Reclassification due to the presentation as assets held for sale	(331)	(251)	(364)	(358)	(3)	(72)	(1,378)
Balance as of Sept. 30, 2020	5,512	19,569	2,115	791	49	1,047	29,082
Currency differences	20	92	6	6	0	9	133
Acquisitions/divestitures of businesses	25	(4)	(3)	(1)	0	(1)	16
Additions	77	286	102	136	0	740	1,341
Transfers	76	387	40	(7)	(1)	(453)	41
Disposals	(87)	(251)	(86)	(29)	(9)	(3)	(468)
Reclassification due to the presentation as assets held for sale	(262)	(1,090)	(189)	(41)	0	(48)	(1,630)
Balance as of Sept. 30, 2021	5,360	18,988	1,985	852	39	1,292	28,518
Accumulated depreciation and impairment losses							
Balance as of Sept. 30, 2019	3,349	15,417	1,899	46	20	34	20,764
Effects of the adoption of IFRS 16	0	0	0	(23)	0	0	(23)
Balance as of Oct. 1, 2019	3,349	15,417	1,899	23	20	34	20,741
Currency differences	(32)	(188)	(27)	(4)	0	(1)	(251)
Acquisitions/divestitures of businesses	(2)	(11)	1	0	0	0	(11)
Depreciation expense	127	705	141	181	1	0	1,154
Impairment losses	349	1,357	102	10	1	174	1,993
Reversals of impairment losses	0	0	0	0	0	(3)	(3)
Transfers	1	4	(4)	(1)	2	(3)	(1)
Disposals	(29)	(145)	(92)	(3)	0	0	(269)
Reclassification due to the presentation as assets held for sale	(131)	(184)	(238)	(37)	0	0	(590)
Balance as of Sept. 30, 2020	3,633	16,955	1,783	168	23	201	22,763
Currency differences	8	69	5	4	0	1	87
Acquisitions/divestitures of businesses	(1)	(11)	(3)	(2)	0	(2)	(19)
Depreciation expense	95	489	105	139	0	0	829
Impairment losses	4	49	19	28	0	9	109
Reversals of impairment losses	(50)	(39)	0	0	0	(5)	(94)
Transfers	13	81	5	(2)	(1)	(100)	(4)
Disposals	(50)	(241)	(78)	(14)	(5)	(1)	(389)
Reclassification due to the presentation as assets held for sale	(148)	(939)	(157)	(29)	0	(5)	(1,278)
Balance as of Sept. 30, 2021	3,505	16,413	1,679	292	17	99	22,005
Net amounts							
Balance as of Sept. 30, 2019	2,534	4,048	592	49	29	893	8,144
Balance as of Oct. 1, 2019	2,534	4,048	592	1,059	29	893	9,155
Balance as of Sept. 30, 2020	1,879	2,614	331	622	27	846	6,319
Balance as of Sept. 30, 2021	1,855	2,575	307	560	22	1,193	6,513

Impairment losses of property, plant and equipment are for the most part included in cost of sales and to a minor extent in R&D, in selling expenses and in general and administrative expenses.

Fiscal year 2020 / 2021

Because of the drop in demand in the aerospace industry due in particular to the coronavirus pandemic and the associated lower expected future results of operations, impairment losses of €19 million were necessary at Materials Services in the Supply Chain Services business unit in the USA. The relevant value in use for determining the impairment loss amounts to €24 million in total, and a discount rate (after taxes) of 5.89% was applied to determine it. €1 million of the impairment loss determined that way could not be recognized due to the lower value limit under IAS 36.105.

In the Steering business unit of Automotive Technology, impairment losses of €38 million were recognized on technical machinery and equipment in the global product group electric steering gears. The reason for this were the lower sales expectations for ongoing projects since the coronavirus pandemic, which continue to apply due to the persistent semiconductor shortage, among other factors. The relevant value in use for determining the impairment loss amounts to €525 million in total, and a discount rate (after taxes) of 7.13% was applied to determine it. €7 million of the impairment loss determined that way could not be recognized due to the lower value limit under IAS 36.105.

The incomplete recognition of an impairment loss in line with IAS 36.105 in the above cases results from the fact that it would be possible to sell each noncurrent asset individually for a higher amount.

There was a partial reversal of an impairment loss amounting to €42 million in Special Units relating to corporate assets that had been impaired in the prior year in the thyssenkrupp Group. For impairment testing purposes, these assets are allocated pro rata to the cash-generating units because they do not generate any separate cash flows. The impairment loss was reversed because of the higher overall recoverability of corporate assets by the cash-generating units compared with the prior year. The higher recoverability is attributable primarily to structural effects (sale of the stainless steel business) and to improved expectations of future results of operations compared with the prior-year planning, which led to greater recoverability of corporate assets in particular in the cash-generating units of the Materials Services and Automotive Technology segments.

There were also impairment losses and reversals of impairment losses for the disposal groups presented in Note 03.

Fiscal year 2019 / 2020

In the Steering business unit of Automotive Technology, impairment losses in the total amount of €333 million were recognized in the global product group electric steering gears due to the revaluation of demand expectations and higher costs of capital. Of this amount, €272 million relates to technical machinery and equipment, €4 million to buildings, and €57 million to development costs. The relevant recoverable amount used to determine the impairment loss in each case correspond to the respective value in use, which amounted to €459 million in total and was determined applying a discount rate (after taxes) of 8.36%. €95 million of the impairment loss determined that way could not be recognized due to the lower value limit of IAS 36.105.

Also in the Automotive Technology segment, higher costs of capital and coronavirus-related lower earnings expectations in the Dampers business unit in the original equipment manufacturer business in Germany and the USA led to the recognition of impairment losses of altogether €90 million, of which €66 million on technical machinery and equipment, €12 million on other equipment, factory and office equipment, and €12 million on buildings. To determine the value in use – totaling €(19) million – a discount rate (after taxes) of 7.92% (Germany) or 8.05% (USA) was applied. €158 million of the impairment loss determined that way could not be recognized due to the lower value limit of IAS 36.105.

Also at Automotive Technology, impairment losses of €72 million were recognized in the Camshafts business unit, mainly due to the premature termination of a customer project affecting sites in Europe and China as well as the revaluation of demand expectations particularly in view of coronavirus. Of the impairment losses, €45 million relates to assets under construction, €22 million to technical machinery and equipment, and €5 million to development costs. The relevant recoverable amount used to determine the impairment loss in each case correspond to the respective value in use, which amounted to €23 million in total and was determined applying discount rates (after taxes) of between 7.35% and 9.17% depending on region. €12 million of the impairment loss determined that way could not be recognized due to the lower value limit of IAS 36.105.

Further impairment losses at Automotive Technology were recognized on account of lower expectations of future earnings at plants of the Automotive Systems business unit in Mexico, the USA, Hungary, Germany and France (altogether €19 million, value in use €42 million; €13 million could not be recognized due to the lower value limit of IAS 36.105), as well as in the plants of the System Engineering business unit in Germany, China and India (altogether €13 million, value in use €64 million; €121 million could not be recognized due to the lower value limit of IAS 36.105). Further impairment losses at the Springs & Stabilizers business unit were necessary: €7 million in Hungary (value in use €31 million; €9 million could not be recognized due to the lower value limit of IAS 36.105) as well as additional impairments of €8 million in total at the plants in Germany, China and Brazil.

At the Industrial Components business unit Forged Technologies, changed parameters on the Chinese market – triggered directly by coronavirus and also driven by sales reductions mainly attributable to increased localization of procurement on the part of customers and tariff disputes between the USA and China – necessitated the recognition of impairment losses of €5 million on buildings, €64 million on technical machinery and equipment, and €2 million on other equipment, factory and office equipment. The relevant recoverable amount used to determine the impairment loss in each case correspond to the respective value in use, which amounted to €47 million in total and were determined applying a discount rate of (after taxes) of 7.55%.

The coronavirus pandemic had a significant negative impact on the earnings and cash flow forecasts of the segment/CGU Steel Europe. As a result, in addition to the complete write-off of goodwill of €306 million (cf. Note 04) further impairment losses of altogether €1.2 billion were recognized on other intangible assets and property, plant and equipment. Of this amount, €770 million relates to technical machinery and equipment, €161 million to buildings, €115 million to assets under construction, €85 million to other equipment, factory and office equipment, €62 million to development costs and software, and €7 million to licenses and similar rights. The value in use, which amounted to €4,028 million in total, was determined applying the discount rate from the goodwill impairment test of 7.6% (before taxes) / 5.74% (after taxes).

In the Acciai Speciali Terni (AST) operating unit of Multi Tracks, revised expectations of future earnings, further lowered by the coronavirus pandemic mainly in Europe, resulted in impairment losses of altogether €107 million, of which €85 million on technical machinery and equipment and €22 million on land and buildings. The relevant recoverable amount used to determine the impairment loss in each case correspond to the respective value in use, which amounted to €48 million in total and was determined applying a discount rate (after taxes) of 8.96%.

In addition, in the Special Units unit an impairment loss of €127 million was recognized on assets jointly used in the thyssenkrupp group (corporate assets). For the purpose of impairment testing, these were allocated pro-rata to the CGUs because they do not generate independent cash flows. As a result, €44 million of the impairment loss relates to the CGU Steel, €41 million to the CGU Steering, €14 million to the CGU Damper, and €12 million to the CGU AST.

The incomplete recognition of an impairment loss in line with IAS 36.105 in the above cases results from the fact that it would be possible to sell each non-current asset individually for a higher amount.

Property, plant and equipment also include right-of-use assets that are presented below:

CHANGES IN RIGHT-OF-USE ASSETS

million €	Land	Buildings	Technical machinery and equipment	Other equipment, factory and office equipment	Investment property	Total
Gross amounts						
Balance as of Sept. 30, 2019	5	36	30	24	0	94
Effects of the adoption of IFRS 16	147	686	11	141	1	988
Balance as of Oct. 1, 2019	152	723	41	165	1	1,082
Currency differences	0	(29)	(1)	(8)	0	(39)
Acquisitions/divestitures of businesses	0	0	0	0	0	0
Additions	10	68	16	45	0	139
Transfers	(3)	(2)	(6)	0	0	(11)
Disposals	(1)	(16)	(1)	(4)	0	(23)
Reclassification due to the presentation as assets held for sale	(2)	(237)	(1)	(117)	0	(358)
Balance as of Sept. 30, 2020	155	506	48	81	1	791
Currency differences	0	5	0	0	0	6
Acquisitions/divestitures of businesses	0	(1)	0	0	0	(1)
Additions	7	103	9	17	0	136
Transfers	(4)	(2)	0	(1)	0	(7)
Disposals	0	(25)	(1)	(3)	0	(29)
Reclassification due to the presentation as assets held for sale	(1)	(22)	(10)	(8)	0	(41)
Balance as of Sept. 30, 2021	156	563	46	86	0	852
Accumulated depreciation and impairment losses						
Balance as of Sept. 30, 2019	0	13	20	12	0	46
Effects of the adoption of IFRS 16	0	(8)	(10)	(5)	0	(23)
Balance as of Oct. 1, 2019	0	5	10	8	0	23
Currency differences	0	(2)	0	(2)	0	(4)
Acquisitions/divestitures of businesses	0	0	0	0	0	0
Depreciation expense	7	124	9	41	1	181
Impairment losses	0	10	0	0	0	10
Reversals of impairment losses	0	0	0	0	0	0
Transfers	0	(1)	0	0	0	(1)
Disposals	0	(1)	0	(1)	0	(3)
Reclassification due to the presentation as assets held for sale	0	(22)	0	(14)	0	(37)
Balance as of Sept. 30, 2020	7	112	18	31	0	168
Currency differences	0	3	0	0	0	4
Acquisitions/divestitures of businesses	0	(2)	0	0	0	(2)
Depreciation expense	6	100	9	24	0	139
Impairment losses	1	27	0	0	0	28
Reversals of impairment losses	0	0	0	0	0	0
Transfers	(1)	(1)	0	0	0	(2)
Disposals	0	(10)	(1)	(2)	0	(14)
Reclassification due to the presentation as assets held for sale	(1)	(13)	(9)	(7)	0	(29)
Balance as of Sept. 30, 2021	12	216	17	46	0	292
Net amounts						
Balance as of Sept. 30, 2019	5	23	9	12	0	49
Balance as of Oct. 1, 2019	152	718	31	158	1	1,059
Balance as of Sept. 30, 2020	148	393	30	50	1	622
Balance as of Sept. 30, 2021	144	347	29	40	0	560

The thyssenkrupp group is the lessee mainly of land and buildings, technical machinery and equipment as well as other equipment, factory and office equipment. The resulting lease liabilities are reported under financial debt (cf. Note 17).

Property, plant and equipment have been pledged as security for financial debt of €115 million (prior year: €140 million).

Investment property

Investment property located in Germany is primarily determined based on internally prepared valuations using the gross rental method which is regulated in Germany by the “Verordnung über die Grundsätze für die Ermittlung der Verkehrswerte von Grundstücken – (Immobilienwertermittlungsverordnung – ImmoWertV)”. Investment property located outside Germany is generally determined by external appraisers.

As of September 30, 2021, the carrying amount of thyssenkrupp’s investment property amounts to €23 million (prior year: €33 million). The total fair value of this investment property is €50 million (prior year: €64 million); thereof €13 million (prior year: €18 million) are assigned to level 2 and €37 million (prior year: €45 million) are assigned to level 3 valuations methods of the fair value hierarchy. Of the fair value €7 million (prior year: €17 million) are based on valuations of external appraisers.

06 Investments accounted for using the equity method

With the exception of the share of the investment in TK Elevator, which is accounted for using the equity method (see Note 03), the investments accounted for using the equity method are, on an individual basis, immaterial. The carrying amount of associates is €549 million (prior year: €621 million) and of joint ventures is €121 million (prior year: €102 million).

With the closing of the sale of Elevator Technology on July 31, 2020 thyssenkrupp received an 18.95% interest in Vertical Topco I S.A., Luxembourg in the form of ordinary shares with voting rights (see Note 03). Due to the existence of significant influence, this investment is accounted for using the equity method and is considered material for thyssenkrupp. Significant influence exists in particular because thyssenkrupp has a seat on the board of Vertical TopCo S.à.r.l. and participates in significant decision-making processes. For thyssenkrupp, the elevator investment is driven solely by finance strategical character.

The carrying amount of this investment as of October 1, 2020 was €600 million. Subsequent measurement of the equity-method investment reduced the carrying amount by €56 million to €544 million as of September 30, 2021. The fair value of the investment as of September 30, 2021 was €645 million.

The preliminary material financial information of the Vertical Topco I S.A. Group is presented in the following. The amounts do not relate to the shares attributable to thyssenkrupp AG but rather represent the amounts based on a fictitious 100% holding, which are then reconciled to the carrying amount included in thyssenkrupp’s group statement of financial position.

FINANCIAL INFORMATION OF VERTICAL TOPCO I S.A. ACCOUNTED FOR USING THE EQUITY-METHOD

million €	Sept. 30, 2020 Year ended Sept. 30, 2020	Sept. 30, 2021 Year ended Sept. 30, 2021 ¹⁾
Total non-current assets	20,284	20,185
Total current assets	3,426	3,435
thereof: cash and cash equivalents	552	587
Total non-current liabilities	14,611	14,471
Total current liabilities	4,096	4,472
Sales	1,373	7,827
Income/(loss) from continuing operations (net of tax)	(114)	(633)
Income/(loss) from discontinued operations (net of tax)	0	0
Net income/(loss)	(114)	(633)
Other comprehensive income	152	267
Total comprehensive income	38	(366)

¹⁾ Amounts primarily based on interim financial statements as of June 30, 2021; updated to Sept. 30, 2021 based on estimation.

RECONCILIATION TO BOOK VALUE INCLUDED IN THE BALANCE SHEET OF THE GROUP

million €	Sept. 30, 2020 Year ended Sept. 30, 2020	Sept. 30, 2021 Year ended Sept. 30, 2021 ¹⁾
Net assets as of July 31, 2020 and Oct. 1, 2020 respectively	5,003	5,041
Net income/(loss)	(114)	(633)
Other comprehensive income (foreign currency translation adjustment)	150	257
Miscellaneous other comprehensive income	2	10
Net assets as of Sept. 30	5,041	4,675
Proportion of net assets as of Sept. 30 attributable to thyssenkrupp group	955	886
Other reconciliation items	(355)	(342)
Carrying amount as of Sept. 30	600	544

¹⁾ Amounts primarily based on interim financial statements as of June 30, 2021; updated to Sept. 30, 2021 based on estimation.

Based on the conditions applicable to the shareholder loan granted by Vertical Midco S.à.r.l. and the thyssenkrupp Group to Vertical Topco I S.A. (notional amount: €5,500 million), the difference between the fair value of the shareholder loan accounted for at the time of initial recognition (€2,272 million) and its notional amount (€5,500 million) of €3,229 million less resulting deferred taxes of €1,008 million was allocated to Vertical Topco I S.A.'s retained earnings. As a result, Vertical Topco I S.A.'s reported net assets are too high, and this pro-rata accounting treatment was adjusted as the material effect in the "Other reconciliation items" row in the reconciliation presented above.

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

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

million €	Associates		Joint ventures	
	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Income/(loss) from continuing operations (net of tax)	(6)	1	15	24
Income/(loss) from discontinued operations (net of tax)	0	0	0	0
Other comprehensive income	0	0	(2)	7
Total comprehensive income	(6)	1	12	32

In 2020/2021, the unrecognized share of losses of associates and joint ventures accounted for using the equity method was €2 million (prior year: €3 million). There were cumulative unrecognized losses of €10 million (prior year: €8 million).

The associates and joint ventures are included in the list of the group's subsidiaries and equity interests that is published in the German Federal Gazette and is available on the thyssenkrupp website at www.thyssenkrupp.com.

07 Operating lease

The group is the lessor of various commercial real estates under operating lease agreements.

As of September 30, the future lease payments to be received on non-cancellable operating leases are as follows:

FUTURE LEASE PAYMENTS

million €	Sept. 30, 2020	Sept. 30, 2021
Up to one year	9	7
More than one year up to two years	5	5
More than two years up to three years	5	5
More than three years up to four years	4	3
More than four years up to five years	3	2
More than five years	11	10
Total	37	33

08 Inventories

INVENTORIES

million €	Sept. 30, 2020	Sept. 30, 2021
Raw materials	1,209	1,812
Supplies	468	373
Work in process	1,652	1,693
Finished products, merchandise	2,594	3,238
Total	5,922	7,116

Inventories of €3 million (prior year: €1 million) have a remaining term of more than one year. Inventories of €29,659 million (prior year: €29,184 million) are recognized as cost of sales during the period. Included in cost of sales are write-downs of inventories of €7 million (prior year: €215 million).

09 Trade accounts receivable

Trade accounts receivable in the amount of €3 million (prior year: €0 million) have a remaining term of more than one year. As of September 30, 2021 cumulative impairment losses of €205 million (prior year: €208 million) are recognized for doubtful accounts; for more details refer to the disclosures in Note 22 Financial instruments.

The amount of receivables sold and derecognized from the balance sheet as of September 30, 2021, was €0 million (prior year: €6 million), resulting in net proceeds in the amount of €0 million (prior year: €6 million). In some cases, when the group sells receivables it retains rights and immaterial obligations; these retained interests mainly consist of servicing as well as providing limited cash reserve accounts.

10 Assets and liabilities from contracts with customers

As of September 30, 2021, the group's current assets include contract assets in the amount of €1,434 million (prior year: €1,575 million); of these €1,164 million (prior year: €871 million) have a remaining term of more than one year. In the 2020/2021 fiscal year impairment losses on contract assets were recognized in the amount of €0 million (prior year: €4 million) under selling expenses. The overall decrease in contract assets in the reporting year included reclassifications of €74 million to assets held for sale in connection with the Mining disposal group. Additionally, a significant increase in prepayments accompanied by a disproportionately lower increase in contract costs in the other plant construction business of the Multi Tracks segment made a particular contribution to this decrease.

As of September 30, 2021, the group's current liabilities include contract liabilities in the amount of €2,205 million (prior year: €3,073 million); of these €1,544 million (prior year: €1,895 million) have a remaining term of more than one year. €167 million of the sharp reduction in contract liabilities related to reclassifications to liabilities associated with assets held for sale in connection with the Mining disposal group. In addition, there were significant decreases in prepayments in the other plant construction business of the Multi Tracks segment accompanied by a disproportionately lower decrease in contract costs; Marine Systems also recorded a reduction in prepayments accompanied by an increase in contract costs. In the course of the 2020/2021 fiscal year, sales in the amount of €1,531 million (prior year 1,995 million) was recognized which was included in the contract liability balance at the beginning of the fiscal year. In the 2020/2021 fiscal year, sales from performance obligations satisfied or partly satisfied in earlier periods amounted to €61 million (prior year: €45 million).

The total transaction price allocated to performance obligations that were unsatisfied or partially unsatisfied as of September 30, 2021, which – making use of the practical expedients under IFRS 15.121a – have an original expected duration of more than 12 months, amounted to €14,594 million (prior year: €9,007 million). The expected recognition of the corresponding sales over time is as follows:

FUTURE SALES FROM CONTRACTS WITH CUSTOMERS SEPT. 30, 2021

million €	
(for fiscal year)	
2021/2022	3,166
2022/2023 – 2025/2026	7,487
after 2025/2026	3,940
Total	14,594

In the prior year future sales were as follows:

FUTURE SALES FROM CONTRACTS WITH CUSTOMERS SEPT. 30, 2020

million €	
(for fiscal year)	
2020/2021	2,596
2021/2022 – 2024/2025	5,588
after 2024/2025	822
Total	9,007

11 Other financial assets

OTHER FINANCIAL ASSETS

million €	Sept. 30, 2020		Sept. 30, 2021	
	current	non-current	current	non-current
Miscellaneous other financial assets	418	586	544	632
Equity instruments	0	66	0	71
Debt instruments	8	6	9	16
Derivatives not qualifying for hedge accounting	62	—	75	—
Derivatives qualifying for hedge accounting	46	—	220	—
Total	535	658	849	718

Other financial assets in the amount of €728 million (prior year: €682 million) have a remaining term of more than one year. As of September 30, 2021 cumulative impairments amount to €4 million (prior year: €3 million) regarding current other financial assets and €18 million (prior year: €37 million) regarding non-current other financial assets.

12 Other non-financial assets

OTHER NON-FINANCIAL ASSETS

million €	Sept. 30, 2020		Sept. 30, 2021	
	current	non-current	current	non-current
Advance payments on intangible assets	—	9	—	10
Advance payments on property, plant and equipment	—	205	—	316
Advance payments on right-of-use assets	—	1	—	1
Advance payments to suppliers of inventories and to other current non-financial assets	633	—	662	—
Prepayments	258	—	252	—
Miscellaneous	523	15	472	10
Total	1,414	230	1,386	337

Other non-financial assets in the amount of €683 million (prior year: €373 million) have a remaining term of more than one year. As of September 30, 2021 cumulative impairments amount to €48 million (prior year: €57 million) regarding current other non-financial assets and €4 million (prior year: €4 million) regarding non-current other non-financial assets.

13 Total equity

Capital stock

The capital stock of thyssenkrupp AG consists of 622,531,741 (prior year: 622,531,741) no-par bearer shares of stock, all of which have been issued and are fully paid, with 622,531,741 outstanding as of September 30, 2021 and 2020, respectively. Each share of common stock has a stated value of €2.56.

All shares grant the same rights. The stockholders are entitled to receive dividends as declared and are entitled to one vote per share at the stockholders' meetings.

Additional paid-in capital

Additional paid-in capital includes the effects of the business combination of Thyssen and Krupp as well as premiums resulting from capital increases at subsidiaries with non-controlling interest.

Retained earnings

Retained earnings include prior years' undistributed consolidated income. In addition, this line item includes the remeasurement effects of pensions and similar obligations and the equity impacts of share-based compensation.

Management of capital

As of September 30, 2021 the group's equity ratio was 29.5% (prior year: 27.9%). Among the thyssenkrupp group's most important financial goals are a sustainable appreciation of entity value and ensuring solvency at all times. Creating sufficient liquidity reserves is therefore of great importance.

Currently the thyssenkrupp group has the following ratings:

RATING

	Long-term rating	Short-term rating	Outlook
Standard & Poor's	BB-	B	negative
Moody's	B1	Not Prime	stable
Fitch	BB-	B	stable

Currently, all ratings are below investment grade. For the financing of the thyssenkrupp Group, an investment grade rating in the “BBB” range leads to an optimum of capital costs. Capital management at thyssenkrupp is based on debt ratios published by rating agencies, which measure cash-flow-to-debt ratios for a specific period. thyssenkrupp is not subject to capital requirements under its articles of association.

Authorizations

Through resolution of the Annual General Meeting of January 30, 2015, up to January 29, 2020, the Executive Board of thyssenkrupp AG was authorized to acquire treasury shares up to a total of 10% of the capital stock at the time of the resolution or – if lower – at the time the authorization is exercised and use them for the purposes expressly stated in the authorization resolution and for all legally permissible purposes. After the expiry date of this authorization on January 29, 2020, currently there are no authorizations.

Dividend

Determined in conformity with the principles of the German Commercial Code (HGB), thyssenkrupp AG reports an unappropriated loss for the 2020/2021 fiscal year; therefore no dividend proposal will be presented for approval to the Annual General Meeting. No dividend was paid for fiscal year 2019/2020 and 2018/2019.

14 Share-based compensation

Management incentive plans

The long-term incentive plan (LTI) is a long-term oriented compensation component which issues stock rights to eligible participants. Plan participants are Executive Board members and several other selected executive employees. As of September 30, 2021, 1,769,765 stock rights were issued in the 9th installment, 2,543,549 stock rights in the 10th installment and 5,787,718 stock rights in the 11th installment of the LTI.

The LTI is granted in annual installments. At the beginning of each installment a certain number of virtual shares is allocated, initially provisionally. The number of virtual shares that is finally awarded to the plan participants at the end of the term of each installment depends on the development of the underlying performance criteria over the relevant performance period. The final number of stock rights may therefore be higher or lower than the number of provisionally granted stock rights.

Up to and including the 10th installment of the incentive plan issued for fiscal year 2019/2020, the change in the tkVA is used as the performance criteria, whereby the number of stock rights issued is adjusted at the end of the respective three-year tkVA performance period based on the average tkVA over this period compared with a tkVA target value set in advance. The amount of payment for an installment is calculated by multiplying the adjusted number of stock rights by the average price of thyssenkrupp's stock in the first three months after the end of the tkVA performance period, with the result that the term of each installment extends over four fiscal years in total.

Starting with the 11th installment of the incentive plan issued in fiscal year 2020/2021, the plan design was adjusted for the Executive Board members and the other eligible executives.

For the Executive Board members, the final number of virtual shares at the end of a four (rather than three) year performance period will be determined on the basis of the three aggregated performance criteria of relative total shareholder return (TSR, which is a metric indicating how the value of an investment in thyssenkrupp stock related to price change and dividends has developed over a specific period), the return on capital employed (ROCE, calculated as EBIT divided by average capital employed) and sustainability, for which the Supervisory Board will, at the beginning of each fiscal year, resolve challenging target and threshold values for each new tranche that will apply over the entire four-year period of the tranche. Starting with the 11th installment issued in fiscal year 2020/2021, tkVA is therefore no longer relevant as a performance criterion. The amount of the payout is calculated by multiplying the adjusted number of stock rights by the average price of thyssenkrupp shares in the 30 exchange trading days before the end of the four-year performance period.

thyssenkrupp AG's Executive Board members are additionally required to purchase thyssenkrupp shares equivalent to a total value of one annual fixed salary (gross) and to hold them for the duration of their appointment. There is a minimum annual investment of 25% of the net payout from the performance-related compensation components (STI and LTI) until the full investment amount is reached. Fulfillment of the share buy and hold requirement is determined based on the purchase price at the acquisition date.

An LTI plan design that is based on the updated compensation system for the Executive Board members, albeit adapted to the specific requirements of the segment, applies to the other eligible executives in the Material Services, Automotive Technology, Steel Europe and Marine Systems segments as well as the business units in the Industrial Components segment. The final number of stock rights is determined at the end of the four-year performance period and is based largely on the performance of the segment in question, calculated by reference to up to three aggregated performance criteria (adjusted EBIT margin, ROCE and sustainability). In this case too, the tkVA is no longer a relevant performance criterion starting with the 11th installment issued in fiscal year 2020/2021. The amount of the payout is calculated by multiplying the adjusted number of stock rights by the average price of thyssenkrupp shares in the 30 exchange trading days before the end of the four-year performance period.

The LTI plan design for the Executive Board applies to the eligible executives at Corporate Headquarters and in the Multi Tracks segment. In the case of Multi Tracks, there is also a discretionary factor that the Executive Board can use to increase or decrease the number of stock rights by up to 50% in order to additionally reflect the specific performance of the segment on the basis of the three aggregated performance criteria described above.

There is no obligation for the other executives eligible to participate in the LTI equivalent to the Executive Board obligation to purchase and hold thyssenkrupp shares.

To determine the fair value of the cash-settled stock rights used to calculate the pro-rata liability as of the balance sheet date forward prices of the thyssenkrupp stock are calculated taking into account the existing caps. The forward calculation is carried out for predefined periods (averaging periods) taking into account the thyssenkrupp stock price and the euro interest rate curve as of the balance sheet date and the dividends assumed to be paid until the maturity of the stock rights. The following assumptions were used for the determination of the fair values as of September 30, 2020 and as of September 30, 2021, respectively:

INCENTIVE PLANS – YEAR ENDED SEPT. 30, 2020

	8th installment LTI	9th installment LTI	10th installment LTI
Maturity	12/31/2020	12/31/2021	12/31/2022
Averaging period	1.10. – 31.12.2020	1.10. – 31.12.2021	1.10. – 31.12.2022
thyssenkrupp stock price as of balance sheet date	4.31	4.31	4.31
Assumed dividend payment(s) per stock until maturity	—	—	—
Average dividend yield	—	—	—
Average interest rate (averaging period)	(0.49)%	(0.48)%	(0.49)%
Fair value as of Sept. 30, 2020			
– without caps	4.31 €	4.31 €	4.31 €
– with caps	4.31 €	4.31 €	4.31 €

INCENTIVE PLANS – YEAR ENDED SEPT. 30, 2021

	9th installment LTI	10th installment LTI	11th installment LTI
Maturity	12/31/2021	12/31/2022	12/31/2024
Averaging period	1.10. – 31.12.2021	1.10. – 31.12.2022	1.10. – 31.12.2024
thyssenkrupp stock price as of balance sheet date	9.18	9.18	9.18
Assumed dividend payment(s) per stock until maturity	—	—	€0.15 on Feb. 6, 2023 €0.15 on Feb. 5, 2024
Average dividend yield	—	—	1.14%
Average interest rate (averaging period)	(0.63)%	(0.50)%	(0.36)%
Fair value as of Sept. 30, 2021			
– without caps	9.19 €	9.18 €	8.88 €
– with caps	9.19 €	9.18 €	8.88 €

In the 2nd quarter of 2020/2021, the 8th installment of the LTI was settled with a payment of €5.40 per stock right and a payment of €17.6 million in total, respectively. In the 2nd quarter of 2019/2020, the 7th installment of the LTI was settled with a payment of €12.50 per stock right and a payment of €8.7 million in total, respectively. Also in fiscal 2020/2021 the 11th installment of the LTI was granted to the Executive Board and additional executive employees. In total in fiscal year 2020/2021 the group recorded an expense of €66 million from the incentive plans (prior year: €18 million). The liability arising from the LTI amounts to €83 million as of September 30, 2021 (prior year: €37 million).

Additionally, €4 million is reported in equity as of September 30, 2021 for the share-based compensation of the members of the Executive Board. The background to this is that all Executive Board members are required to purchase thyssenkrupp shares equivalent to a total value of one annual fixed salary (gross) and to hold them for the duration of their appointment. Starting in fiscal year 2020/2021, the minimum annual investment is 25% of the net payout from the performance-related compensation components (STI and LTI) until the prescribed investment amount is reached. Fulfillment of the share buy and hold requirement is determined based on the purchase price at the acquisition date. See also the disclosures on the compensation of the current Executive Board members in Note 23.

15 Accrued pension and similar obligations

ACCRUED PENSION AND SIMILAR OBLIGATIONS

million €	Sept. 30, 2020	Sept. 30, 2021
Accrued pension obligations	8,274	7,647
Partial retirement	242	290
Other accrued pension-related obligations	45	34
Reclassification due to the presentation as liabilities associated with assets held for sale	0	(75)
Total	8,560	7,896

Accrued pension liability

The thyssenkrupp group maintains defined benefit and defined contribution pension plans in numerous countries around the world.

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

Benefits are generally offered on the basis of country-specific regulations (e.g. local laws) or on a voluntary basis. Benefits under these plans are funded either by pension assets held separately from the employer ("plan assets") or through pension provisions, with the amount of the provision stated on the balance sheet reflecting the value of the pension obligations already reduced by the respective plan assets.

The major obligations from defined benefit plans exist in Germany, the USA, Great Britain and Liechtenstein. These countries represent approx. 96% (prior year: 96%) of the group's pension obligations and 90% (prior year: 89%) of the respective plan assets.

For historical reasons a wide variety of voluntary defined benefit pension plans (DB plans) exist in Germany based on different risk profiles. As a rule they provide benefits in the event of invalidity and/or death or on reaching a specified age limit, and are mainly based on individual or collective arrangements. In the past the employer-funded pension plans in Germany generally provided a life-long pension based on defined benefits.

These defined benefit plans (including final-salary pension plans, career-average pension plans, etc.) were created many years ago and replaced at the turn of the millennium by defined contribution pension plans with a risk-optimized payout form (lump sum, installments, or life-long pension). Particularly for newly recruited professionals and managers, the "flexplan" was introduced at January 1, 2017 and replaces the last open "benefits plan" at thyssenkrupp. The "flexplan" is a share-based pension plan in which a minimum of 1% interest per annum is guaranteed by the employer.

A key element in increasing employees' share in responsibility for their company retirement benefits is salary conversion, which is an option under all pension schemes currently open and for which employer-funded matching contributions are offered as an incentive. On January 1, 2020, a model identical to the flexplan was also introduced for deferred compensation only (DC2020), which can be used by all employees who cannot already participate in a commitment with integrated deferred compensation. With regard to the funding of the company pension plans, particularly the "flexplan" und "DC2020" are to be funded through the group's Contractual Trust Agreement (CTA), which will have a positive effect on the external funding level. At the same time payments under the former pension plans are funded through the CTA insofar as they exceed the protection limits of the mutual pension guarantee association (Pensionssicherungsverein a.G. (PSV)).

The majority of group companies outside Germany also provide pension plans for their employees. These plans are in some cases based on statutory requirements or collective agreements, but in other cases they are provided by the group companies on a voluntary basis. The range of benefits provided under the plans differs widely depending on local arrangements, extending from DC plans to final-salary defined-benefit schemes with regular pension payment.

Outside Germany pension obligations mainly exist in the form of DB plans in the USA, Great Britain, and Liechtenstein. Under statutory requirements in Liechtenstein, pension plans have to be offered to all employees in the mandatory social insurance scheme and are therefore also available to new employees of thyssenkrupp. By contrast, the mainly voluntary DB plans offered in Great Britain and the USA have now been closed to new employees and as far as possible frozen in respect of future service years. This means that the obligations under the DB plans relate mainly to the vested rights of former employees and pensioners. As a rule all active employees in Great Britain and the majority of employees in the USA now only accrue company benefit rights under DC plans.

In addition to the defined contribution plans, the companies of the elevator business in the USA that were sold at end of July 2020, participate in a union-organized multi-employer plan (National Elevator Industry Pension Plan – NEIPP) for their unionized employees on the basis of a collective agreement. This plan is a defined benefit plan, but was accounted for as a defined contribution plan due to insufficient information about the allocation of assets. Until the deconciliation of Elevator Technology at end of July 2020, the impacts of NEIPP are included in the group's consolidated financial statements of the prior year.

To secure the payment obligations, the pension funds outside Germany are funded to a much greater extent by externally separated assets. This is due in part to legal minimum funding standards, which require full external funding of the obligations or a financing under a capital funding system. For further information regarding the composition and investment strategy refer to the disclosures of the plan assets.

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

Inflation risks which could lead to an increase in benefit obligations of DB plans exist because some of the plans are based on (final) salary and in some cases annual pension modules are directly linked to current salaries (defined contribution plans). To this extent a rise in salaries above the salary/career trends assumed in the valuation of the obligation would also require a direct increase in the provisions (past service effect in the case of (final) salary pensions) or the future service cost (defined contribution plans).

In addition, further charges could result from the need for a cost-of-living adjustment in excess of the assumed pension trend during the pension payment phase, which would lead to an immediate increase in the provisions. A significant number of the pension plans in Germany are required by law to provide a cost-of-living adjustment. A cost-of-living adjustment may also be required under (collective bargaining) agreements or agreed on a voluntary/discretionary basis.

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

Risks from changes to the discount rate are purely balance sheet-related, i.e. the provisions are adjusted directly against equity without affecting income. Cash outflows are not affected.

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

BREAKDOWN OF THE TOTAL OF PENSION PLANS BY BENEFICIARIES

	Sept. 30, 2020			Sept. 30, 2021		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Active employees	109,414	24,068	133,482	103,215	23,747	126,962
Terminated employees with vested benefits	23,194	4,004	27,198	27,397	3,643	31,040
Pensioners	91,907	11,424	103,331	87,292	8,469	95,761
Total	224,515	39,496	264,011	217,904	35,859	253,763

Change in defined benefit obligations and plan assets

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

CHANGE IN DEFINED BENEFIT OBLIGATIONS AND PLAN ASSETS

million €	Sept. 30, 2020			Sept. 30, 2021		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Change in defined benefit obligations (DBO):						
DBO at beginning of fiscal year	8,232	2,836	11,067	8,013	2,567	10,580
Service cost	177	54	230	153	39	192
Interest expense	55	40	95	54	29	84
Remeasurement: Actuarial (gains)/losses from experience adjustments	(52)	34	(18)	(64)	(31)	(96)
Remeasurement: Actuarial (gains)/losses from changes in demographic assumptions	0	(19)	(19)	0	(33)	(33)
Remeasurement: Actuarial (gains)/losses from changes in financial assumptions	290	46	336	(141)	(81)	(222)
Past service cost (inclusive of curtailments)	0	(32)	(32)	0	(3)	(3)
Settlements	0	0	0	0	(1)	(1)
Currency differences	0	(80)	(80)	0	42	42
Participant contributions	0	22	22	0	20	20
Benefit payments	(386)	(141)	(528)	(376)	(130)	(505)
Settlement payments	0	0	0	0	(94)	(94)
Acquisitions/divestitures of businesses	(302)	(192)	(493)	(1)	(1)	(2)
Others	0	0	0	0	1	1
DBO at end of fiscal year	8,013	2,567	10,580	7,638	2,324	9,962
Change in plan assets:						
Fair value of plan assets at beginning of fiscal year	181	2,267	2,448	203	2,269	2,472
Interest income	1	34	35	1	28	29
Remeasurement: Actuarial gains/(losses) on plan assets, excluding amounts included in interest income	(6)	85	79	27	80	107
Currency differences	0	(73)	(73)	0	54	54
Employer contributions	24	181	204	5	28	33
Participant contributions	7	22	28	6	20	26
Benefit payments	0	(132)	(132)	0	(125)	(126)
Settlement payments	0	0	0	0	(94)	(94)
Acquisitions/divestitures of businesses	(4)	(108)	(112)	0	0	0
Administration cost	0	(5)	(5)	0	(3)	(3)
Others	0	0	0	0	1	1
Fair value of plan assets at end of fiscal year	203	2,269	2,472	242	2,258	2,500

Settlements payments refer to plans in the USA and in the Netherlands.

As of the balance sheet date, defined benefit obligations of €9,962 million (prior year: €10,580 million) in total related to plans that are wholly unfunded in the amount of €6,524 million (prior year: €6,924 million) and to plans that are wholly or partly funded in the amount of €3,438 million (prior year: €3,657 million).

Change of net defined liability and asset ceiling

The net defined benefit liability of DB plans changed as follows:

CHANGE IN NET DEFINED BENEFIT LIABILITY

million €	Sept. 30, 2020			Sept. 30, 2021		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Net defined benefit liability at beginning of fiscal year	8,050	584	8,634	7,811	337	8,147
Service cost plus net interest income/(expense)	231	60	291	206	41	247
Remeasurements	244	2	246	(233)	(219)	(452)
Currency differences	0	(9)	(9)	0	(10)	(10)
Past service cost (inclusive of curtailments)	0	(32)	(32)	0	(3)	(3)
Settlements	0	0	0	0	(1)	(1)
Employer contributions	(24)	(181)	(204)	(5)	(28)	(33)
Participant contributions	(7)	0	(7)	(6)	0	(6)
Benefit payments	(386)	(9)	(395)	(375)	(4)	(380)
Acquisitions/divestitures of businesses	(298)	(84)	(382)	(1)	(1)	(2)
Administration cost	0	5	5	0	3	3
Net defined benefit liability at end of fiscal year	7,811	337	8,147	7,396	115	7,511
thereof: accrued pension liability	7,811	463	8,274	7,396	251	7,647
thereof: other non-financial assets	0	(126)	(126)	0	(137)	(137)

The amount calculated in accordance with the asset ceiling rules and minimum funding requirements changed as follows:

CHANGE IN ASSET CEILING (INCLUSIVE OF MINIMUM FUNDING)

million €	Sept. 30, 2020			Sept. 30, 2021		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Net amount at beginning of fiscal year	0	15	15	0	39	39
Interest expense/(income)	0	0	0	0	1	1
Remeasurement: Limitation of asset ceiling exclusive of amounts included in interest expense/income	0	25	25	0	6	6
Currency differences	0	(1)	(1)	0	2	2
Net amount at end of fiscal year	0	39	39	0	49	49

Net periodic pension cost

The net periodic pension cost for DB plans were as follows:

NET PERIODIC PENSION COST

million €	Year ended Sept. 30, 2020			Year ended Sept. 30, 2021		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Service cost	177	54	230	153	39	192
Net interest cost	54	6	60	53	2	55
Administration cost	0	5	5	0	3	3
Past service cost (inclusive of curtailments)	0	(32)	(32)	0	(3)	(3)
Settlement loss/(gain)	0	0	0	0	(1)	(1)
Net periodic pension cost	231	33	264	206	40	246

In the year ended September 30, 2020, the above presented net periodic pension cost for defined benefit plans in the amount of €231 million in Germany and of €33 million outside Germany include €15 million and €12 million, respectively, attributable to discontinued operations. These costs are presented in income/(loss) from discontinued operations in the statement of income for the year ended September 30, 2020.

Valuation assumptions

The assumptions for discount rates, the rates of compensation increase and the rates of pension progression on which the calculation of the obligations is based were derived in accordance with standard principles and established for each country as a function of their respective economic conditions. Discount rates are generally determined based on market yields of AA-rated corporate bonds of appropriate term and currency. As of September 30, 2021, the discount rate for pension obligations in Germany was 0.9% (prior year: 0.7%). Due to increased inflation expectations for Germany, the rate of pension progression was adjusted from 1.80% in the prior year to 1.90% at September 30, 2021.

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

WEIGHTED AVERAGE ASSUMPTIONS

in %	Sept. 30, 2020			Sept. 30, 2021		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Discount rate	0.70	1.25	0.83	0.90	1.51	1.04
Rate of compensation increase	2.50	1.35	2.35	2.50	1.37	2.35
Rate of pension progression	1.80	1.78	1.79	1.90	2.19	1.92

Accrued pension obligations in Germany are recognized on the basis of the “2018 G tables” of Prof. Dr. Klaus Heubeck, adapted to group-specific circumstances. In the other countries the following biometric tables were generally used: USA: Modified version of the RP-2014 Mortality Base Table and MP-2014 Mortality Projection Scale differentiated between blue and white collars; Great Britain: Series Tables adjusted to the CMI2020 Model, and Liechtenstein: BVG2020 Gen (on disability 80% BVG2020).

Alternative assumptions (in each case weighted-average rate of all domestic and foreign pension obligations) would result in the following changes in the defined benefit obligation and the corresponding reverse changes in equity. The table shows the effects of the change in one assumption with all other assumptions remaining unchanged:

SENSITIVITY ANALYSIS

		Sept. 30, 2020		Sept. 30, 2021	
		Change of defined benefit obligation (€ million)		Change of defined benefit obligation (€ million)	
		Germany	Outside Germany	Germany	Outside Germany
Discount rate	Increase by 0.5 percentage points	(529)	(190)	(493)	(167)
	Decrease by 0.5 percentage points	578	208	542	184
Rate of compensation increase	Increase by 0.5 percentage points	12	9	10	8
	Decrease by 0.5 percentage points	(12)	(9)	(10)	(8)
Rate of pension progression	Increase by 0.25 percentage points	173	33	159	30
	Decrease by 0.25 percentage points	(169)	(33)	(156)	(29)
Mortality probability	Decrease by 10.0 percentage points	303	112	285	98

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

Plan assets

In the group, the majority of reported plan assets associated with the funded pension plans are located in the USA, Great Britain, Liechtenstein and to a lesser extent in Germany and some other European countries. The group invests in diversified portfolios consisting of an array of asset classes that attempt to maximize returns while minimizing volatility. The asset classes mainly include national and international stocks, fixed income government and non-government securities, real estate and shares in highly diversified funds. Plan assets do not include any direct investments in thyssenkrupp debt securities, treasury shares or real estate used on its own.

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

For the group's main pension assets, regular asset liability studies are also carried out, in which actuaries conduct a detailed analysis of the structure of the pension obligations (among other things in terms of age structure, duration, possible interest rate/inflation risks). On this basis the investment strategy and target portfolio of the pension assets are then defined and updated. For risk management purposes, liability-driven investment strategies may be used through which assets are geared towards the pension liabilities.

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

As described above, the major pension obligations exist in Germany, the USA, Great Britain and Liechtenstein. The plan assets in these countries amount to 90% of the total plan assets as of September 30, 2021 (prior year: 89%). As of the balance sheet date the portfolio of these major plan assets comprises the following asset categories:

ASSET ALLOCATION OF MAJOR PLAN ASSETS

Asset categories	Sept. 30, 2020				Sept. 30, 2021			
	Fair value (€ million)			Portion of major plan assets (in %)	Fair value (€ million)			Portion of major plan assets (in %)
	Total	Quoted market price in an active market	No quoted market price in an active market		Total	Quoted market price in an active market	No quoted market price in an active market	
Equity securities	713	705	8	32	588	555	33	26
Bonds	978	972	6	44	967	959	8	43
Derivatives	14	14	0	1	5	5	0	0
Cash, cash equivalents and time deposits	240	240	0	11	433	433	0	19
Others	261	176	85	12	263	183	80	12
Total	2,206	2,107	99	100	2,256	2,135	121	100

In general, the group's funding policy is to contribute amounts to the plans sufficient to meet the minimum statutory funding requirements relevant in the country in which the plan is located. In the USA, minimum funding is partially based on collective bargaining agreements. The group may from time to time make additional contributions at its own discretion. thyssenkrupp's expected contribution in fiscal year 2021/2022 is €38 million (prior year: €38 million) related to its plan assets.

Pension benefit payments

In fiscal year 2020/2021, pension benefit payments for plans in Germany of €376 million (prior year: €386 million) were mainly from provisions, and pension benefit payments for non-German plans of €130 million (prior year: €141 million) were made mainly from plan assets. The estimated future pension benefits to be paid by the group's defined benefit pension plans are as follows:

ESTIMATED FUTURE PENSION BENEFIT PAYMENTS

million € (for fiscal year)	Germany	Outside Germany	Total
2021/2022	439	121	559
2022/2023	392	118	510
2023/2024	381	119	501
2024/2025	382	120	501
2025/2026	373	120	494
2026/2027 – 2030/2031	1,781	607	2,388
Total	3,748	1,205	4,953

The duration of defined benefit plans amounts to 14 years for Germany (prior year: 14 years) and to 15 years (prior year: 16 years) for the other countries.

Defined contribution plans

For the plans provided in Germany and abroad through pension funds or comparable pension arrangements, companies of the thyssenkrupp Group make contributions in the amount of a certain percentage of the employees' income or depending on the amount of the employees' contributions. The total cost of pension plans accounted for as defined contribution plans in the current fiscal year was €18 million (prior year: €163 million). The significant year-on-year decrease in contributions is attributable to the deconsolidation of the elevator business in July 2020, which made substantial contributions to a number of pension plans (mainly NEIPP) in particular in the USA. In addition, contributions paid to public/state pension insurance institutions amounted to €435 million (prior year: €571 million).

Partial retirement

In particular German companies have obligations resulting from partial retirement agreements. Under these agreements, employees work additional time prior to retirement, which is subsequently paid for in installments after retirement. In addition, employees receive a supplement on top of their pay. For these obligations, accruals were recognized in accordance with IAS 19 "Employee Benefits".

16 Provisions for employee benefits and other provisions

PROVISIONS FOR EMPLOYEE BENEFITS AND OTHER PROVISIONS

million €	Employee benefits	Product warranties and product defects	Other contractual costs	Restructuring	Decommissioning obligations	Others	Total
Balance as of Sept. 30, 2020	445	246	311	389	291	458	2,141
Currency differences	1	5	2	1	0	2	12
Acquisitions/divestitures of businesses	11	(6)	1	1	3	37	47
Additions	285	76	342	266	18	343	1,332
Accretion	2	0	0	0	13	1	16
Amounts utilized	(190)	(47)	(280)	(208)	(9)	(199)	(934)
Reversals	(64)	(33)	(75)	(107)	(17)	(55)	(351)
Reclassification due to the presentation as liabilities associated with assets held for sale	(16)	(17)	(17)	(6)	(12)	(33)	(100)
Balance as of Sept. 30, 2021	474	225	285	336	288	554	2,162

As of September 30, 2021, €1,351 million (prior year: €1,344 million) of the total of provisions for employee benefits and other provisions are current, while €811 million (prior year: €796 million) are non-current. Provisions of €1,149 million (prior year: €1,122 million) have a remaining term of more than one year.

Provisions for employee compensation and benefit costs primarily represent employment anniversary bonuses and obligations for the management incentive plans, while social plan and related costs pertaining to personnel related structural measures are reflected in the provision for restructuring activities. Pension related obligations for partial retirement agreements and early retirement programs, partly resulting from restructurings, are part of the provision for pensions and similar obligations.

Product warranties and product defects represent the group's responsibility for the proper functioning of the goods sold (product warranty) as well as the obligation that arise from the use of the products sold (product defect).

Provisions for other contractual costs represent pending losses from uncompleted contracts.

The provision for restructurings consists of provisions for employee termination benefits and exit costs which have been established by operating divisions for costs incurred in connection with activities which do not generate any future economic benefits for the group. Restructurings are being carried out in all segments. The additions to restructuring provisions in the fiscal year in the amount of €266 million in total consists of €130 million at Steel Europe, €76 million at Multi Tracks, €25 million at Industrial Components, €13 million at Materials Services, €5 million at Corporate Headquarters, €10 million at Service Units and €5 million at Automotive Technology.

The provision for decommissioning obligations mainly consists of obligations associated with mining activities and recultivating landfills. Obligations associated with mining activities and recultivating landfills are generally handled over long periods of time, in some cases more than 30 years. The technical parameters are very complex. As a result, uncertainty exists with regard to the timing and concrete amount of the expenses.

Other provisions include provisions for litigation risks, environmental obligations and other risks from individual items not allocable to other positions.

17 Financial debt

FINANCIAL DEBT

Carrying amounts in million €	Sept. 30, 2020	Sept. 30, 2021
Bonds	4,332	3,090
Loan notes	112	4
Liabilities to financial institutions	132	105
Lease liabilities	521	493
Other loans	206	94
Non-current financial debt	5,303	3,784
Bonds	849	1,249
Loan notes	130	108
Commercial paper	5	0
Liabilities to financial institutions	82	44
Lease liabilities	126	125
Other loans	6	114
Current financial debt	1,199	1,640
Financial debt	6,502	5,424

Current financial debt includes financial debt with a remaining term up to one year, while non-current financial debt has a remaining term of more than one year.

Financial debt in the amount of €115 million (prior year: €140 million) is collateralized by real estate.

As of September 30, 2021, the financial debt reflects a total discount in the amount of €12 million (prior year: €19 million), which is offset by a total premium in the amount of €0 million (prior year: €0 million). Amortization of discounts and premiums of financial debt is included in "financial income/(expense), net".

In the context of the presentation of disposal groups (cf. Note 03) financial debt of €16 million were reclassified to the balance sheet position “Liabilities associated with assets held for sale”.

BONDS AND LOAN NOTES

	Carrying amount in million € as of Sept. 30, 2020	Carrying amount in million € as of Sept. 30, 2021	Notional amount in million € as of Sept. 30, 2021	Interest rate in %	Fair value in million € as of Sept. 30, 2021	Maturity
thyssenkrupp AG bond (€600 million) 2015/2025	596	597	600	2.5000	618	2/25/2025
thyssenkrupp AG bond (€850 million) 2016/2021 (original term until 3/8/2021)	849	—	—	—	—	12/8/2020
thyssenkrupp AG bond (€1,250 million) 2017/2022 (original term until 3/3/2022)	1,247	1,249	1,250	1.3750	1,250	12/3/2021
thyssenkrupp AG bond (€1,500 million) 2019/2024	1,494	1,496	1,500	2.8750	1,539	2/22/2024
thyssenkrupp AG bond (€1,000 million) 2019/2023	995	997	1,000	1.8750	1,005	3/6/2023
thyssenkrupp AG loan note (€150 million) 2016/2021	130	—	—	—	—	3/11/2021
thyssenkrupp AG loan note (€100 million) 2019/2021	100	100	100	1.1500	101	12/14/2021
thyssenkrupp AG loan note (€8 million) 2019/2022	8	8	8	1.5000	8	6/30/2022
thyssenkrupp AG loan note (€4 million) 2019/2024	4	4	4	2.3000	4	12/30/2024
Total	5,423	4,451	4,462		4,525	

The €850 million bond originally due on March 8, 2021 was redeemed early on December 8, 2020. The €1,250 million bond originally due on March 3, 2022 will also be redeemed early on December 3, 2021. In both cases thyssenkrupp AG is exercising its right to early redemption under the terms and conditions of issue.

thyssenkrupp AG has entered into revolving credit agreements of €1.5 billion in total with banking institutions whereby thyssenkrupp AG can borrow in euros or US dollars. As of September 30, 2021 these credit agreements had not been utilized, so at the reporting date thyssenkrupp had unused and committed credit facilities in the amount of €1.5 billion.

Maturity of financial debt (excluding lease liabilities) is as follows:

MATURITY OF FINANCIAL DEBT (EXCLUDING LEASE LIABILITIES)

million € (for fiscal year)	Total financial debt (excluding lease liabilities)	Thereof: Liabilities to financial institutions
2021/2022	1,515	44
2022/2023	1,030	26
2023/2024	1,520	22
2024/2025	618	18
2025/2026	101	15
after 2025/2026	23	23
Total	4,807	148

Furthermore lease liabilities (without disposal groups) of €617 million (prior year: €647 million) exist.

18 Trade accounts payable

Trade accounts payable in the amount of €230 million (prior year: €163 million) have a remaining term of more than one year.

19 Other financial liabilities

OTHER FINANCIAL LIABILITIES

million €	Sept. 30, 2020		Sept. 30, 2021	
	current	non-current	current	non-current
Financial liabilities measured at amortized cost	597	96	469	66
Derivatives not qualifying for hedge accounting	50	—	114	—
Derivatives qualifying for hedge accounting	18	—	147	—
Total	665	96	729	66

Other financial liabilities amounting to €74 million (prior year: €97 million) have a remaining term of more than one year.

20 Other non-financial liabilities

OTHER NON-FINANCIAL LIABILITIES

million €	Sept. 30, 2020		Sept. 30, 2021	
	current	non-current	current	non-current
Selling and buying market related liabilities	454	—	505	—
Liabilities due to put options	16	0	33	0
Liabilities to the employees	661	—	730	—
Liabilities for social security	61	—	63	—
Deferred income	25	—	15	—
Tax liabilities (without income taxes)	135	—	239	—
Miscellaneous	222	6	210	1
Total	1,575	6	1,794	1

Other non-financial liabilities amounting to €6 million (prior year: €9 million) have a remaining term of more than one year.

21 Contingencies and commitments

Contingencies

thyssenkrupp AG as well as, in individual cases, its subsidiaries have issued or have had guarantees issued in favour of customers 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		Provision as of	
	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020	Sept. 30, 2021
Advance payment bonds	93	29	1	0
Performance bonds	142	50	0	0
Third party credit guarantees	4	0	0	0
Other guarantees	8	5	0	1
Total	247	84	1	1

The thyssenkrupp group has issued or has had issued guarantees for TK Elevator GmbH and its subsidiaries in favor of their customers in the amount of €58 million (prior year: €222 million). 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 terms of these guarantees depend on the type of guarantee and may range from three months to ten years (e.g. rental payment guarantees).

The basis for possible payments under the guarantees is 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, such third party is generally requested to provide additional collateral in a corresponding amount.

thyssenkrupp bears joint and several liability as a member of certain civil law partnerships, ordinary partnerships and consortiums.

thyssenkrupp has contingencies for the following material legal disputes:

In 2012 the company SysCo filed a lawsuit in the High Court of Sindh at Karachi in Pakistan against thyssenkrupp Marine Systems GmbH, Atlas Elektronik GmbH and seven other defendants from the tk group for payment of €139 million. SysCo is asserting contractual claims and damages arising from an unsuccessfully completed distribution project. For procedural reasons, the court dismissed two of the other defendants from the proceedings in 2014. A hearing in the matter has not yet taken place, as the plaintiff has not pursued the case since 2014.

The Republic of Korea is claiming damages in the amount of €201 million from thyssenkrupp Marine Systems GmbH in arbitration proceedings before the ICC for delayed delivery of submarines built by Korean shipyards using material packages from thyssenkrupp Marine Systems and supplied to the Republic of Korea. As the material packages were delivered to the shipyards on time, thyssenkrupp Marine

Systems believes responsibility lies with the Korean shipyards, which were under a construction and delivery obligation to the Republic of Korea under their own bilateral contracts. The Republic of Korea is asserting claims against the shipyards in separate proceedings.

In connection with the majority interest previously held by Industrial Solutions in the Greek shipyard Hellenic Shipyards (HSY) and the construction of submarines for the Greek Navy, the Greek government has filed legal and arbitration actions to claim compensation of €2.2 billion from thyssenkrupp Industrial Solutions AG and thyssenkrupp Marine Systems GmbH as well as from HSY and the current majority shareholder of HSY. To date the Greek government has only concretized the receivables to a minor extent, relating exclusively to its contract with HSY. The claims asserted against the thyssenkrupp companies appear unfounded. All contractual obligations of thyssenkrupp Marine Systems and other thyssenkrupp companies vis-à-vis the Greek government have been fulfilled since 2010.

Al-Jafr Trading Contracting Company, co-shareholder of a company in Saudi Arabia, has filed claims for damages of €70 million against thyssenkrupp Industrial Solutions AG for infringement of shareholder rights. The prospects of success of the claims, assessed as low by thyssenkrupp, are currently being examined under Saudi law.

The transmission grid operator Amprion GmbH has filed an action by stages against thyssenkrupp Steel Europe AG for information and payment of EEG surcharges and interest for the calendar years 2016 to 2019 in connection with the self-supply of electricity by individual operations of the company. In a court case relating to a similar matter, Amprion GmbH has filed an action by stages against Hüttenwerke Krupp Mannesmann GmbH (HKM) for information and payment of EEG surcharges and interest for the calendar years 2014 to 2019 and served thyssenkrupp Steel Europe GmbH with a third-party notice. Under a contractual agreement, thyssenkrupp Steel Europe AG is liable to recourse should Amprion's action against HKM (included in the group financial statements on a pro-rata basis) succeed. With reference to IAS 37.92, we do not provide any further information on this contingency as the extent of the dispute has yet to be clarified in the legal proceedings and there is no supreme court ruling on the underlying EEG legal issue.

In addition further legal and arbitration actions and official investigations and proceedings as well as claims have been filed against thyssenkrupp companies or may be initiated or filed in the future. Disputes in connection with the acquisition or disposal of companies or company units which may lead to partial repayment of the purchase price or to the payment of damages or to tax charges. Furthermore, damage claims may be payable to contractual partners, customers, consortium partners and subcontractors under performance contracts. Predicting the progress and results of lawsuits involves considerable difficulties and uncertainties. This means that lawsuits, official investigations and proceedings as well as claims not disclosed separately could also individually or together with other legal disputes, official investigations and proceedings as well as claims have a negative and also potentially major future impact on the group's net assets, financial position and results of operations.

Commitments and other contingencies

The commitment to enter into investment projects amounts to €1,041 million (prior year: €821 million) as of September 30, 2021 and relates mainly to property, plant and equipment of Steel Europe.

Other financial commitments exist in the amount of €1,555 million (prior year: €1,771 million), primarily from the purchasing commitments resulting from the group's long term electricity and gas supply contracts. Furthermore, other financial obligations in 2020/2021 include obligations of €10 million (prior year: €22 million) from leases for which no right-of-use or lease liability has yet been recognized in accordance with IFRS 16. In addition, at Steel Europe long term iron ore and iron ore pellets supply contracts exist which will result in purchasing commitments maximal up to March 31, 2024. Due to the high volatility of iron ore prices, the measurement of the complete purchasing

commitments is based on the iron ore price as of the current balance sheet date resulting in purchasing commitments of €2,584 million (prior year: €967 million).

Based on the risk bearing ability of the group or the group companies, there exist adequate deductibles in the various classes of insurance. One or more damages at these units could impact the group's net assets, financial position and results of operations.

22 Financial instruments

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

FINANCIAL INSTRUMENTS AS OF SEPT. 30, 2020

million €	Measurement category in accordance with IFRS 9				Measurement in accordance with IFRS 16/ IFRS 15	Fair value as of Sept. 30, 2020
	Carrying amount on balance sheet as of Sept. 30, 2020	(Amortized) cost	Fair value recognized in profit or loss	Fair value recognized in equity (with recycling)	Fair value recognized in equity (without recycling) Amortized cost	
Trade accounts receivable (excluding finance lease)	4,833	2,654		2,179		4,891
Contract assets	1,575				1,575	0
Finance lease receivables	0				0	0
Other financial assets	1,193	1,004	74	61	54	1,239
Miscellaneous other financial assets		1,004				1,051
Equity instruments			12		54	66
Debt instruments				14		14
Derivatives not qualifying for hedge accounting			62			62
Derivatives qualifying for hedge accounting			0	46		46
Cash, cash equivalents and time deposits	11,547	11,547				11,547
Total of financial assets	19,148					
Financial debt (excluding lease liabilities)	5,855	5,855				5,651
Lease liabilities	647				647	647
Trade accounts payable	3,475	3,475				3,475
Other financial liabilities	761	693	50	18		761
Miscellaneous other financial liabilities		693				693
Derivatives not qualifying for hedge accounting			50			50
Derivatives qualifying for hedge accounting			0	18		18
Total of financial liabilities	10,737					

FINANCIAL INSTRUMENTS AS OF SEPT. 30, 2021

million €	Carrying amount on balance sheet as of Sept. 30, 2021	Measurement category in accordance with IFRS 9			Measurement in accordance with IFRS 16/ IFRS 15	Fair value as of Sept. 30, 2021
		(Amortized) cost	Fair value recognized in profit or loss	Fair value recognized in equity (with recycling)	Fair value recognized in equity (without recycling)	
Trade accounts receivable (excluding finance lease)	4,302	2,411		1,891		4,347
Contract assets	1,434				1,434	0
Finance lease receivables	6				6	6
Other financial assets	1,568	1,176	87	245	59	1,619
Miscellaneous other financial assets		1,176				1,227
Equity instruments			12		59	71
Debt instruments				25		25
Derivatives not qualifying for hedge accounting			75			75
Derivatives qualifying for hedge accounting			0	220		220
Cash, cash equivalents and time deposits	8,974	8,974				8,974
Assets held for sale						
thereof: financial assets	743	669	0	0	74	743
Total of financial assets	17,027					
Financial debt (excluding lease liabilities)	4,807	4,807				4,894
Lease liabilities	617				617	617
Trade accounts payable	4,244	4,244				4,244
Other financial liabilities	795	535	114	147		795
Miscellaneous other financial liabilities		535				535
Derivatives not qualifying for hedge accounting			114			114
Derivatives qualifying for hedge accounting			0	147		147
Total of financial liabilities	10,463					

The carrying amounts of trade accounts receivable measured at amortized cost, other current receivables as well as cash, cash equivalents and time deposits equal their fair values due to the short remaining terms. 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 include the loans from the elevator transaction, which are measured at amortized cost; see also Note 03. The other equity and debt instruments are in general measured at fair value income-effective, which is based to the extent available on market prices as of the balance sheet date. When no quoted market prices in an active market are available, equity and debt instruments are measured by discounting future cash flows based on current market interest rates over the remaining term of the financial instruments.

The fair value of foreign currency forward transactions is determined on the basis of the middle spot exchange rate applicable as of the balance sheet date, 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 balance sheet date, both internally and by external financial partners.

The carrying amounts of trade accounts payable and other current liabilities equal their fair values due to the short remaining terms. The fair value of fixed rate non-current financial 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 approximately equal their fair values.

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

FAIR VALUE HIERARCHY AS OF SEPT. 30, 2020

million €	Sept. 30, 2020	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	62	0	62	0
Equity instruments	12	7	5	0
Fair value recognized in equity				
Trade accounts receivable	2,179			2,179
Equity instruments	54			54
Debt instruments (measured at fair value)	14	14	0	0
Derivatives qualifying for hedge accounting	46	0	46	0
Total	2,368	21	114	2,232
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	50	0	50	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	18	0	18	0
Total	68	0	68	0

FAIR VALUE HIERARCHY AS OF SEPT. 30, 2021

million €	Sept. 30, 2021	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	75	0	75	0
Equity instruments	12	7	5	0
Fair value recognized in equity				
Trade accounts receivable	1,891			1,891
Equity instruments	59			59
Debt instruments (measured at fair value)	25	25	0	0
Derivatives qualifying for hedge accounting	220	0	220	0
Total	2,283	32	301	1,950
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	114	0	114	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	147	0	147	0
Total	260	0	260	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 fair value measurement is based on unobservable inputs using recognized valuation models.

In the reporting year there were no reclassifications between level 1 and level 2. 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, 2020	54
Changes income non-effective	6
Balance as of Sept. 30, 2021	59

The equity instruments based on individual measurement parameters and recognized at fair value include only the preference shares from the 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".

Financial liabilities measured at amortized cost with a carrying amount of €9,585 million (prior year: €10,023 million) have a fair value of €9,673 million (prior year: €9,819 million) that was determined based on fair value measurement attributable to level 2.

Netting of financial assets and financial liabilities

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

In these cases a right of offsetting is enforceable only on termination of the contract on the grounds of a major breach of contract or insolvency of one of the contractual parties. The gross amounts for these derivatives are therefore presented separately in the statement of financial position. Potential offsetting exists in the amount of €105 million (prior year: €41 million). An exception from this are futures, for which the fair values are settled daily on the basis of margin calls. These derivatives meet the offsetting criteria under IAS 32 and are therefore shown as net amounts in the statement of financial position; they amount to €0 million (prior year: €0 million). Cash collateral exists in the amount of €0 million (prior year: €1 million).

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

NET RESULT FROM FINANCIAL INSTRUMENTS

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Financial assets at amortized cost	(125)	99
Financial assets / liabilities at fair value recognized in equity (with recycling)	(12)	(8)
Financial assets / liabilities at fair value recognized in equity (without recycling)	2	0
Financial assets / liabilities at fair value recognized in profit or loss	(3)	(42)
Financial liabilities at amortized cost	(162)	(248)

Net gains under “Financial assets at amortized cost” mainly comprise interest income on financial receivables, allowances for trade accounts receivable, impairments of the non-current loan resulting from the Elevator investment as well as gains and losses on foreign currency receivables.

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

The category “Financial assets/liabilities at fair value recognized in equity (without recycling)” includes the fair value changes of the preference shares from the Elevator investment.

Gains and losses arising from changes in fair value of foreign currency, interest rate and commodity derivatives that do not comply with the hedge accounting requirements under IFRS 9 are included in the category “Financial assets/liabilities at fair value through profit and loss”. Current income and expenses from equity instruments are also presented in this category.

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

Included in net result (prior year: net gains and losses) are exchange differences of €11 million (prior year: €7 million).

Impairments of financial assets

For financial assets measured at amortized cost or at fair value recognized in equity as well as finance lease receivables an impairment loss is recognized for expected losses.

The gross carrying amounts and the impairment losses on trade accounts receivable recognized at amortized cost as well as contract assets developed as follows:

IMPAIRMENT OF TRADE ACCOUNTS RECEIVABLE RECOGNIZED AT AMORTIZED COST AS WELL AS CONTRACT ASSETS

million €	Gross carrying amount	Expected credit loss	Individual allowances	Total of impairments	Carrying amount
Balance as of Sept. 30, 2019	6,086	(55)	(286)	(341)	5,744
Currency differences	(281)	4	16	20	(260)
Acquisitions/divestitures of businesses	(2,051)	35	145	179	(1,872)
Additions		(19)	(69)	(88)	(88)
Amounts utilized		1	45	46	46
Reversals		10	11	21	21
Transfer between impairment stages		0	0	0	0
Other changes	638	0	0	0	638
Balance as of Sept. 30, 2020	4,392	(24)	(139)	(163)	4,229
Currency differences	49	0	(2)	(3)	46
Acquisitions/divestitures of businesses	(6)	0	0	0	(6)
Additions		(17)	(45)	(62)	(62)
Amounts utilized		0	23	23	23
Reversals		15	17	32	32
Transfer between impairment stages		0	(22)	(22)	(22)
Other changes	270	0	0	0	270
Reclassification due to the presentation as assets held for sale	(689)	2	21	23	(665)
Balance as of Sept. 30, 2021	4,015	(25)	(146)	(171)	3,845

The gross carrying amounts and the impairment losses on trade accounts receivable recognized at fair value recognized in equity developed as follows:

IMPAIRMENT OF TRADE ACCOUNTS RECEIVABLE RECOGNIZED AT FAIR VALUE IN EQUITY

million €	Carrying amount	Expected credit loss	Individual allowances	Total of impairments
Balance as of Sept. 30, 2019	1,187	(4)	(59)	(63)
Currency differences	(21)	0	0	0
Acquisitions/divestitures of businesses	0	0	0	0
Additions		(3)	(7)	(11)
Amounts utilized		0	10	10
Reversals		2	4	5
Transfer between impairment stages		0	0	0
Other changes	1,013		0	0
Balance as of Sept. 30, 2020	2,179	(6)	(53)	(59)
Currency differences	6	0	0	0
Acquisitions/divestitures of businesses	(4)	0	0	0
Additions		(13)	(10)	(23)
Amounts utilized		0	3	3
Reversals		13	3	16
Transfer between impairment stages		0	17	17
Other changes	(269)		0	0
Reclassification due to the presentation as assets held for sale	(22)	0	0	0
Balance as of Sept. 30, 2021	1,891	(5)	(40)	(45)

For the loans from the Elevator investment received in the prior year, expected impairment losses of €36 million were recognized at the time of receipt, which are nearly unchanged as of the current reporting date. The calculation of the probability of default is based on the credit spread included in the discount rate when determining the fair value of the loans.

On the other financial assets measured at amortized cost or at fair value through other comprehensive income or on finance lease receivables there were no significant changes in impairment losses in the 2019/2020 and in the 2020/2021 fiscal year, respectively.

To determine expected credit losses, in particular expected default rates for trade accounts receivable, thyssenkrupp used two models up to the deconsolidation of Elevator Technology as of July 31, 2020.

In the group's leading and after the deconsolidation sole valuation model, the expected default rates are mainly derived from external credit information and ratings for each counterparty, which allows more accurate calculation of the probability of default compared with the formation of rating classes. The customer risk numbers assigned by trade credit insurers and the creditworthiness information provided by credit agencies are translated into an individual probability of default per customer using a central allocation system. This individual probability of default per customer is used uniformly throughout the 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 September 30, 2021, the latest external credit information and ratings were used, which already take into account current expectations of the possible effects of the coronavirus pandemic. Therefore, no additional adjustment of impairment is necessary in this model.

For Elevator Technology (discontinued operation in 2019/2020) with its different customer structure compared with the rest of the group, the probability of default was determined on the basis of historical default rates taking into account forward-looking information. Consid-

eration is also given to the respective business model, customer groups, and economic environment of the region. Actual default is generally assumed after 360 days. To take into account the possible effects of the coronavirus pandemic, an adjustment was made on the basis of the increase in insolvencies forecast by external credit insurers, with the main countries being considered individually. A corresponding adjustment to impairment on receivables and contract assets was recorded until deconsolidation as of July 31, 2020.

The gross carrying amounts, impairment losses and average probabilities of default for each segment are shown below.

IMPAIRMENTS OF TRADE ACCOUNTS RECEIVABLE AND CONTRACT ASSETS BY SEGMENTS AS OF SEPT. 30, 2020¹⁾

million €	Gross carrying amount	Expected credit loss	Individual allowances	Total of impairments	Average probability of default
Materials Services	1,101	(4)	(91)	(95)	0.96
Industrial Components	492	(4)	(19)	(23)	1.15
Automotive Technology	988	(4)	(4)	(8)	0.45
Steel Europe	871	(2)	(8)	(11)	0.66
Marine Systems	1,483	(3)	(14)	(17)	1.01
Multi Tracks	1,616	(12)	(55)	(67)	1.28
Corporate Headquarters	5	0	(1)	(1)	0.88
Reconciliation	13	0	0	0	0.88

¹⁾ Figures have been adjusted (cf. Note 24).

IMPAIRMENT OF TRADE ACCOUNTS RECEIVABLE AND CONTRACT ASSETS BY SEGMENTS AS OF SEPT. 30, 2021

million €	Gross carrying amount	Expected credit loss	Individual allowances	Total of impairments	Average probability of default
Materials Services	1,442	(4)	(81)	(85)	0.81
Industrial Components	590	(6)	(22)	(28)	0.96
Automotive Technology	850	(5)	(1)	(6)	0.57
Steel Europe	1,000	(2)	(9)	(11)	0.69
Marine Systems	1,188	(2)	(21)	(24)	0.64
Multi Tracks	816	(10)	(49)	(59)	0.89
Corporate Headquarters	4	0	(1)	(1)	0.76
Reconciliation	17	0	(2)	(2)	0.76

The maximum credit risk exposure of the financial assets subject to the impairment models corresponds to the gross carrying amounts less the recognized impairment losses. The gross carrying amounts were secured by letters of credit, credit insurances, sureties and guarantees amounting to €2,758 million (prior year: €2,147 million).

Derivative financial instruments

The group uses various derivative financial instruments, including foreign currency forward contracts, foreign currency options, interest rate swaps, cross currency swaps and commodity forward contracts. Derivative financial instruments are generally used to hedge existing or anticipated underlying transactions so as to reduce foreign currency, interest rate and commodity price risks. In some cases, the derivatives are designated as hedging instruments for hedge accounting purposes.

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

DERIVATIVE FINANCIAL INSTRUMENTS

million €	Notional amount as of Sept. 30, 2020	Carrying amount as of Sept. 30, 2020	Notional amount as of Sept. 30, 2021	Carrying amount as of Sept. 30, 2021
Assets				
Foreign currency derivatives that do not qualify for hedge accounting	1,333	25	1,633	34
Foreign currency derivatives qualifying as cash flow hedges	317	30	268	6
Embedded derivatives	23	1	112	3
Interest rate derivatives that do not qualify for hedge accounting	18	2	15	2
Commodity derivatives that do not qualify for hedge accounting	578	35	542	37
Commodity derivatives qualifying as cash flow hedges	240	16	624	214
Total	2,510	109	3,195	295
Equity and liabilities				
Foreign currency derivatives that do not qualify for hedge accounting	934	16	1,547	38
Foreign currency derivatives qualifying as cash flow hedges	430	10	310	8
Embedded derivatives	141	4	442	41
Interest rate derivatives that do not qualify for hedge accounting	0	0	9	1
Interest rate derivatives qualifying as cash flow hedges ¹⁾	3	0	0	0
Commodity derivatives that do not qualify for hedge accounting	430	30	367	34
Commodity derivatives qualifying as cash flow hedges	142	8	598	138
Total	2,079	68	3,272	260

¹⁾ Inclusive of cross currency swaps

Derivatives that qualify for hedge accounting

Fair value hedges

Fair value hedges are mainly used to hedge the exposure to changes in fair value of a firm commitment and exposure to inventory price risks as well as to hedge interest rate risks. The income/expense from these hedges and the hedged underlying transactions are generally shown in the same profit and loss item.

Cash flow hedges

Cash flow hedges are mainly used to hedge future cash flows against foreign currency and commodity price risks arising from future sales and purchase transactions as well as interest rate and foreign currency risks from non-current liabilities. In the case of cash flow hedges too, the earnings effect of the hedging instruments is generally also shown in the same profit and loss item as the hedged underlying transaction.

The following table shows the carrying amounts of derivatives qualifying for hedge accounting, the designated portion of the hedging instruments and changes in the fair values of hedged items by hedged risk type and type of hedge. Derivative assets and liabilities are part of other financial assets and liabilities.

INFORMATION ON HEDGING INSTRUMENTS IN THE CONTEXT OF CASH FLOW HEDGES AND FAIR VALUE HEDGES

million €	Carrying amount on balance sheet as of Sept. 30, 2020		Designated part of hedging instruments	Fair value change of hedged item
	Derivative assets	Derivative liabilities		
Hedging of foreign currency risk	30	10	21	(21)
Foreign currency derivatives qualifying as cash flow hedges	30	10	21	(21)
Hedging of interest risk¹⁾	0	0	(1)	1
Interest rate derivatives qualifying as cash flow hedges ¹⁾	0	0	(1)	1
Interest rate derivatives qualifying as fair value hedges	0	0	0	0
Hedging of commodity risk	16	8	58	(58)
Commodity derivatives qualifying as cash flow hedges	16	8	58	(58)
Commodity derivatives qualifying as fair value hedges	0	0	0	0

¹⁾ Inclusive of cross currency swaps

INFORMATION ON HEDGING INSTRUMENTS IN THE CONTEXT OF CASH FLOW HEDGES AND FAIR VALUE HEDGES

million €	Carrying amount on balance sheet as of Sept. 30, 2021		Designated part of hedging instruments	Fair value change of hedged item
	Derivative assets	Derivative liabilities		
Hedging of foreign currency risk	6	8	(10)	10
Foreign currency derivatives qualifying as cash flow hedges	6	8	(10)	10
Hedging of interest risk¹⁾	0	0	0	0
Interest rate derivatives qualifying as cash flow hedges ¹⁾	0	0	0	0
Interest rate derivatives qualifying as fair value hedges	0	0	0	0
Hedging of commodity risk	214	138	221	(221)
Commodity derivatives qualifying as cash flow hedges	214	138	221	(221)
Commodity derivatives qualifying as fair value hedges	0	0	0	0

¹⁾ Inclusive of cross currency swaps

Cash flows from future transactions are currently hedged for a maximum of 69 months.

During the current fiscal year, €8 million (prior year: €(7) million) of cumulative other comprehensive income was reclassified to sales in profit or loss as a result of the underlying transactions being realized during the year. In addition, €91 million of cumulative other comprehensive income was reclassified to decrease cost of inventories (prior year: €7 million to increase cost of inventories) as the hedged commodities were recognized, although the underlying transaction had not yet been taken to profit or loss. This resulted in increased expenses of €51 million. Furthermore, €40 million of expenses will impact earnings in 2021/2022.

The following table shows the development of other comprehensive income from cash flow hedges by risk type:

CHANGES IN OTHER COMPREHENSIVE INCOME RESULTING FROM CASH FLOW HEDGES BY TYPE OF RISK

million €	Total	Foreign currency risk	Interest risk ¹⁾	Commodity price risk
Balance as of Sept. 30, 2019	60			
Net unrealized (gains)/losses on designated risk component	36	48	0	(13)
Net unrealized (gains)/losses on hedging costs	0	0	—	—
Net realized (gains)/losses	(13)	(10)	0	(3)
Tax effect	1			
Balance as of Sept. 30, 2020	84			
Net unrealized (gains)/losses on designated risk component	83	(23)	1	105
Net unrealized (gains)/losses on hedging costs	(36)	(36)	—	—
Net realized (gains)/losses	46	(15)	0	60
Tax effect	(3)			
Balance as of Sept. 30, 2021	173			

¹⁾ Inclusive of cross currency swaps

As of September 30, 2021, net income from the ineffective portions of derivatives classified as cash flow hedges totaled €0 million (prior year: €0 million).

In the subsequent fiscal year fluctuations in fair value of derivatives included in cumulative other comprehensive income as of the reporting date is expected to impact earnings by income of €69 million. During the 2022 / 2023 fiscal year, earnings are expected to be impacted by income of €124 million, in the 2023 / 2024 fiscal year by income of €55 million and in the following fiscal years by expenses of €37 million.

The hedging rates and remaining terms for the major derivatives qualifying for hedge accounting existing at the end of the year are shown in the following table.

HEDGING RATES AND REMAINING TERMS OF DERIVATIVES QUALIFYING FOR HEDGE ACCOUNTING AS OF SEPT. 30, 2020

million €	Remaining term up to 1 year	Remaining term 1 to 2 years	Remaining term above 2 years	Notional amount as of Sept. 30, 2020 ²⁾	Average hedging rate
Hedging of foreign currency risk	665	63	20	747	
thereof:					
Foreign currency contracts USD	576	7	0	583	USD1.14/€
Foreign currency contracts BRL	35	52	20	107	BRL4.54/€
Foreign currency contracts AUD	27	0	0	27	AUD1.70/€
Foreign currency contracts PLN	10	3	0	14	PLN4.48/€
Hedging of commodity price risk	382	0	0	382	
thereof:					
CO ₂ forward contracts	175	0	0	175	€25.1/ton
Nickel forward contracts	158	0	0	158	€12,848/ton
Tin forward contracts	49	0	0	49	€14,561/ton

HEDGING RATES AND REMAINING TERMS OF DERIVATIVES QUALIFYING FOR HEDGE ACCOUNTING AS OF SEPT. 30, 2021

million €	Remaining term up to 1 year	Remaining term 1 to 2 years	Remaining term above 2 years	Notional amount as of Sept. 30, 2021	Average hedging rate
Hedging of foreign currency risk	535	43	0	578	
thereof:					
Foreign currency contracts USD	513	39	1	553	USD1.19/€
Foreign currency contracts PLN	12	3	0	15	PLN4.56/€
Hedging of commodity price risk	1,223	0	0	1,223	
thereof:					
Iron ore forward contracts	784	0	0	784	€128/ton
CO ₂ forward contracts	208	0	0	208	€29.7/ton
Nickel forward contracts	139	0	0	139	€15,753/ton

Derivate ohne bilanzielle Sicherungsbeziehung

If a hedging relationship does not meet the requirements for hedge accounting in accordance with the conditions under IFRS 9 or hedge accounting is economically not reasonable, the derivative financial instrument is recognized as a derivative that does not qualify for hedge accounting. The resulting impact on profit or loss is shown in the table on net gains and losses from financial instruments by measurement categories. This item also includes embedded derivatives. They exist in the thyssenkrupp group in the way that regular supply and service transactions with suppliers and customers abroad are not concluded in the functional currency (local currency) of either of the two contracting parties.

Financial risks

As a global group, thyssenkrupp is exposed to financial risks in the form of credit risks (default risk), liquidity risks and market risks (foreign currency, interest rate and commodity price risks) during the course of ordinary activities. The aim of risk management is to limit the risks arising from operating activities and associated financing requirements by applying selected derivative and non-derivative hedging instruments. Within the framework of risk management, financial risks and credit risks must be avoided as far as possible, compensated by a risk portfolio, passed on to third parties or limited (principle of risk aversion). Details are provided in the opportunity and risk report contained in the management report.

Credit risk

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

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

Default risks are generally hedged with suitable instruments. These include in particular private and state credit insurance as well as letters of credit and guarantees from banks, insurance companies and management companies. In the case of long-term contracts, additional security is provided in the form of advance payments received. In order to further minimize default risks from operating activities, the corporate guidelines provide for the assessment of default risk based on the risk profile of the business partner using suitable internal and, where available, external information, such as ratings and credit reports. Credit limits are set for each business partner using this credit rating. The assessment of the risk profile is subject to appropriate, ongoing monitoring, which enables thyssenkrupp to minimize risk at an early stage. Taking into account the individual characteristics of their customer structures and business models, the respective business areas lay down clear process rules for determining which measures are to be taken in the event of deteriorating creditworthiness or payment default in order to mitigate the maximum default risk as far as possible.

Transactions whose value exceeds specified materiality thresholds, especially in the area of major projects, also require prior approval at thyssenkrupp AG level. Among other things, the amount and hedging of default risks is assessed.

Maturity analysis

Liquidity risk is the risk that the group is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents.

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

FUTURE UNDISCOUNTED CASH OUTFLOWS AS OF SEPT. 30, 2020

million €	Carrying amount Sept. 30, 2020	Cash flows in 2020/2021	Cash flows in 2021/2022	Cash flows between 2022/2023 and 2024/2025	Cash flows after 2024/2025
Bonds	5,182	962	1,344	3,250	0
Liabilities to financial institutions	214	91	30	73	41
Lease liabilities	647	146	119	205	326
Other financial debt	459	156	232	22	89
Trade accounts payable	3,475	3,312	156	5	2
Derivative financial liabilities not qualifying for hedge accounting	50	48	2	0	0
Derivative financial liabilities qualifying for hedge accounting	18	17	1	0	0
Other financial liabilities	693	604	64	36	0

FUTURE UNDISCOUNTED CASH OUTFLOWS AS OF SEPT. 30, 2021

million €	Carrying amount Sept. 30, 2021	Cash flows in 2021/2022	Cash flows in 2022/2023	Cash flows between 2023/2024 and 2025/2026	Cash flows after 2025/2026
Bonds	4,339	1,340	1,077	2,173	0
Liabilities to financial institutions	149	49	30	61	24
Lease liabilities	617	141	113	194	310
Other financial debt	319	232	10	103	0
Trade accounts payable	4,244	4,014	211	15	5
Derivative financial liabilities not qualifying for hedge accounting	114	76	1	38	0
Derivative financial liabilities qualifying for hedge accounting	147	147	0	0	0
Other financial liabilities	535	497	41	0	3

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

Sensitivity analysis

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

The following analyses and amounts determined by means of sensitivity analyses represent hypothetical, future-oriented data that can differ from actual outcomes because of unforeseeable developments in financial markets. Moreover, non-financial or non-quantifiable risks, such as business risks, are not considered here.

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

The US dollar is the only relevant risk variable for sensitivity analyses under IFRS 7, as the vast majority of foreign currency cash flows occurs in US dollars. As hedging transactions are generally used to hedge underlying transactions, opposite effects in underlying and hedging transactions are almost entirely offset over the total period. Thus, the currency risk exposure described here results from hedging relationships with off-balance sheet underlying transactions, i.e. hedges of firm commitments and forecasted sales. Based on our analysis, the US dollar exposure as of September 30, 2021 was as follows:

If the euro had been 10% stronger against the US dollar as of September 30, 2021, the hedge reserve in equity and fair value of hedging transactions would have been €8 million (prior year: €6 million) higher and earnings resulting from the measurement as of the balance sheet date €17 million higher (prior year: €3 million lower). If the euro had been 10% weaker against the US dollar as of September 30, 2021, the hedge reserve in equity and fair value of hedging transactions would have been €9 million (prior year: €7 million) lower and earnings resulting from the measurement as of the balance sheet date €22 million lower (prior year: €4 million higher).

Interest rate risk – To hedge interest rate risk, in some cases the group uses derivatives. These instruments are contracted with the objective of minimizing interest rate volatilities and finance costs for underlying transactions.

As of September 30, 2020 and 2021, respectively, all interest derivatives are immediately and directly allocated to particular financings as cash flow hedges. Cross currency swaps have been contracted in connection with the financing of foreign activities.

Interest rate instruments can result in cash flow risks, opportunity effects, as well as interest rate risks affecting the balance sheet and earnings. Variable-rate financial instruments inclusive of liquid funds are subject to cash flow risk which expresses the uncertainty of future interest payments. Cash flow risk is measured by means of cash flow sensitivity. Opportunity effects arise from non-derivatives, as these are measured at amortized cost rather than fair value, in contrast to interest derivatives. This difference, the so-called opportunity effect, affects neither the balance sheet nor the statement of income. On-balance sheet interest rate risks affecting equity result from the measurement of interest derivatives qualifying as cash flow hedges. Interest rate risks affecting earnings arise from the remaining interest rate derivatives not qualifying for hedge accounting. Opportunity effects and interest rate risks affecting the balance sheet and earnings are determined by calculating fair value sensitivity analyses and changes.

As of September 30, 2021, a +100/(20) basis point parallel shift in yield curves is assumed for all currencies in interest analyses. The parallel downward shift is limited to (20) basis points to account for continued low interest rates with in part negative interest rates. Negative interest rates are included in the analysis. The analysis results in the opportunities (positive values) and risks (negative values) shown in the following table:

INTEREST ANALYSIS

million €	Changes in all yield curves as of			
	Sept. 30, 2020 by		Sept. 30, 2021 by	
	+ 100 basis points	(20) basis points	+ 100 basis points	(20) basis points
Cash flow risk	108	(22)	79	(16)
Opportunity effects	140	(29)	84	(17)
Interest rate risks resulting from interest rate derivatives affecting balance sheet	0	0	0	0
Interest rate risks resulting from interest rate derivatives affecting earnings	0	0	0	0

If, as of September 30, 2021, all yield curves combined had been 100 basis points higher, the hedge reserve in equity and fair value of the relevant interest derivatives would have been nearly unchanged and earnings resulting from the measurement as of the balance sheet date €79 million (prior year: €108 million) higher. If, as of September 30, 2021, all yield curves combined had been 20 basis points lower, the hedge reserve in equity and fair value of the relevant interest derivatives would have been nearly unchanged and earnings resulting from the measurement as of the balance sheet date €16 million (prior year: €22 million) lower.

Procurement risk (commodity price risk) – To minimize risks arising from commodity price volatilities, the group also uses derivatives, especially for copper, nickel, zinc, aluminium, tin and ore.

To minimize the risk of fluctuating freight prices, the group uses among other things long-term fixed price contracts.

Only hypothetical changes in market prices for derivatives are included in scenario analysis, required for financial instruments under IFRS 7. Offsetting effects from underlying transactions are not taken into account and would reduce their effect significantly.

As of September 30, 2021 a +20%/(20)% shift in market prices for non-ferrous metals is assumed. If an increase of 20% in market prices for said non-ferrous metals is assumed, the estimated hypothetical impact on profit or loss resulting from the measurement as of the balance sheet date is €(17) million (prior year: €(4) million), and on equity €(25) million (prior year: €32 million). If a decrease of 20% in market prices for said non-ferrous metals is assumed, the estimated hypothetical impact on profit or loss resulting from the measurement as of the balance sheet date is €16 million (prior year: €10 million), and on equity €(145) million (prior year: €(41) million).

23 Related parties

Based on the notification received in accordance with German Securities Trade Act (WpHG) Art. 21 para. 1 as of December 3, 2013, the Alfried Krupp von Bohlen und Halbach Foundation holds an interest of 23.03% in thyssenkrupp AG; based on a voluntary disclosure of the Foundation of September 2021, the interest in thyssenkrupp AG is around 21% as of September 30, 2021. Outside the services and considerations provided for in the by-laws (Article 21 of the Articles of Association of thyssenkrupp AG), there are no other significant delivery and service relations.

In 2019/2020 and 2020/2021, the group has business relations with non-consolidated subsidiaries, associates and joint ventures. Transactions with these related parties result in general from the delivery and service relations in the ordinary course of business; the extent of the business relations is presented in the following table:

RELATED PARTY TRANSACTIONS

million €	Sales		Supplies and services		Receivables		Total liabilities	
	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020	Sept. 30, 2021
Non-consolidated subsidiaries	0	0	2	1	0	0	0	0
Associates	57	119	4	6	29	82	45	106
Joint ventures	31	14	3	3	10	2	6	0

In connection with the sale of the elevator business, several transitional service agreements were entered into with thyssenkrupp companies. These relate to services being provided for a transitional period for Elevator by thyssenkrupp AG and other group companies in Germany and abroad. The expected overall volume will be in the low two-digit million euro range and the term is expected to end in mid-2023, with early terminations and extensions of the services generally possible and key parts of the services having been terminated in mid-2021. The agreed services mainly relate to IT and HR. Furthermore the Elevator companies still buy raw materials from Materials Services. The resulting sales are included in the sales with associates in the year ended September 30, 2021.

In the past, claims for damages have been asserted both in and out of court against thyssenkrupp AG and companies of the group by potential injured parties in connection with the elevator cartel. A large number of the cases have already been settled or the actions have been withdrawn or dismissed. As a result of the sale of the elevator business, companies affected have left the group. thyssenkrupp has undertaken to indemnify the purchasers against third-party claims up to a specified maximum amount in connection with proceedings still pending in Austria, Belgium and the Netherlands. For this indemnification, which thyssenkrupp assesses will probably result in cash outflows, thyssenkrupp has recognized a provision for risks. The maximum indemnity amount and the associated provision correspond essentially to the previous provisions for the proceedings.

Also in connection with the sale of Elevator Technology, a time-limited right of use to the “thyssenkrupp” mark in specific mark categories was granted for a fee. After the closing on July 31, 2020 this agreement was amended to provide among other things an unlimited right of use to the “TK” mark for the use of “TK Elevator” and “TKE” in specific mark categories. The agreed fee was not changed.

Moreover in the context of the sale of Elevator Technology the group reported increased contingencies; cf. Note 21.

Compensation of current Executive and Supervisory Board members

Total compensation paid to current members of the Executive Board for their work in the reporting year according to Art. 314 Par. 1 No. 6a of German Commercial Code (HGB) amounted to around €11,657 thousand (prior year: €6,363 thousand). Alongside fixed salaries, fringe benefits and short-term incentives (STI), this also includes the long-term incentive (LTI) as a stock-based, long-term, performance-related component. For the STI, in fiscal year 2020 / 2021 preliminary stock rights were granted whose fair value at grant date amounted to €816 thousand. The disclosure of the number of granted stock rights is renounced because it will not be fixed next fiscal year. Stock rights were issued in the past fiscal year for the LTI with a fair value of around €4,253 thousand (prior year: €1,354 thousand) at grant date. The individual variable compensation was determined taking into account the requirement for appropriateness.

As of September 30, 2021, a liability of €2,447 thousand (prior year: €2,610 thousand) was recognized for the STI for the current members of the Executive Board. The entitlement is fully vested on the basis of the work performed in the reporting year, and the actual payout is calculated by reference to the target achievement determined by the Supervisory Board on the basis of the current compensation system for the Executive Board and will be made in December 2021. This fixing is based on financial (70% weighting) and performance criteria (30% weighting). There is an obligation to invest 25% of the net payout from the STI in thyssenkrupp shares until an individual investment target is achieved and to hold them for the duration of the Executive Board appointment. As of September 30, 2021, €816 thousand is presented in equity from the STI for share-based payment.

There are pension commitments for some of the current members of the Executive Board; the related provisions amount to €11,757 thousand (prior year: €12,510 thousand). The pensions are paid once the beneficiary reaches the age of 60 or 63 as a lifelong monthly pension, provided that there is no longer an active employment relationship with the company at that time. The surviving dependants' benefits amount to 60% of the pension for the spouse or life partner and 20% for each dependent child, up to a maximum of 100% of the regular pension entitlement. In addition, there is a provision as of September 30, 2021 of €612 thousand (previous year: €0) for the pension payment that is contractually guaranteed to some of the current members of the Executive Board and is paid out as a cash amount for personal provision per calendar year in December.

The group's key management personnel compensation which has to be disclosed in accordance with IAS 24 comprises of the compensation of the current Executive and Supervisory Board members.

Compensation of the current Executive Board members is as follows:

COMPENSATION OF EXECUTIVE BOARD MEMBERS

Thousand €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Short-term benefits (excluding share-based compensation)	5,009	6,497
Post-employment benefits	506	158
Termination benefits	802	—
Share-based compensation	1,746	11,696
Total	8,063	18,351

Service cost and past service cost resulting from the pension obligations of the current members of the Executive Board are disclosed as post-employment benefits. The disclosure of share-based compensation refers to the expense of share-based compensation recognized in the respective fiscal year.

As of September 30, 2020 and 2021, respectively, no loans or advance payments were granted to members of the Executive Board; also as in the previous year no contingencies were assumed for the benefit of Executive Board members.

As of September 30, 2021 59,356 stock rights were issued in the 9th installment for the current members of the Executive Board in the fiscal year, 328,000 stock rights in the 10th installment and 728,242 stock rights in the 11th installment (prior year: 40,948 stock rights in the 8th installment, 98,926 stock rights in the 9th installment and 370,000 stock rights in the 10th installment). The resulting provision amounts to €9,384 thousand (prior year: €2,787 thousand). In addition, €3,128 thousand is reported in equity as of September 30, 2021 from the LTI for share-based compensation because there is an obligation for the current members of the Executive Board to invest 25% of the net payout from the LTI in thyssenkrupp shares until an individual investment target is achieved and to hold them for the duration of the Executive Board appointment. See the disclosures in Note 14 for information on the terms and conditions.

Compensation of the current Supervisory Board members is as follows:

COMPENSATION OF SUPERVISORY BOARD MEMBERS

Thousand €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Short-term benefits (inclusive of meeting attendance fees)	1,790	1,739

The compensation of the members of the Supervisory Board consists of an annual basic compensation and function-related bonuses for work in committees, as well as a meeting attendance fee. With the exception of the meeting attendance fee, which is paid immediately at the end of each month, the Supervisory Board compensation as a whole is not due until after the end of the fiscal year. As of September 30, 2021, there is a provision of €1,600 thousand (prior year: €1,800 thousand) for Supervisory Board compensation that will be paid out in the following fiscal year.

In addition, members of the Supervisory Board of thyssenkrupp AG received compensation of €50 thousand in fiscal year 2020/2021 (prior year: €90 thousand) for supervisory board mandates at group subsidiaries. The employee representatives on the Supervisory Board also receive their regular salary from the relevant employment relationship in the Group, the amount of which represents reasonable compensation for the function or activity exercised in the Group.

As of September 30, 2020 and 2021, respectively, no loans or advance payments were granted to members of the Supervisory Board; also as in the previous year no contingencies were assumed for the benefit of Supervisory Board members.

Compensation of former Executive and Supervisory Board members

Total compensation paid to former members of the Executive Board and their surviving dependants amounted to €15,275 thousand (prior year: €24,371 thousand). Under IFRS an amount of €289,229 thousand (prior year: €323,719 thousand) is accrued for pension obligations benefiting former Executive Board members and their surviving dependants; under German Commercial Code (HGB) an amount of €248,302 thousand (prior year: €255,440 thousand) is accrued for pension obligations.

24 Segment reporting

thyssenkrupp is organized into the operating business areas described below, which combine the group's activities around capital goods and materials; as part of the change process at thyssenkrupp the business areas have been referred to as segments since the 4th quarter 2019 / 2020. The business areas/segments correspond to the internal organizational and reporting structure and constitute the segments according to IFRS 8.

As part of the concretization of the realignment, since October 1, 2020 certain businesses for which the company is considering other ownership structures in the short to medium term have been combined to form the new stand-alone Multi Tracks segment and managed by a dedicated segment board in the sense of active investment management. In this connection, the following businesses were assigned organizationally to the new Multi Tracks segment at the beginning of the fiscal year 2020 / 2021: plant engineering, i.e. the chemical, cement and mining businesses, the stainless steel business (stainless steel plant in Terni, Italy (AST) including the associated sales organization) and the infrastructure business from the Materials Services segment, Automation Engineering (System Engineering Powertrain Solutions and Battery Solutions) as well as Springs & Stabilizers from the Automotive Technology segment and Heavy Plate from the Steel Europe segment. The Elevator investment included in the “Reconciliation” reporting line under Special Units until the end of fiscal year 2019 / 2020 has also been assigned to the new Multi Tracks segment since October 1, 2020. Furthermore, until completion of the sale at the end of August 2021, this also applied to thyssenkrupp Carbon Components, which was included in the “Reconciliation” reporting line under Special Services until the end of fiscal year 2019 / 2020.

With effect from October 1, 2020 the definition of adjusted EBIT has been adjusted to include a narrower definition of special items, according to which earnings are adjusted only for restructuring expenses, impairment losses/reversals, and disposal gains or losses.

The prior-period figures were adjusted accordingly.

Materials Services

This segment is focused on the global distribution of materials and the provision of technical services for the production and manufacturing sectors.

Industrial Components

This segment manufactures forged components and system solutions for the resource, construction and mobility sectors (Forged Technologies) as well as slewing rings, antifriction bearings and seamless rolled rings for the wind energy and construction machinery sectors (Bearings).

Automotive Technology

This segment develops and manufactures high-tech components and systems for the automotive industry.

Steel Europe

The segment brings together the premium flat carbon steel activities, from intelligent materials solutions to finished parts.

Marine Systems

This unit is a system provider in submarine and surface vessel construction and in the field of maritime electronics and security technology.

Multi Tracks

This segment contains the elevator investment and the businesses for which thyssenkrupp is considering other ownership structures in the short to medium term; for details, see the disclosures at the beginning of this Note.

Corporate Headquarters

Corporate Headquarters comprises the administrative units of the group at head office in Germany as well as at the regional headquarters.

Reconciliation

The service units and special units are presented here together with consolidation items. The Service Units consists of tk Services mainly providing partial processes regarding procurement, human resources and accounting for the thyssenkrupp group as well as tk Information Management as IT provider for all units of the thyssenkrupp group. Asset management belongs to Special Units. Also non-operational units e.g. group financing are part of Special Units.

Elevator Technology (discontinued operation)

Until its deconsolidation as of July 31, 2020, the segment was active in the construction, modernization and servicing of elevators, escalators, moving walkways, stair and platform lifts as well as airbridges. Alongside a full range of installations for the volume market, the business area also delivered customized solutions. In fiscal year 2020/2021, the expenses still to be incurred and income still to be received directly related to the sale, which amount to a total of €(6) million, are reported in the “EBIT” row and reconciled to the Group’s EBIT.

Consolidation essentially contains the elimination of intercompany profits in inventories and the reversal of intercompany interest income.

The accounting principles for the segments are the same as those described for the group in the summary of significant accounting principles except that intragroup leases are accounted for as operating leases in accordance with IAS 17. In accordance with the management approach which is applicable to segment reporting all figures presented are inclusive of disposal groups and discontinued operations. Intersegment pricing is determined on an arm’s length basis.

thyssenkrupp’s key earnings performance indicator is EBIT (Earnings Before Interest and Taxes) and adjusted EBIT. EBIT is calculated according to economic criteria and is independent from IFRS rules. It provides information on the profitability of a unit and contains all elements of the income statement relating to operating performance. This also includes items of financial income/expense that can be characterized as operational, including income and expense from investments where there is a long-term intention to hold the assets. In connection with the disposal of the elevator activities, thyssenkrupp holds an investment which is accounted for inter alia using the equity method (see Note 03). This investment has no strategic or operative relevance for continuing operations. Accordingly, all earnings effects including the equity method result are not included in EBIT. Adjusted EBIT is EBIT adjusted for special items, i.e. excluding restructuring expenses, impairment losses/impairment reversals and disposal gains or losses. It is more suitable than EBIT for comparing operating performance over several periods.

Capital employed is the key indicator for capital tied up in operating activities. It mainly comprises fixed assets, inventories and receivables. Deducted from this are certain non-interest-bearing liability items such as trade accounts payable; cf. the following reconciliation.

SEGMENT INFORMATION FOR THE YEAR ENDED SEPT. 30, 2020¹⁾

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Elevator Technology ²⁾	Group
For the fiscal year year ended Sept. 30, 2020										
Net sales	9,599	2,082	4,078	6,230	1,758	5,176	5	(30)	6,544	35,443
Internal sales within the group	296	17	12	793	2	346	4	(1,470)	0	0
Total sales	9,895	2,099	4,090	7,023	1,760	5,522	9	(1,500)	6,544	35,443
Income from companies accounted for using the equity method	(8)	0	0	16	(1)	3	0	(6)	2	6
Aggregate investment in investees accounted for using the equity method	16	0	0	87	4	16	0	600	0	722
EBIT	(540)	(29)	(878)	(2,492)	15	(911)	(247)	(172)	15,730	10,475
Adjusted EBIT	(85)	139	(166)	(820)	20	(593)	(221)	(34)	720	(1,039)
Average capital employed	3,031	1,504	2,955	5,216	1,220	1,116	(56)	1,688	852	17,526
Depreciation and amortization expense	131	115	285	454	59	121	17	51	74	1,307
Impairment losses of intangible assets, property, plant and equipment inclusive of investment property	318	142	631	1,505	0	184	1	128	0	2,908
Reversals of impairment losses of intangible assets, property, plant and equipment inclusive of investment property	0	0	0	0	0	3	0	0	0	3
Significant non-cash items	(134)	(100)	(199)	(204)	(47)	(265)	(63)	(655)	0	(1,667)
Capital expenditures (intangible assets, property, plant and equipment inclusive of investment property)	115	176	324	491	73	140	28	(7)	125	1,467

¹⁾ Figures have been adjusted.²⁾ Discontinued operation (cf. Note 03).

SEGMENT INFORMATION FOR THE YEAR ENDED SEPT. 30, 2021

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Elevator Technology ¹⁾	Group ²⁾
For the fiscal year year ended Sept. 30, 2021										
Net sales	11,750	2,493	4,518	7,945	2,021	5,238	9	42	0	34,015
Internal sales within the group	566	19	4	987	1	413	5	(1,995)	0	0
Total sales	12,315	2,512	4,522	8,932	2,022	5,651	13	(1,953)	0	34,015
Income from companies accounted for using the equity method	2	0	0	27	0	(134)	0	0	0	(106)
Aggregate investment in investees accounted for using the equity method	16	0	0	107	4	561	0	0	0	687
EBIT	594	297	234	(59)	24	(387)	(237)	(9)	(6) ³⁾	451
Adjusted EBIT	587	322	264	116	26	(298)	(194)	(26)	0	796
Average capital employed	2,587	1,376	2,421	4,062	1,686	830	(5)	452	0	13,410
Depreciation and amortization expense	134	100	217	274	64	99	3	32	0	923
Impairment losses of intangible assets, property, plant and equipment inclusive of investment property	30	4	41	0	0	42	0	18	0	135
Reversals of impairment losses of intangible assets, property, plant and equipment inclusive of investment property	1	1	10	0	0	39	0	42	0	94
Significant non-cash items	(89)	(102)	(43)	(241)	(135)	(275)	(24)	(87)	0	(997)
Capital expenditures (intangible assets, property, plant and equipment inclusive of investment property)	97	223	268	681	66	106	(1)	6	0	1,448

¹⁾ Discontinued operation²⁾ Inclusive of disposal groups³⁾ It refers to expenses and income directly related to the Elevator sale (cf. Note 03) that reconcile to group EBIT.

The column “Reconciliation” breaks down as following:

BREAKDOWN RECONCILIATION FOR THE YEAR ENDED SEPT. 30, 2020

million €	Service Units	Special Units	Consolidation	Reconciliation
For the fiscal year year ended Sept. 30, 2020				
Net sales	42	15	(87)	(30)
Internal sales within the group	229	105	(1,804)	(1,470)
Total sales	271	120	(1,892)	(1,500)
Income from companies accounted for using the equity method	0	(6)	0	(6)
Aggregate investment in investees accounted for using the equity method	0	600	0	600
EBIT	(24)	(187)	39	(172)
Adjusted EBIT	(15)	(50)	32	(34)
Average capital employed	(20)	516	1,192	1,688
Depreciation and amortization expense	17	37	(4)	51
Impairment losses of intangible assets, property, plant and equipment inclusive of investment property	0	128	0	128
Reversals of impairment losses of intangible assets, property, plant and equipment inclusive of investment property	0	0	0	0
Significant non-cash items	(12)	(41)	(603)	(655)
Capital expenditures (intangible assets, property, plant and equipment inclusive of investment property)	1	2	(9)	(7)

BREAKDOWN RECONCILIATION FOR THE YEAR ENDED SEPT. 30, 2021

million €	Service Units	Special Units	Consolidation	Reconciliation
For the fiscal year year ended Sept. 30, 2021				
Net sales	37	5	0	42
Internal sales within the group	232	46	(2,274)	(1,995)
Total sales	269	52	(2,274)	(1,953)
Income from companies accounted for using the equity method	0	0	0	0
Aggregate investment in investees accounted for using the equity method	0	0	0	0
EBIT	(30)	37	(16)	(9)
Adjusted EBIT	(3)	(7)	(17)	(26)
Average capital employed	1	537	(85)	452
Depreciation and amortization expense	22	14	(3)	32
Impairment losses of intangible assets, property, plant and equipment inclusive of investment property	17	1	0	18
Reversals of impairment losses of intangible assets, property, plant and equipment inclusive of investment property	0	42	0	42
Significant non-cash items	(13)	(74)	0	(87)
Capital expenditures (intangible assets, property, plant and equipment inclusive of investment property)	0	1	5	6

The reconciliations of the sales and the earnings figure EBIT to EBT according to the statement of income are presented below:

RECONCILIATION NET SALES

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Net sales as presented in segment reporting	35,443	34,015
– Net sales discontinued elevator operations	(6,544)	0
Net sales as presented in the statement of income	28,899	34,015

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

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Adjusted EBIT as presented in segment reporting¹⁾	(1,039)	796
Special items ^{1,2)}	11,514	(346)
EBIT as presented in segment reporting	10,475	451
+ Non-operating income/(expense) from companies accounted for using the equity method	(6)	(136)
+ Finance income	1,208	725
– Finance expense	(1,569)	(962)
– Items of finance income assigned to EBIT based on economic classification	(5)	(2)
+ Items of finance expense assigned to EBIT based on economic classification	10	19
Income/(loss) group (net of tax)	10,112	95
– / + Income/(loss) from discontinued operations before tax	(15,705)	6
Income/(loss) from continuing operations before tax as presented in the statement of income	(5,593)	101

¹⁾ Figures have been adjusted (cf. Note 03).

²⁾ See explanation of special items in the fundamental information about the group.

Total assets in accordance with the consolidated statement of financial position can be reconciled to average capital employed as follows:

RECONCILIATION TOTAL ASSETS TO CAPITAL EMPLOYED

million €	Sept. 30, 2020	Sept. 30, 2021
Total assets	36,490	36,811
Deferred tax assets	(497)	(472)
Current income tax assets	(162)	(123)
Cash, cash equivalents and time deposits	(11,547)	(8,974)
Adjustments due to included assets classified as non-operating items	(1,503)	(1,004)
Liability items reducing capital employed:		
Provisions for other non-current employee benefits	(289)	(298)
Other provisions, non-current	(507)	(513)
Other non-financial liabilities, non-current	(6)	(1)
Provisions for current employee benefits	(156)	(176)
Other provisions, current	(1,188)	(1,175)
Trade accounts payable	(3,475)	(4,244)
Other financial liabilities, current	(665)	(729)
Contract liabilities	(3,073)	(2,205)
Other non-financial liabilities, current	(1,575)	(1,794)
Adjustments due to included liabilities classified as non-operating items	258	198
Adjustments of assets/liabilities due to presentation of discontinued operations/disposal groups	0	(1,872)
Capital employed as of balance sheet date	12,105	13,427
Impact from adjusting average capital employed to capital employed as of balance sheet date	3,443	(655)
Average capital employed (5-points-average)	15,548	12,772
Correction factors with increasing impact on performance requirements for positive value added	1,978	638
Average capital employed as presented in segment reporting	17,526	13,410

In presenting information for geographical areas, allocation of sales is based on the location of the customer. Allocation of segment assets and capital expenditures is based on the location of the assets. Capital expenditures are presented in line with the definition of the cash flow statement.

There are no individual customers that generate sales values that are material to the group's consolidated net sales.

EXTERNAL SALES BY REGIONS

million €	Germany	USA	China	Outside Germany	Group
External sales (location of customer)					
Year ended Sept. 30, 2020	9,556	5,844	2,959	17,083	35,443
Year ended Sept. 30, 2021	11,119	4,315	2,126	16,455	34,015

NON-CURRENT ASSETS BY REGIONS

million €	Germany	USA	China	Outside Germany	Group
Non-current assets (intangible assets, property, plant and equipment inclusive of investment property and other non-financial assets) (location of assets)					
Sept. 30, 2020	5,323	379	525	2,398	8,624
Sept. 30, 2021¹⁾	5,716	391	567	2,536	9,210

¹⁾ Inclusive of disposal groups

Notes to the statement of income

25 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
Year ended Sept. 30, 2020¹⁾									
Sales from sale of finished products	1,203	1,815	3,093	6,497	59	2,238	0	(1,058)	13,847
Sales from sale of merchandise	8,025	241	383	169	16	171	0	(226)	8,780
Sales from rendering of services	537	8	156	131	52	468	9	(149)	1,211
Sales from construction contracts	0	0	448	0	1,626	2,540	0	(29)	4,585
Other sales from contracts with customers	29	42	11	226	7	96	0	(15)	396
Subtotal sales from contracts with customers	9,793	2,106	4,090	7,023	1,760	5,514	9	(1,477)	28,819
Other sales	102	(7)	0	0	0	8	0	(24)	79
Total	9,895	2,099	4,090	7,023	1,760	5,522	9	(1,500)	28,899
Year ended Sept. 30, 2021									
Sales from sale of finished products	1,540	2,109	3,491	8,267	61	2,685	0	(1,244)	16,910
Sales from sale of merchandise	10,146	311	363	81	9	412	0	(555)	10,768
Sales from rendering of services	496	11	178	240	46	492	13	(143)	1,334
Sales from construction contracts	15	0	474	0	1,891	2,011	0	(23)	4,368
Other sales from contracts with customers	0	80	16	349	15	49	0	(20)	490
Subtotal sales from contracts with customers	12,197	2,510	4,524	8,938	2,022	5,649	13	(1,984)	33,870
Other sales	118	2	(1)	(6)	0	2	0	31	146
Total	12,315	2,512	4,522	8,932	2,022	5,651	13	(1,953)	34,015

¹⁾ Figures have been adjusted (cf. Note 24).

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
Year ended Sept. 30, 2020¹⁾									
Automotive	1,181	633	3,831	2,029	0	964	2	(75)	8,566
Trading	1,701	74	228	1,590	7	472	1	(873)	3,201
Engineering	1,023	1,271	17	199	13	1,521	0	(107)	3,936
Steel and related processing	1,484	31	4	1,471	0	883	0	(424)	3,449
Construction	533	15	0	25	0	113	0	2	688
Public sector	50	4	0	0	1,687	0	0	(4)	1,737
Packaging	89	1	0	1,199	0	2	0	(3)	1,289
Energy and utilities	114	22	0	207	0	22	0	0	364
Other customer groups	3,618	55	10	304	54	1,537	6	6	5,589
Total	9,793	2,106	4,090	7,023	1,760	5,514	9	(1,477)	28,819
Year ended Sept. 30, 2021									
Automotive	1,433	833	4,264	2,428	0	1,107	2	(76)	9,992
Trading	1,928	102	222	2,065	16	473	1	(957)	3,851
Engineering	1,300	1,432	19	227	81	68	0	(12)	3,116
Steel and related processing	2,321	22	2	2,151	0	1,206	0	(894)	4,809
Construction	683	23	0	27	0	126	0	(1)	858
Public sector	69	5	0	0	1,877	12	0	(8)	1,955
Packaging	124	1	0	1,239	0	0	0	(5)	1,359
Energy and utilities	88	25	0	301	0	36	0	(1)	449
Other customer groups	4,251	67	16	500	48	2,620	9	(29)	7,482
Total	12,197	2,510	4,524	8,938	2,022	5,649	13	(1,984)	33,870

¹⁾ Figures have been adjusted (cf. Note 24).

SALES FROM CONTRACTS WITH CUSTOMERS BY REGION

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Group
Year ended Sept. 30, 2020¹⁾									
German-speaking area ²⁾	3,853	403	1,269	3,812	325	930	8	(996)	9,602
Western Europe	1,577	400	631	1,495	123	1,412	0	(262)	5,376
Central and Eastern Europe	1,319	39	257	531	0	612	0	(78)	2,680
Commonwealth of Independent States	27	17	12	54	0	172	0	(1)	283
North America	2,358	437	912	553	7	358	1	(100)	4,526
South America	33	113	44	86	11	261	0	(2)	544
Asia / Pacific	360	68	35	53	373	620	0	(6)	1,504
Greater China	99	585	855	131	7	359	0	(16)	2,019
India	44	29	11	43	37	258	0	(2)	420
Middle East & Africa	123	16	63	266	877	533	0	(14)	1,865
Total	9,793	2,106	4,090	7,023	1,760	5,514	9	(1,477)	28,819
Year ended Sept. 30, 2021									
German-speaking area ²⁾	4,848	451	1,432	5,133	371	991	10	(1,418)	11,818
Western Europe	1,918	414	662	1,826	178	1,729	0	(341)	6,387
Central and Eastern Europe	1,818	48	232	644	1	419	0	(106)	3,056
Commonwealth of Independent States	49	27	12	61	0	140	0	(1)	288
North America	2,793	552	1,061	673	12	428	2	(83)	5,438
South America	34	164	62	94	116	280	0	(2)	747
Asia / Pacific	489	56	50	49	504	407	0	(7)	1,547
Greater China	88	734	885	135	7	385	0	(16)	2,219
India	53	39	9	53	23	249	0	(2)	424
Middle East & Africa	108	25	119	271	810	621	0	(8)	1,946
Total	12,197	2,510	4,524	8,938	2,022	5,649	13	(1,984)	33,870

¹⁾ Figures have been adjusted (cf. Note 24).²⁾ Germany, Austria, Switzerland, Liechtenstein

Of the sales from contracts with customers, €5,139 million (prior year: €5,534 million) results from long-term contracts and €28,731 million (prior year: €23,285 million) from short-term contracts, €6,062 million (prior year: €6,212 million) relates to sales recognized over time, and €27,808 million (prior year: €22,607 million) to sales recognized at a point in time.

26 Other income

OTHER INCOME

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Gains from premiums and from grants	51	30
Insurance compensation	31	27
Miscellaneous	163	265
Total	245	323

Gains from premiums and from grants 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 for the continuing operations. Miscellaneous other income includes a multitude of minor single items resulting from the 335 (prior year: 331) consolidated companies.

27 Other expense

OTHER EXPENSES

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Additions to/reversals of provisions	5	26
Goodwill impairment	777	3
Other taxes	18	17
Miscellaneous	98	69
Total	897	114

Miscellaneous other expenses include a multitude of minor single items resulting from the 335 (prior year: 331) consolidated companies.

28 Other gains/(losses), net

OTHER GAINS/(LOSSES), NET

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Gain/(loss) on disposal of intangible assets, net	2	(2)
Gain/(loss) on disposal of property, plant and equipment, net (without investment property)	13	44
(Gain)/loss on disposal of right-of-use assets	0	0
Gain/(loss) on disposal of investment property, net	1	12
Gain/(loss) on disposal of subsidiaries, net	0	(10)
Miscellaneous	(15)	(13)
Total	1	32

29 Financial income/(expense), net

FINANCIAL INCOME/(EXPENSE), NET

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Income from companies accounted for using the equity method	4	(106)
Interest income from financial receivables	14	10
Income from investments	5	2
Other finance income	1,170	713
Finance income	1,188	725
Interest expense from financial debt	(203)	(137)
Net interest cost of pensions and similar obligations	(59)	(55)
Expense from investments	0	0
Other finance expenses	(1,264)	(770)
Finance expense	(1,525)	(962)
Total	(333)	(343)

For the investments accounted for using the equity method of accounting cf. also Note 06.

The line items “interest income from financial receivables” and “other finance income” include interest income from financial assets that are not measured at fair value through profit or loss of €10 million (prior year: €14 million) and the line items “interest expense from financial debt” and “other finance expenses” include interest expense from financial liabilities that are not measured at fair value through profit or loss of €136 million (prior year: €201 million).

30 Leases in the statement of income

The following table presents income and expenses resulting from leases:

LEASES IN THE STATEMENT OF INCOME¹⁾

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Other sales		
Income from operating lease	3	6
Lease expense		
Expense from short-term leases	31	25
Expense from leases for low-value assets	2	1
Expense from off-balance variable lease payments	2	1
Depreciation and amortization expense		
Depreciation of right-of-use assets	145	139
Impairment of right-of-use assets	10	28
Other gains/(losses), net		
(Gain)/loss on disposal of right-of-use assets	0	0
Financial income/(expense), net		
Interest expense from lease liabilities	22	21

¹⁾ Figures of 2019 / 2020 only include continuing operations.

In both fiscal years there wasn't any income from sublease contracts. Sale and lease back transactions resulted in a gain of €3 million (prior year: €0 million).

Furthermore lease effects exist at the discontinued elevator operations that in the 10 months of 2019/2020 until deconsolidation mainly result from the depreciation of the right-of-use assets in the amount of €35 million, expense from short-term lease of €10 million and interest expense from lease liabilities of €9 million; these effects are included in the line item "income/(loss) from discontinued operations (net of tax)".

31 Income taxes

Income tax expense/(benefit) of the group consists of the following:

BREAKDOWN OF INCOME TAX EXPENSE/(BENEFIT)

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Current income tax expense/(benefit)	133	186
Deferred income tax expense/(benefit)	(185)	(67)
Total	(52)	120

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

INCOME TAXES RECOGNIZED IN TOTAL EQUITY

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Income tax expense/(benefit) as presented on the statement of income	(52)	120
Income tax expense on discontinued operations	572	0
Income non-effective tax effect on other comprehensive income		
Continuing operations	966	23
Discontinued operations	38	
Total	1,524	143

As of September 30, 2021, taxable temporary differences from undistributed profits of subsidiaries in the group for which no deferred tax liability is recognized, as such profits are not to be distributed in the foreseeable future, amount to €945 million (prior year: €813 million).

Components of the deferred tax assets and liabilities are as follows:

INVENTORY OF DEFERRED TAX ASSETS AND LIABILITIES

million €	Sept. 30, 2020		Year ended Sept. 30, 2021		Sept. 30, 2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax benefit (+) / expense (-)	Miscellaneous	Deferred tax assets	Deferred tax liabilities
Deferred income taxes on non-current items						
Intangible assets	201	142	(26)	(3)	154	124
Property, plant and equipment (inclusive of investment property)	240	142	(48)	15	218	154
Financial assets	86	12	(3)	0	201	130
Other assets	1	55	(36)	0	1	91
Accrued pension and similar obligations	1,432	7	(2)	(121)	1,309	8
Other provisions	137	22	16	(4)	150	23
Other liabilities	65	284	(179)	0	80	478
Deferred income taxes on current items						
Inventories	313	49	199	(152)	355	44
Other assets	636	871	(112)	(8)	611	965
Other provisions	71	243	(42)	(4)	65	283
Other liabilities	763	353	149	89	1,176	529
Valuation allowance – temporary differences (non-current and current)	(1,435)	—	143	146	(1,146)	—
Subtotal	2,511	2,181	59	(42)	3,174	2,829
Tax loss carried forward	2,097	—	196	(133)	2,160	—
Interest carried forward	278	—	2	0	281	—
Foreign tax credits	22	—	(23)	1	0	—
Valuation allowance – tax loss carried forward etc.	(2,288)	—	(167)	81	(2,374)	—
Subtotal	109	0	8	(51)	67	0
Total before offsetting	2,620	2,181	67	(93)	3,241	2,829
Offsetting	(2,124)	(2,124)	—	—	(2,769)	(2,769)
Balance sheet amount	497	58	—	—	472	60

As of September 30, 2021, tax losses carried forward for which no deferred tax asset is recognized amount to €7,927 million (prior year: €7,760 million). According to tax legislation as of September 30, 2021, an amount of €7,626 million (prior year: €7,478 million) of these tax losses may be carried forward indefinitely and in unlimited amounts whereas an amount of €301 million (prior year: €282 million) of these tax losses carried forward will expire over the next 20 years if not utilized.

As of September 30, 2021, based on the existing tax losses carried forward, the following deferred tax assets are recognized among others, because these are supported by substantial evidence for sufficient future taxable income: thyssenkrupp France S.A.S. €17 million (prior year: €15 million), thyssenkrupp Components Technology Hungary Kft. €17 million (prior year: €0).

As of September 30, 2021, deferred tax assets for deductible temporary differences (esp. in connection with pensions and similar obligations) in the amount of €1,123 million (prior year: €1,359 million) are not recognized in Germany because management cannot expect with sufficient probability that taxable income will be available in Germany in the future. In fiscal year 2019/2020, the write-off of deferred tax

assets resulted in deferred tax expense in the amount of €133 million and an income non-effective tax effect on other comprehensive income in the amount of €973 million.

The German corporate income tax law applicable for 2020 / 2021 sets a statutory income tax rate of 32.2% (prior year: 32.3%) taking into account the different German municipal tax rates. The applicable tax rates for companies outside Germany range from 9.0% to 37.5% (prior rate: 9.0% to 37.5%).

TAX RATE RECONCILIATION

million €	Year ended Sept. 30, 2020	in %	Year ended Sept. 30, 2021	in %
Expected income tax expense/(benefit)	(1,806)	32.3	32	32.2
Tax rate differentials to the German combined income tax rate	123	(2.2)	(71)	(70.3)
Changes in tax rates or laws	6	(0.1)	1	1.0
Change in valuation allowance	1,291	(23.1)	110	108.9
Permanent items	261	(4.7)	16	15.8
Tax consequences of disposal of businesses	0	0.0	3	3.0
Income/(loss) from companies accounted for using the equity method	(1)	0.0	34	33.7
Non-creditable withholding taxes	30	(0.5)	27	26.7
Tax expense/(benefit) related to prior periods	41	(0.7)	(33)	(32.7)
Others	1	0.0	0	0.0
Income tax expense/(benefit) as presented on the statement of income	(52)	0.9	120	118.8

32 Earnings per share

Basic earnings per share are calculated as follows:

EARNINGS PER SHARE

	Year ended Sept. 30, 2020		Year ended Sept. 30, 2021	
	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)	(5,547)	(8.91)	(109)	(0.17)
Income/(loss) from discontinued operations (net of tax) (attributable to thyssenkrupp AG's shareholders)	15,132	24.31	(6)	(0.01)
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)	9,585	15.40	(115)	(0.18)
Weighted average shares	622,531,741		622,531,741	

There were no dilutive securities in the periods presented.

33 Additional information to the income statement

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

PERSONNEL EXPENSES

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021
Wages and salaries	7,065	5,285
Social security taxes	1,304	942
Net periodic pension cost – defined benefit ¹⁾	204	191
Net periodic pension costs – defined contribution	163	18
Net periodic postretirement benefit cost/(income) other than pensions ¹⁾	0	(3)
Other expenses for pensions and retirements	546	297
Related fringe benefits	328	85
Total	9,610	6,815

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

The sharp decrease is primarily a result of the deconsolidation of Elevator Technology, which was included for ten months in 2019 / 2020.

The annual average number of employees is as follows:

ANNUAL AVERAGE NUMBER OF EMPLOYEES

	Year ended Sept. 30, 2020 ¹⁾	Year ended Sept. 30, 2021
Materials Services	16,669	15,527
Industrial Components	13,080	12,893
Automotive Technology	19,805	19,733
Steel Europe	26,962	26,122
Marine Systems	6,181	6,459
Multi Tracks	20,496	19,118
Corporate Headquarters	923	641
Reconciliation	2,301	1,750
Elevator Technology	43,472	—
Total	149,889	102,243
Thereof:		
Wage earners	77,761	50,411
Salary earners	68,361	48,787
Trainees	3,767	3,045

¹⁾ Figures have been adjusted (cf. Note 24).

Auditors' fees and services

For the services performed by the auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and the companies of the worldwide PricewaterhouseCoopers association the following fees (including expenses) were recognized as expenses:

FEES OF AUDITOR

million €	Year ended Sept. 30, 2020		Year ended Sept. 30, 2021	
	Total	thereof Germany	Total	thereof Germany
Audit fees	15	9	14	8
Audit-related fees	9	7	1	1
Tax fees	1	0	1	0
Fees for other services	1	0	0	0
Total	25	17	16	9

The audit fees include primarily fees for the year-end audit of the consolidated financial statements, the auditors' review of the interim consolidated financial statements and the statutory auditing of thyssenkrupp AG and the subsidiaries included in the group's consolidated financial statements. The audit-related fees in 2020 / 2021 relate mainly to services in connection with the initiated disposals of mining and infrastructure. In the prior year, they related primarily to services performed in connection with the disposal of Elevator. Tax fees relate primarily to services in the area of tax compliance. The fees for other services are mainly fees for project-related consulting services.

Notes to the statement of cash flows

34 Additional information on the statement of cash flows

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

RECONCILIATION OF LIQUID FUNDS

million €	Sept. 30, 2020	Sept. 30, 2021
Cash, cash equivalents and time deposits according to the balance sheet	11,547	8,974
Cash, cash equivalents and time deposits of disposal groups	0	42
– Time deposits	(850)	0
Liquid funds according to statement of cash flows	10,697	9,017

Time deposits are not classified as cash equivalents. Time deposits have a term of more than three months up to 12 months. The maximum risk exposure equals the book value of the time deposit.

As of September 30, 2021 cash and cash equivalents of €44 million (prior year: €101 million) result from the joint operation HKM.

Non-cash investing activities

In the year ended September 30, 2021 a non-cash addition of €135 million (prior year: €139 million) results from of right-of-use assets according to IFRS 16.

Non-cash financing activities

In the year ended September 30, 2021 a non-cash decrease of gross financial debt of €1 million (prior year: €297 million) results from deconsolidation.

Changes of liabilities/assets from financing activities

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

RECONCILIATION IN ACCORDANCE WITH IAS 7

	Sept. 30, 2019	Cash flows from financing activities	Non-cash changes				Sept. 30, 2020
million €			Acquisitions/ divestitures of businesses	Currency differences	Fair value changes	Other changes	
Bonds	5,922	(750)	0	0	0	9	5,182
Loan notes / other loans	1,183	(721)	(3)	0	0	0	459
Liabilities to financial institutions	273	(80)	(2)	23	0	0	214
Lease liabilities	37	(209)	(292)	(34)	0	1,145	647
Other financial liabilities	0	0	0	0	0	0	0
Subtotal financial debt	7,415	(1,761)	(296)	(11)	0	1,154	6,502
Assets/liabilities from other financing activities	286	(123)	2	(51)	(4)	0	110
Total	7,701	(1,884)	(294)	(62)	(4)	1,154	6,611

The column “Other changes” mainly includes the effects of the adoption of IFRS 16.

RECONCILIATION IN ACCORDANCE WITH IAS 7

	Sept. 30, 2020	Cash flows from financing activities	Non-cash changes					Sept. 30, 2021
million €			Acquisitions/ divestitures of businesses	Currency differences	Fair value changes	Reclassification of liabilities due to the presentation as liabilities associated with assets held for sale	Other changes	
Bonds	5,182	(850)	0	0	0	0	7	4,339
Loan notes / other loans	459	(140)	0	0	0	0	0	319
Liabilities to financial institutions	214	(43)	0	(22)	0	0	0	149
Lease liabilities	647	(148)	(1)	3	0	(16)	132	617
Other financial liabilities	0	0	0	0	0	0	0	0
Subtotal financial debt	6,502	(1,181)	(1)	(18)	0	(16)	139	5,424
Assets/liabilities from other financing activities	110	(50)	0	(10)	27	0	(33)	43
Total	6,611	(1,231)	(1)	(29)	27	(16)	105	5,467

Leases in the statement of cash flows

In the statement of cash flows, the interest component of the leases carried in the balance sheet is shown under operating cash flows and the repayment component under cash flows from financing activities. In the year ended September 30, 2021, the total cash outflows of the group as a lessee amounted to €186 million. In the prior year they amounted to €271 million in total, of which €181 million related to continuing operations and €90 million to the discontinued operations.

The following possible cash outflows at the lessee were not included in the lease liability and will only be included in the statement of cash flows if they actually result in outflows in future periods:

POTENTIAL FUTURE LEASE PAYMENTS

million €	Sept. 30, 2020	Sept. 30, 2021
Extension and/or termination options as well as call options	(182)	(130)
Residual value guarantees	(2)	0
Lease commitments	(22)	(10)
Total	(206)	(140)

Possible future lease payments by the lessee arising from the exercise of options were not included in the lease liability if the exercise of the respective options was not considered reasonably certain. These options include lease payments from lease extension options, penalties from the exercise of termination options and payments from purchase options. Only if there is a high probability that the options will be exercised are they considered to be exercisable and recognized as lease liabilities. If facts and circumstances change, a reassessment of the exercise of the options is undertaken.

If infinitely revolving lease extension options exist for leasehold contracts in individual cases or automatically prolonging lease contracts, their payments are not included in the possible future lease payments. An estimate of the term was made when determining the corresponding lease liability.

Individual leases can contain several options. The thyssenkrupp group uses options to achieve the greatest possible operating flexibility. Such options can generally only be exercised by the thyssenkrupp group as lessee. In addition, the leases do not contain any clauses that significantly restrict the group by requiring it to meet certain commitments.

Subsequent events

35 Subsequent events

The worldwide economic situation continues to be dominated by the coronavirus pandemic. Case numbers have been rising again significantly since October 2021. Due to the uncertainties associated with the pandemic, further impacts on the results of operations and financial position of the company cannot be ruled out.

Other information

36 Declarations of conformity with the German Corporate Governance Code in accordance with Art. 161 of the German Stock Corporation Act (AktG)

The Executive Board and the Supervisory Board of thyssenkrupp AG issued the declaration of conformity in accordance with Art. 161 of the Stock Corporation Act (AktG) and made it publicly available to the shareholders on the company's website on October 1, 2021.

The declaration of conformity of our exchange-listed subsidiary Eisen- und Hüttenwerke AG was issued on October 1, 2021 and is now publicly available to the shareholders on the company's website.

37 Application of Art. 264 Par. 3 and Art. 264b of German Commercial Code (HGB)

The following domestic subsidiaries in the legal form of a capital corporation or a commercial partnership as defined in Art. 264a partly made use of the exemption clause included in Art. 264 Par. 3 and Art. 264b of German Commercial Code:

A	
ATLAS ELEKTRONIK GmbH	Bremen
B	
Becker & Co. GmbH	Neuwied
BERCO Deutschland GmbH	Ennepetal
Blohm + Voss Shipyards & Services GmbH	Hamburg
D	
DWR – Deutsche Gesellschaft für Weißblechrecycling mbH	Andernach
E	
EH Güterverkehr GmbH	Duisburg
G	
German Marine Systems GmbH	Hamburg
H	
Hagenuk Marinekommunikation GmbH	Flintbek
J	
Jacob Bek GmbH	Ulm
M	
Max Cochius GmbH	Berlin
P	
PSL Wälzlager GmbH	Dietzenbach
R	
Rasselstein Verwaltungs GmbH	Neuwied (in future Andernach)
Reisebüro Dr. Tigges GmbH	Essen

T	
Thyssen Stahl GmbH	Düsseldorf
thyssenkrupp Academy GmbH	Düsseldorf
thyssenkrupp Aerospace Germany GmbH	Essen
thyssenkrupp Automotive Systems GmbH	Essen
thyssenkrupp Bilstein GmbH	Ennepetal
thyssenkrupp Components Tech GmbH	Essen
thyssenkrupp DeliCate GmbH	Düsseldorf
thyssenkrupp Dritte Beteiligungsgesellschaft mbH	Duisburg
thyssenkrupp Edelstahl-Service-Center GmbH	Willich
thyssenkrupp Electrical Steel GmbH	Gelsenkirchen
thyssenkrupp Electrical Steel Verwaltungsgesellschaft mbH	Gelsenkirchen
thyssenkrupp Facilities Services GmbH	Essen
thyssenkrupp Federn GmbH	Hagen
thyssenkrupp Federn und Stabilisatoren GmbH	Hagen
thyssenkrupp Fertilizer Technology GmbH	Dortmund
thyssenkrupp Gerlach GmbH	Homburg/Saar
thyssenkrupp GfT Gleistechnik GmbH	Essen
thyssenkrupp Grundbesitz Verwaltungs GmbH	Essen
thyssenkrupp Hohenlimburg GmbH	Hagen
thyssenkrupp Hohenlimburg Kompetenzzwerkstatt GmbH	Hagen
thyssenkrupp Immobilien Verwaltungs GmbH	Essen
thyssenkrupp Industrial Crankshafts GmbH	Homburg/Saar
thyssenkrupp Industrial Solutions AG	Essen
thyssenkrupp Information Management GmbH	Essen
thyssenkrupp Intellectual Property GmbH	Essen
thyssenkrupp Management Consulting GmbH	Düsseldorf
thyssenkrupp Marine Systems GmbH	Kiel
thyssenkrupp Materials Business Services GmbH	Essen
thyssenkrupp Materials IoT GmbH	Essen
thyssenkrupp Materials Processing Europe GmbH	Krefeld
thyssenkrupp Materials Services GmbH	Essen
thyssenkrupp Materials Trading GmbH	Essen
thyssenkrupp Plastics GmbH	Essen

thyssenkrupp Polysius GmbH	Essen
thyssenkrupp Presta Chemnitz GmbH (from Oct. 1, 2021 thyssenkrupp Dynamic Components Chemnitz GmbH)	Chemnitz
thyssenkrupp Presta Ilseburg GmbH (from Oct. 1, 2021 thyssenkrupp Dynamic Components GmbH)	Ilseburg
thyssenkrupp Presta Mülheim GmbH	Mülheim
thyssenkrupp Presta Schönebeck GmbH	Schönebeck
thyssenkrupp Rasselstein GmbH	Andernach
thyssenkrupp rothe erde Germany GmbH	Dortmund
thyssenkrupp Schulte GmbH	Essen
thyssenkrupp Senior Experts GmbH	Essen
thyssenkrupp Services GmbH	Essen
thyssenkrupp smart steel GmbH	Duisburg
thyssenkrupp Stainless GmbH	Essen
thyssenkrupp Steel Business Services GmbH	Duisburg
thyssenkrupp Steel Europe AG	Duisburg
thyssenkrupp System Engineering GmbH	Essen
thyssenkrupp Technologies Beteiligungen GmbH	Essen
thyssenkrupp Transrapid GmbH	Kassel
thyssenkrupp Uhde Engineering Services GmbH	Dortmund
thyssenkrupp Uhde GmbH	Essen
thyssenkrupp USA Holding AG & Co KG	Essen
thyssenkrupp Valvetrain GmbH (from Oct. 1, 2021 thyssenkrupp Dynamic Components Ilseburg GmbH)	Ilseburg
thyssenkrupp Vermietungs GmbH	Duisburg
U	
Uhde High Pressure Technologies GmbH	Hagen
Uhde Inventa-Fischer GmbH	Berlin

The following Dutch subsidiaries made use of the exemption clause included in Art. 2:403 of the Civil Code of the Netherlands:

T	
thyssenkrupp Nederland Holding B.V.	Roermond
thyssenkrupp Veerhaven B.V.	Rotterdam

38 List of the group's subsidiaries and equity investments

A complete listing of the group's subsidiaries and equity interests is published in the German Federal Gazette and is available on the thyssenkrupp website at www.thyssenkrupp.com.

Independent Auditor's Report

To thyssenkrupp AG, Duisburg and Essen

Report on the audit of the Consolidated Financial Statements and the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of thyssenkrupp AG, Duisburg and Essen, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at September 30, 2021 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from October 1, 2020 to September 30, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of thyssenkrupp AG, which is combined with the Company's management report, including the non-financial statement pursuant to § [Article] 289b Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and § 315b Abs. 1 HGB for the financial year from October 1, 2020 to September 30, 2021. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § 289f HGB and § 315d HGB.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at September 30, 2021, and of its financial performance for the financial year from October 1, 2020 to September 30, 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the statement on corporate governance referred to above

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537 / 2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from October 1, 2020 to September 30, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

- ① Recoverability of goodwill
- ② Presentation of deferred tax assets
- ③ Recoverability of property, plant and equipment and other intangible assets (excluding goodwill)

Our presentation of these key audit matters has been structured in each case as follows:

- ① Matter and issue
- ② Audit approach and findings
- ③ Reference to further information

Hereinafter we present the key audit matters:

- ① Recoverability of goodwill
 - ① In the consolidated financial statements of thyssenkrupp AG, goodwill amounting to €1,387 million (13% of Group equity) is reported under the balance sheet item "Intangible assets" of the statement of financial position. The Company allocates the goodwill to the relevant groups of cash-generating units. Goodwill is subject to an impairment test at least once annually as of the balance sheet date and if there are indications of impairment to determine any possible need for write-downs. During the impairment test, the value in use determined for the respective group of cash-generating units is generally compared against the carrying amounts reported for that group of cash-generating units. The discounted cash flow method is used to determine the values in use for the respective group of cash-generating units on the basis of the thyssenkrupp-group's budget projections adopted by the executive directors. The discount rate used is the weighted average cost of capital for the relevant group of cash-generating units. The impairment test determined that no write-downs were necessary. The result of this measurement depends to a large extent on the executive directors' assessment and assumptions with respect to future cash flows of the respective group of cash-generating units and the discount rate used, and is therefore subject to considerable uncertainty. Against this background and due to the underlying complexity of the measurement models, this matter was of particular importance for our audit.
 - ② As part of our audit, we evaluated, among other things, the method used for performing impairment tests and assessed the calculation of the weighted average cost of capital. In addition, we assessed the appropriateness of the future cash flows used in the measurement, specifically by reconciling this information to the budget projections and by comparing selected budget projection assumptions with general and sector-specific market expectations. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value in use calculated in this way, we also focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the measurement model. In addition, we carried out a detailed examination of the measurement model and the budget projections for selected groups of cash-generating units as of the balance sheet date. The selection was based on qualitative criteria and the amount by which the value in use exceeded the respective carrying amount. In this connection, among other things, we analyzed on the basis of further evidence the consistency of planning assumptions and the viability of planned measures to increase future cash flows, and discussed this in detail with the management. We assessed the feasibility of the material measures which have an impact on value against the backdrop of, among other things, the business

concept to date as well as current and expected market conditions. In addition, we assessed the sensitivity analyses prepared by the Company. Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

- ③ The Company's disclosures on goodwill and goodwill impairment are contained in section 04 of the notes to the consolidated financial statements.

② Presentation of deferred tax assets

- ① After set-offs and impairments, a total of €472 million in deferred tax assets (4% of Group equity) and €60 million in deferred tax liabilities (1% of Group equity) are reported in the consolidated financial statements of thyssenkrupp AG. Deferred tax assets were recognized to the extent that the executive directors consider it probable that taxable profit will be available in future through which deductible temporary differences, unused tax losses and interest carryforwards can be utilized. For this purpose, if insufficient deferred tax liabilities are available, future taxable profits are projected on the basis of the adopted budget projections. Deferred taxes are calculated using future tax rates, to the extent they have already been enacted or substantively enacted. Of the €6,761 million in the thyssenkrupp-group's total deferred tax assets before impairments and set-offs, €2,160 million was attributable to loss carryforwards and €281 million was attributable to interest carryforwards. €2,374 million of these deferred tax assets for loss carryforwards and interest carryforwards were adjusted, because it was not expected that sufficient taxable profit would be available to the relevant tax payer of the thyssenkrupp-group. In our view, this matter was of particular importance for our audit given the amounts involved and their dependence on the executive directors' estimates and assumptions.
- ② As part of our audit, we assessed, among other things, the processes and controls implemented for recording tax matters and the appropriateness of the accounting treatment. In instances where sufficient deferred tax liabilities were not available, we have assessed the recoverability of deferred tax assets in relation to interest carryforwards, loss carryforwards and temporary differences between the IFRS and tax accounts, on the basis the tax projections for the thyssenkrupp-group prepared by the executive directors and have evaluated the appropriateness of the underlying budget assumptions. On the basis of our audit procedures, we were able to follow the executive directors' estimates and assumptions relating to the recognition and measurement of deferred taxes and to satisfy ourselves as of the appropriateness of those estimates and assumptions.
- ③ The Company's disclosures relating to deferred taxes are contained in section 31 of the notes to the consolidated financial statements.

③ Recoverability of property, plant and equipment and other intangible assets (excluding goodwill)

- ① In the consolidated financial statements of thyssenkrupp AG, property, plant and equipment and other intangible assets (excluding goodwill) of €7,017 million (19% of total assets and 65% of Group equity) are reported. The value of the property, plant and equipment and other intangible assets is mainly attributable to the Steel Europe and Automotive Technology segments. The assets are subject to an impairment test if internal or external indicators suggest a possible impairment or if there are indications that the reason for an impairment loss recognized in a previous reporting period in accordance with IAS 36 no longer exists, either in full or in part. The impairment test is performed at the level of the cash-generating unit in accordance with IAS 36. The carrying amount of the relevant cash-generating unit is compared with the corresponding recoverable amount for the purposes of the impairment test. The recoverable amount is generally calculated on the basis of the value in use, unless the fair value less costs of disposal is higher. The present value of the future cash flows from the respective cash-generating unit normally serves as the basis of measurement. The present values are calculated using discounted cash flow models. For this purpose, the thyssenkrupp-group's budget projections adopted by the executive directors serves as a starting point. The discount rate used is the weighted average cost of capital for the relevant cash-generating unit. The impairment test determined that it was necessary to recognize write-downs amounting to a total of €133 million, mainly in the Automotive Technology, Multi Tracks and Materials Services segments, and to reverse write-downs of €94 million, mainly on Corporate Assets and in the Multi Tracks segment. The result of this measurement depends to a large extent on the executive directors' assessment and assumptions with respect to future cash flows of the respective group of cash-generating units and is therefore subject to considerable uncertainty. Against this background and due to the complexity of the measurement, this matter was of particular importance for our audit.
- ② As part of our audit, we examined, among other things, the methodology used for the impairment tests. For selected impairment tests, which were selected on the basis of qualitative and quantitative factors, we assessed the appropriateness of the future cash flows used in the measurement after reconciling this information to the adopted budget projections of the thyssenkrupp-group, in particular by comparing selected planning assumptions with general and sector-specific market expectations. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value in use calculated in this way, we also focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the measurement model. In order to account for the uncertainties of the forecast, we have reproduced the sensitivity analyses prepared by the Company. Overall, the measurement parameters and assumptions used by the executive directors are within the ranges considered by us to be reasonable.
- ③ The Company's disclosures relating to the recoverability of property, plant and equipment and other intangible assets are contained in section 03, 04 and 05 of the notes to the consolidated financial statements.

Other information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f HGB and § 315d HGB.

The other information comprises further the remaining parts of the annual report, – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit; or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Assurance Report in accordance with § 317 Abs. 3a HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file thyssenkrupp_AG_KA+KLB_ESEF-2021-09-30.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 October 2020 to 30 September 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned electronic file in accordance with § 317 Abs. 3a HGB and IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3a HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the process for the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on February 5, 2021. We were engaged by the supervisory board on March 12, 2021. We have been the group auditor of the thyssenkrupp AG, Duisburg and Essen, without interruption since the financial year 2012/2013.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report should always be read in conjunction with the audited consolidated financial statements and the audited group management report as well as the audited ESEF documents. The consolidated financial statements and group management report in XHTML format are merely electronic reproductions of the audited consolidated financial statements and audited group management report and do not replace them. In particular, the "Assurance Report in Accordance with § 317 Abs. 3a HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes" and our audit opinion contained therein are only to be used in conjunction with the ESEF documents attached electronically on a data carrier or in a file or with the indication of a storage address from which the ESEF documents can be retrieved electronically.

German Public Auditor responsible for the Engagement

The German Public Auditor responsible for the engagement is Michael Preiß.

Essen, November 15, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Harald Kayser
Wirtschaftsprüfer
(German Public Auditor)

Michael Preiß
Wirtschaftsprüfer
(German Public Auditor)

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the group, and the combined management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Essen, November 9, 2021

thyssenkrupp AG
The Executive Board

Merz

Burkhard

Keysberg

Additional information

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Multi-year overview

THYSSENKRUPP GROUP

		Full group							Group – continuing operations ¹⁾				
								2020 / 2021 vs. 2019 / 2020		2020 / 2021 vs. 2019 / 2020			
		2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020	2020 / 2021	Change	in %	2019 / 2020	2020 / 2021	Change	in %	
Results of operations													
Net sales	million €	42,971	41,534	41,996	35,443	34,015	(1,427)	(4)	28,899	34,015	5,117	18	
Gross profit	million €	6,210	6,590	5,799	1,480	4,356	2,876	++	(285)	4,356	4,642	++	
EBITDA	million €	2,602	2,056	1,525	14,724	1,416	(13,309)	(90)	(1,079)	1,422	2,500	++	
EBIT	million €	687	937	272	10,475	451	(10,024)	(96)	(5,255)	457	5,712	++	
EBT	million €	61	561	(83)	10,112	95	(10,017)	(99)	(5,593)	101	5,694	++	
Net income/(loss)	million €	(591)	(12)	(260)	9,592	(25)	(9,617)	--	(5,541)	(19)	5,522	100	
Earnings per share (EPS)	€	(1.15)	(0.10)	(0.49)	15.40	(0.18)	(15.58)	--	(8.91)	(0.17)	8.74	98	
Gross margin	%	14.5	15.9	13.8	4.2	12.8	8.6	++	(1.0)	12.8	13.8	++	
EBIT margin	%	1.6	2.3	0.6	29.6	1.3	(28.2)	(96)	(18.2)	1.3	19.5	++	
EBT margin	%	0.1	1.4	(0.2)	28.5	0.3	(28.3)	(99)	(19.4)	0.3	19.7	++	
Return on equity (before taxes)	%	1.8	17.5	(3.7)	99.4	0.9	(98.5)	(99)					
Personnel expense per employee	€	60,876	60,140	62,459	64,113	66,653	2,540	4					
Sales per employee	€	269,541	259,968	259,862	236,460	332,692	96,232	41					
Assets/liabilities situation													
Non-current assets	million €	14,502	14,285	15,313	10,501	11,172	671	6					
Current assets	million €	20,546	20,141	21,162	25,989	25,639	(350)	(1)					
Total assets	million €	35,048	34,426	36,475	36,490	36,811	321	1					
Total equity	million €	3,404	3,203	2,220	10,174	10,845	671	7					
Liabilities	million €	31,643	31,223	34,255	26,316	25,966	(350)	(1)					
Accrued pension and similar obligations	million €	7,924	7,838	8,947	8,560	7,971	(589)	(7)					
Financial debt non-current	million €	5,326	5,191	6,529	5,303	3,794	(1,508)	(28)					
Financial debt current	million €	1,930	185	886	1,199	1,646	447	37					
Financial debt non- current/current	million €	7,255	5,377	7,415	6,502	5,440	(1,061)	(16)					
Trade accounts payable	million €	5,729	6,516	6,355	3,475	4,923	1,449	42					
Equity ratio	%	9.7	9.3	6.1	27.9	29.5	1.6	6					
Gearing	%	57.5	73.8	166.8	— ²⁾	— ²⁾	—	—					
Inventory turnover	days	58.3	63.8	66.7	60.2	82.2	22.1	37					
Average collection period	days	48.0	44.7	47.0	49.1	52.0	2.9	6					

¹⁾ See preliminary remarks.

²⁾ 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 GROUP

		Full group							Group – continuing operations ¹⁾			
							2020 / 2021 vs. 2019 / 2020				2020 / 2021 vs. 2019 / 2020	
		2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020	2020 / 2021	Change	in %	2019 / 2020	2020 / 2021	Change	in %
Value management												
Capital employed (average)	million €	16,728	15,739	16,749	17,526	13,410	(4,116)	(23)				
ROCE	%	4.1	6.0	1.6	59.8	3.4	(56.4)	(94)				
Weighted average cost of capital (WACC)	%	8.0	8.0	8.0	8.0	8.0	0.0	0				
Cash flow/financing situation												
Operating cash flows	million €	610	1,184	72	(3,326)	92	3,418	++	(4,224)	94	4,319	++
Cash flow for investments	million €	(1,666)	(1,386)	(1,443)	(2,352)	(1,485)	867	37	(2,188)	(1,485)	703	32
Free cash flow before M&A	million €	(798)	(134)	(1,140)	(4,835)	(1,273)	3,562	74	(5,515)	(1,273)	4,241	77
Cash flow from divestments	million €	1,545	87	108	14,766	975	(13,791)	(93)	14,783	975	(13,808)	(93)
Free cash flow	million €	489	(115)	(1,263)	9,088	(418)	(9,506)	--	8,371	(416)	(8,787)	--
Cash flows from financing activities	million €	784	(2,114)	1,926	(1,963)	(1,280)	683	35	(952)	(1,283)	(331)	(35)
Cash and cash equivalents	million €	5,298	3,012	3,712	11,555	9,026	(2,529)	(22)				
Net financial debt/ (Net financial assets)	million €	1,957	2,364	3,703	(5,053)	(3,586)	1,467	29				
Internal financing capability		5.0	0.9	0.1	0.3	0.2	(0.1)	0				
Debt to cash flow ratio		3.2	2.0	51.5	1.5	(39.1)	(40.6)	--				
thyssenkrupp AG												
Net income/(loss)	million €	59	1,579	(1,807)	(289)	(651)	(362)	--				
Dividend per share	€	0.15	0.15	—	—	—	—	—				
Dividend payout	million €	93	93	—	—	—	—	—				

¹⁾ See preliminary remarks.

Compensation report

2020/2021

The following compensation report in accordance with § 162 German Stock Corporation Act (AktG) outlines and explains the compensation of the current and former members of the Executive and Supervisory Boards of thyssenkrupp AG in fiscal year 2020/2021.

In order to facilitate the ordering of the disclosures made and enhance understanding, the main features of the compensation systems in effect for the Executive and Supervisory Boards in fiscal year 2020/2021 are also outlined. Detailed information can be found on the company's website at www.thyssenkrupp.com > Company > Management > Corporate governance > Compensation system / Compensation report.

▶ www.thyssenkrupp.com >
Company > Management >
Corporate governance >
Compensation system /
Compensation report

A look back at compensation year 2020/2021

Resolution on the approval of the compensation system for Executive Board members

The current compensation system for members of the Executive Board of thyssenkrupp AG was resolved by the Supervisory Board – following preparation by the Personnel Committee – in accordance with §§ 87 (1), 87a (1) AktG and approved by the Annual General Meeting on February 5, 2021 with a majority of 96.70% of the capital represented. A comparison of the main features of the current and previous systems has been published on the company's website at the link given above.

Resolution on the approval of the compensation system for Supervisory Board members

The compensation system for the Supervisory Board, which is governed by § 14 of the Articles of Association, was likewise approved by the Annual General Meeting on February 5, 2021 with a majority of 99.71% of the capital represented. The system resolved by the Annual General Meeting on January 17, 2014 was thus confirmed without any changes.

Application of the Executive Board compensation system in fiscal year 2020/2021

The current service contracts of active Executive Board members were amended by way of amending agreements with retrospective effect from October 1, 2020, as a result of which the compensation system was used for all active Executive Board members in fiscal year 2020/2021. Moreover, in fiscal year 2020/2021 the Executive Board members were awarded individual compensation within the meaning of § 162 AktG which, in previous fiscal years, had been promised under the compensation system in effect at that time. If relevant, this compensation is also outlined and explained in the following.

The compensation system approved by the Annual General Meeting on February 5, 2021 applied to all active Executive Board members in fiscal year 2020/2021.

The Personnel Committee regularly reviews the appropriateness and commensurateness of Executive Board compensation and proposes adjustments to the Supervisory Board where required so as to ensure within the boundaries of the applicable framework that the compensation package for Executive Board members is both in line with the market and competitive. The commensurateness of the compensation was last reviewed by an independent external compensation expert while the current Executive Board compensation system was being drafted. In doing so, the compensation of

thyssenkrupp Executive Board members was compared against DAX and MDAX companies, taking into account the criteria sales, employees and market capitalization; in light of the ongoing transformation, consideration was also given to various scenarios for the carve-out of further lines of business from the group. Ultimately, the compensation of thyssenkrupp Executive Board members is still in line with the market, also taking into account the ongoing changes to the portfolio. The appropriateness of the Executive Board compensation within the group is reviewed annually based on the change in the Executive Board compensation compared with the change in the compensation of senior management, defined as the two levels of management below the Executive Board, and compared with the change in the compensation of the workforce as a whole, defined as the average compensation of the group's full-time employees in Germany.

In accordance with the compensation system in effect, the Supervisory Board has set specific target compensation for each Executive Board member. The target compensation of the Executive Board members was left unadjusted year-on-year in fiscal year 2020 / 2021. Neither is it planned to adjust the target compensation for fiscal year 2021 / 2022.

The target compensation of the Executive Board members remained unchanged year-on-year.

For each Executive Board member, the Supervisory Board has also set performance criteria with regard to the performance-related, variable compensation components for fiscal year 2020 / 2021 to the extent that these do not result directly from the compensation system in effect.

Concerning the Short-Term Incentive (STI), the positive sales performance, which depends to a large extent on the market recovery, and restructuring in all segments meant that the targets for financial performance criteria set at the beginning of the reporting year were exceeded in fiscal year 2020 / 2021. With regard to individual performance, the targets set by the Supervisory Board were fully achieved overall. The payout due in fiscal year 2020 / 2021 from the installment of the Long-Term Incentive (LTI) issued for fiscal year 2017 / 2018 is just over 53% of the target value.

In the past fiscal year, the Supervisory Board did not make use of any of the options established in the compensation system in accordance with statutory provisions to deviate temporarily from the compensation system or in certain circumstances to make adjustments to target achievement.

Application of the compensation system for the Supervisory Board in fiscal year 2020 / 2021

The compensation system for the Supervisory Board was unchanged compared with previous years and fully applied as set out in § 14 of the company's Articles of Association.

Executive Board compensation in fiscal year 2020 / 2021

Overview of the design of the Executive Board compensation system

The compensation system meets the requirements of the German Stock Corporation Act (AktG), in particular the requirements of the Act Implementing the Second Shareholders' Rights Directive (ARUG II), and is in line with the recommendations of the German Corporate Governance Code as amended on December 16, 2019. The Executive Board compensation system is a key element in the group's alignment and makes a significant contribution to promoting business strategy, improving operating performance and thus to the group's long-term success. It is intended to support successful and sustainable corporate governance; the compensation of Executive Board members is therefore tied to the group's short- and long-term performance. At the same time, suitable performance criteria are selected, creating important incentives for implementing the group's strategic realignment.

This means that the compensation of Executive Board members comprises performance-independent and performance-related elements. The total target compensation of the Executive Board consists of fixed compensation, a pension allowance or company pension, fringe benefits, the Short-Term Incentive (STI) target amount and the Long-Term Incentive (LTI) target amount. These are mainly performance-related compensation elements; the aim here is to strengthen the performance focus of the compensation system. The share of the target amount of the four-year LTI in the total target compensation exceeds that of the STI. This ensures that the variable compensation resulting from the achievement of long-term targets exceeds the share from short-term targets and that, overall, the compensation system is therefore geared to sustainable and long-term development.

The table on the following page shows the basic components of the compensation system and their design. The components and how they were actually applied in fiscal year 2020 / 2021 are explained in detail in the following.

The Executive Board compensation system meets all statutory and regulatory requirements currently in effect.

Overview of all compensation components

COMPENSATION COMPONENT

	Assessment basis / parameters
Performance-independent compensation	
Fixed compensation	The fixed compensation of Executive Board members is paid monthly as a salary
Fringe benefits	Company car, security services, insurance premiums and health checks as standard; further once-only or time-limited (transitional) benefits for new members subject to explicit resolution of Supervisory Board
Pension plans	
Pension allowance	As of October 1, 2019 newly appointed Executive Board members receive an annual pension allowance in cash for personal pension provision in lieu of a company pension plan. Protection of vested rights for previous pension plans.
Performance-related compensation	
Short-Term Incentive (STI)	<p>Annual performance bonus</p> <p>Basis for target achievement:</p> <ul style="list-style-type: none"> 70% group's financial performance criteria: 35% net income, 35% free cash flow before M&A 30% individual performance (operational and strategic targets in connection with transformation of thyssenkrupp) <p>Supervisory Board sets financial targets based on annual planning and individual performance criteria for each fiscal year</p> <p>Cap: 200% of target amount</p>
Long-Term Incentive (LTI)	<p>Performance Share Plan</p> <p>Performance-period: 4 years</p> <p>Basis for target achievement:</p> <ul style="list-style-type: none"> 30% relative TSR (Ranking against individual stocks included in Index STOXX® Europe 600 Basic Resources) 40% ROCE 30% non-financial sustainability targets <p>Cap: 200% of target amount</p>
Other compensation rules	
Share Ownership Guidelines (SOG)	<p>Requirement to purchase and hold thyssenkrupp shares for the amount of one year's fixed compensation (gross)</p> <p>Until this amount is reached, Executive Board members must invest each year at least 25% of the net amount of performance-related compensation paid at the close of the fiscal year (STI + LTI) in thyssenkrupp shares</p>
Maximum compensation	<p>Cap for total compensation granted for one fiscal year in accordance with § 87a (1) sentence 2 no. 1 AktG:</p> <ul style="list-style-type: none"> Chair: €9.0 million Ordinary Executive Board members: €4.5 million
Severance cap	Severance payments limited to maximum of two years' annual compensation; compensation over remaining contract term must not be exceeded
Malus and clawback rule	<p>Malus:</p> <p>In the event of serious infringement of applicable law or internal policies, Supervisory Board may reduce or cancel variable compensation components (STI/LTI) for the relevant assessment period</p> <p>Clawback:</p> <p>Option of Supervisory Board to reclaim already paid variable compensation if a malus is subsequently discovered or if inaccuracies are identified in the consolidated financial statements (difference)</p>

Performance-independent compensation components

Fixed compensation

The fixed compensation of Executive Board members is paid monthly in equal installments and represents a steady, plannable income for Executive Board members. The current annual fixed compensation is €1,340,000 for the Executive Board Chairwoman and €700,000 for ordinary Executive Board members.

Fringe benefits

In addition to the fixed compensation, Executive Board members receive fringe benefits; standard benefits include a car and driver for business and private use, security services, insurance premiums and health checks. In principle, all Executive Board members are equally entitled to these fringe benefits; the amount varies according to their personal situation.

In the past fiscal year, the Supervisory Board did not make use of the option provided for under the compensation system to grant additional benefits for a limited period in certain cases.

Pension allowance and company pension

As specified for all Executive Board members appointed since October 1, 2019, Martina Merz and Dr. Klaus Keysberg receive a pension allowance in the form of a fixed annual amount that may be used for personal provision in place of a company pension. This is €280,000 per year for an ordinary Executive Board member and €536,000 per year for the Executive Board Chairwoman and is in each case paid out in December. This enables Executive Board members to take care of their pension provision independently and at their own discretion; in return, thyssenkrupp is relieved of the long-term financial burden of recognizing provisions to fund a company pension plan.

All Executive Board members appointed since October 1, 2019 receive a pension allowance in the form of a fixed annual amount that may be used for personal provision in place of a company pension.

It has also been agreed with Dr. Klaus Keysberg that the pension entitlement acquired in the course of his previous duties in the thyssenkrupp group will continue unchanged in accordance with the rules of the "pension scheme C of the Essener Verband pension association" (hereinafter pension scheme C entitlement). This will be paid out as a life-long annuity once Dr. Klaus Keysberg has reached retirement age or becomes permanently incapacitated for work.

As an Executive Board member first appointed with effect from February 1, 2013, Oliver Burkhard has in previous years been promised benefits from a company pension scheme on the basis of a defined-contribution arrangement, which will likewise be paid out to him as a life-long annuity once he has reached retirement age or becomes permanently incapacitated for work. The amount of the later annuity is determined by the annual pension modules accrued and therefore grows gradually over the period of service. The agreed maximum annuity of €350,000 p.a. was reached in 2019, as a result of which no further regular provisions have since been recognized for increases in this entitlement.

The retirement age is 63 in the case of Dr. Klaus Keysberg and 60 in the case of Oliver Burkhard, provided there is no longer a service contract with the company at that time. If the Executive Board contract of Dr. Klaus Keysberg ends after his 60th birthday, but before his 63rd birthday because the service contract is not extended after July 31, 2024, the retirement benefits can be drawn from the end of the Executive Board contract, provided Dr. Klaus Keysberg does not refuse an extension offered to him on equal or, for him, more favorable terms or the contract is not extended for good cause for which he is responsible.

In the case of Oliver Burkhard, current pension payments will be increased by 1% per year and, in the case of Dr. Klaus Keysberg's pension scheme C entitlement, they will be reviewed regularly by the Essener Verband pension association and adjusted in line with altered circumstances where necessary.

In the case of annuity entitlements, the surviving dependants' benefits plan provides for a payment of 60% of the pension for the spouse or life partner and 20% for each dependent child, up to a maximum of 100% of the regular pension entitlement.

The amounts expensed or recognized as provisions and the current values of the pension entitlements for Executive Board members in post as of September 30, 2021 are as follows:

COMPANY PENSION FOR THE EXECUTIVE BOARD 2020 / 2021

		Martina Merz		Oliver Burkhard		Dr. Klaus Keysberg ¹⁾	
		Chairwoman of the Executive board since October 1, 2019		Ordinary member of the executive board since February 1, 2013		Ordinary member of the executive board since October 1, 2019	
all figures in €000s		2019 / 2020	2020 / 2021	2019 / 2020	2020 / 2021	2019 / 2020	2020 / 2021
Figures in accordance with IFRS	Service costs	—	—	1	1	360	157
	Present value of the obligation	—	—	11,819	11,271	360	486
Figures in accordance with HGB	Service costs	—	—	1	0	503	109
	Present value of the obligation	—	—	7,312	8,428	2,693	3,178

¹⁾ As described above, it has additionally been agreed with Dr. Klaus Keysberg that the pension entitlement acquired in the course of his previous duties in the thyssenkrupp group will continue unchanged in accordance with the rules of the "pension scheme C of the Essener Verband pension association". The benefits acquired in the past under this entitlement must be included in information on service cost and stated at current value of the obligation in accordance with HGB, while the corresponding information in accordance with IFRS applies only to the new benefits acquired as part of the continuation of this entitlement during his duties as Executive Board member.

Performance-related compensation components

Short-Term Incentive (STI) 2020 / 2021

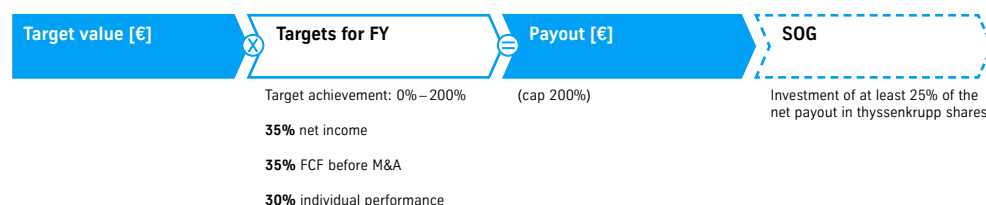
How it works

The STI is the short-term variable compensation element; it has a term of one year. 70% of the STI amount depends on the performance of two equally weighted key financial performance indicators of the group – net income for the fiscal year and free cash flow before M&A – and 30% on individual performance targets.

The STI is the short-term variable compensation element and has a term of one year.

The payout from the STI is calculated as follows:

SHORT-TERM INCENTIVE (ANNUAL BONUS) CALCULATION



The payout from the STI is capped at 200% of the target value in total. There is no guaranteed minimum target achievement; there may therefore be no payout at all.

Contribution to the group's long-term development

The STI is intended to ensure the ongoing implementation of operational targets, the achievement of which is crucial as a basis for the group's long-term development. The financial performance criteria net income for the fiscal year and free cash flow before M&A emphasize the importance of systematically improving the performance of all businesses. They create incentives in areas expected to provide the biggest lever for improving cash flow. With an eye toward thyssenkrupp's strategic realignment, they create incentives to increase the profitability of the businesses.

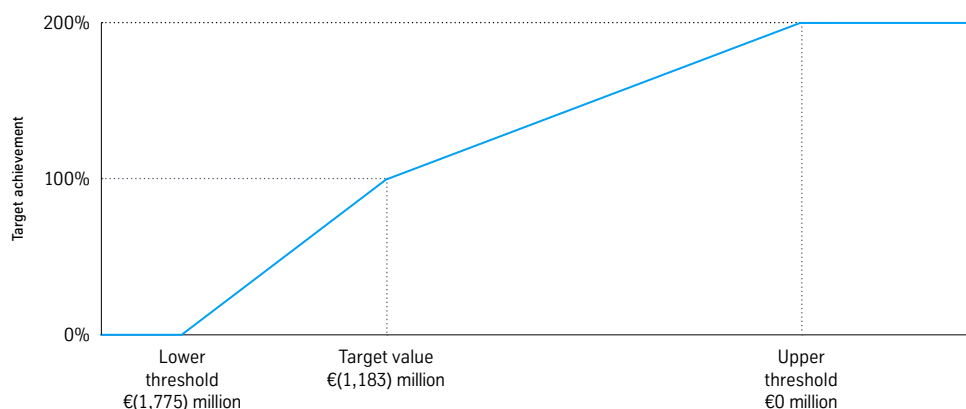
In addition, the inclusion of individual performance places emphasis on collective and individual transformation and turnaround targets, providing an even greater incentive to ensure thyssenkrupp's successful transformation.

Financial performance criteria

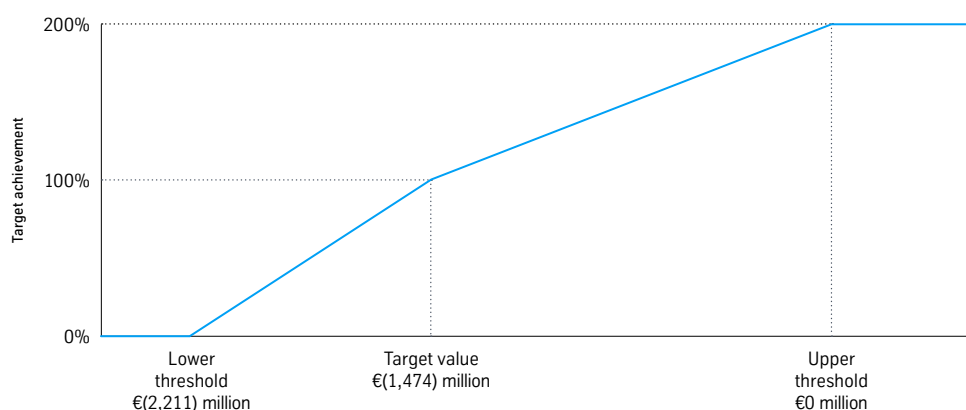
At the beginning of the fiscal year, the Supervisory Board resolved the target and threshold values for the two financial performance criteria. The target value for each financial performance criterion is derived from the corporate planning and is equal to 100% target achievement. The lower threshold value is 0% and target achievement is capped at an upper threshold of 200%.

The target achievement curves for the financial targets for fiscal year 2020 / 2021 are shown below.

NET INCOME



FREE CASH FLOW BEFORE M&A



After the fiscal year-end, the Supervisory Board determined the following target achievement with regard to the financial performance criteria for fiscal year 2020 / 2021:

STI 2020 / 2021 TARGET ACHIEVEMENT WITH REGARD TO THE FINANCIAL PERFORMANCE CRITERIA

Performance criterion	Threshold value for 0% target achievement	Target value for 100% target achievement	Threshold value for 200% target achievement	Result for 2020 / 2021	Target achievement (%)
Net income (€ million)	(1,775)	(1,183)	0	(25)	197.9
Free cash flow before M&A (€ million)	(2,211)	(1,474)	0	(1,273)	113.6

Individual performance criteria

To assess the individual performance of the Executive Board members, the Supervisory Board set the targets listed in the following table for fiscal year 2020/2021. These are based not only on operational, but primarily on strategic aspects and apply jointly to all Executive Board members. This is intended to underline the aspiration that the Executive Board – compared with previous years reduced to three members – deliberately acts as a team, working together to address the priorities specified by the Supervisory Board. Furthermore, the Supervisory Board deliberately refrained from predefining target weightings so that differences in terms of actual relevance can be given due consideration after the fiscal year-end. The maximum target achievement for individual performance is also 200%.

After the fiscal year-end, the Supervisory Board determined the related target achievement based on the results achieved. This is also shown in the table below. In this case too, the Supervisory Board deliberately looked at the Executive Board as a team and determined target achievement for all three Executive Board members jointly.

The Supervisory Board set shared targets for the three Executive Board members for fiscal year 2020 / 2021.

STI 2020 / 2021 – ACHIEVEMENT OF INDIVIDUAL TARGETS

Target	Relevant criteria	Achievements in 2020 / 2021	Target achievement 2020 / 2021
Transformation & Performance	Develop tracking tool for transformation	Regular reporting to Supervisory Board and general public along the transformation curve, including deep dives on selected topics	100 %
	Develop tracking tool for operating performance	Monthly reporting on all essential financial KPI, plus weekly liquidity monitoring in the coronavirus pandemic, quarterly reporting on level of individual measures (particularly on restructuring) and performance discussions with focus on earnings- / value levers	
Portfolio measures	Propose a decision-ready solution for Steel Europe that maintains a sufficiently broad range of options	Final evaluation of options with strategic and financial investors complete – talks recently ended with Liberty Steel; conditions successively created for spin-out of steel segment and parallel development of “Steel Strategy 20-30”	90 %
	Transactions in MT segment: transactions progress vs. plan / disposal proceeds vs. potential	Disposal (signing) of the Mining, Infrastructure and Carbon Components businesses and the stainless steel plant in Terni, Italy (AST); Implement closure of Heavy Plate	
People & Culture	Manage necessary HR measures to overcome crisis (adjustments, flexibility and costs)	Measures against coronavirus (including vaccination program) consistently implemented; short-time working depending on situation (up to 30,000 employees) and successive implementation of restructuring agreed with collective bargaining partners (up to 12,000 FTE)	110 %
	Implement a representative measurement system (micro-census) to measure employee satisfaction with the transformation process and beyond	The global “Employee Pulse Check” was implemented for the first time and established as a new, fast way of getting feedback on employee satisfaction and key change drivers	
	Concept, timetable and list of activities, in addition to first steps to develop a sustainable, performance-oriented leadership culture	Refined HR performance management approach that combines the agreement and achievement of individual performance and development targets starting in fiscal year 2021 / 2022 in a joint process; new tools for communication (klar:text) and cooperation (lean & agile)	
Total			100 %

STI target achievement 2020 / 2021

For fiscal year 2020 / 2021, total target achievement for the STI is therefore as follows:

STI 2020 / 2021 SUMMARY

	Target amount (€)	Target achievement Net income (weighting: 35%)	Target achievement FCF before M&A (weighting: 35%)	Target achievement individual performance (weighting: 30%)	Overall target achievement	Payout amount (€)
Martina Merz	1,250,000	197.9%	113.6%	100.0%	139.0%	1,737,813
Oliver Burkhard	680,000	197.9%	113.6%	100.0%	139.0%	945,370
Dr. Klaus Keysberg	680,000	197.9%	113.6%	100.0%	139.0%	945,370

The amounts resulting from the table above will be paid out to the Executive Board members in December 2021; they will therefore be added to compensation awarded or due in fiscal year 2021 / 2022 within the meaning of § 162 (1) AktG.

Payouts from the Short-Term Incentive (STI) and the special payment for fiscal year 2019 / 2020

By contrast, the compensation awarded or due in fiscal year 2020 / 2021 in accordance with § 162 (1) AktG includes the STI for fiscal year 2019 / 2020, which would have been due for payment in December 2020, and the special payment disbursed to Executive Board members in December 2020.

Short-Term Incentive (STI) for fiscal year 2019 / 2020

The STI for fiscal year 2019 / 2020 is based on the compensation system in effect at that time. Target achievement is dependent on three key performance indicators, earnings before interest and taxes (EBIT), free cash flow before M&A (FCF before M&A) and return on capital employed (ROCE) of the group for the fiscal year in question, and additionally on a bonus-malus factor in order to take into account further non-financial strategic objectives; see also the detailed commentary in the compensation report for fiscal year 2019 / 2020.

thyssenkrupp's business performance was severely impacted by the effects of the coronavirus pandemic in fiscal year 2019 / 2020. As a result, the thresholds set for EBIT, free cash flow before M&A and ROCE were not all reached; the resulting target achievement is therefore 0%. In December 2020, the Executive Board members did not therefore receive an STI payout for fiscal year 2019 / 2020.

The Executive Board members did not receive an STI payout for fiscal year 2019 / 2020.

Special payment for fiscal year 2019 / 2020

As stated, the Executive Board members did not receive an STI payout for fiscal year 2019 / 2020. Nevertheless, they achieved a great deal in fiscal year 2019 / 2020: under the difficult conditions of the coronavirus pandemic, the sale of thyssenkrupp Elevator was completed promptly at July 31, 2020 and an outstanding price was achieved. These proceeds enabled the company to significantly improve its balance sheet figures and continue with its transformation, which the Executive Board – reduced to three members and led by Martina Merz – systematically drove forward alongside urgent crisis management. At the meeting on November 18, 2020, the Supervisory Board therefore decided to honor these exceptional achievements via the option provided for under the compensation system at that time to grant a one-time special payment. This special payment amounted to €500,000 for Martina Merz and to €200,000 each for Oliver Burkhard and Dr. Klaus Keysberg and was disbursed to the Executive Board members in December 2020.

The Executive Board members received a special payment for 2019 / 2020, which was disbursed in December 2020.

The grant of this special payment was reported in detail in the compensation report for fiscal year 2019 / 2020 and at the Annual General Meeting on February 5, 2021.

A look forward to the individual targets for the STI 2021 / 2022

For fiscal year 2021 / 2022, the Supervisory Board has set the following individual targets for the STI, which again apply jointly to all Executive Board members:

- Creating the necessary conditions for and preparing the basis for decision-making on a possible spin-off of Steel Europe
- Continuing the portfolio measures, including addressing growth areas as part of the development of "Future tk"
- Advancing performance – issues (among others, improving the quality of interim forecasts, continuing restructuring measures and further enhancing performance – leadership culture)
- Continuing to shape and establish a forward-looking working culture (new ways of working) and sharpening the focus on technology- and innovation-related topics in external employer communications with a view to attracting and retaining talent and high-potential individuals

Long-Term Incentive (LTI) 2020 / 2021

How it works

The second performance-related compensation element is the LTI, which with a performance period of four years is designed as a long-term incentive. The LTI is also share-based; this brings the interests of the Executive Board and those of shareholders even better into line.

With a performance period of four years, the LTI is designed as a long-term incentive.

The LTI is issued in annual installments. Before the new installment is issued, the Supervisory Board sets challenging target and threshold values for the following three additively linked performance criteria to the extent that these do not result directly from the compensation system in effect:

- Relative total shareholder return (TSR) (weighting 30%).
- Return on capital employed (ROCE) (weighting 40%).
- Sustainability (weighting 30%).

The target and threshold values remain valid throughout the four-year term of the installment; after each fiscal year-end during the four-year term, the Supervisory Board determines whether and to what extent the targets have been achieved (see below for details on determining the annual levels of target achievement).

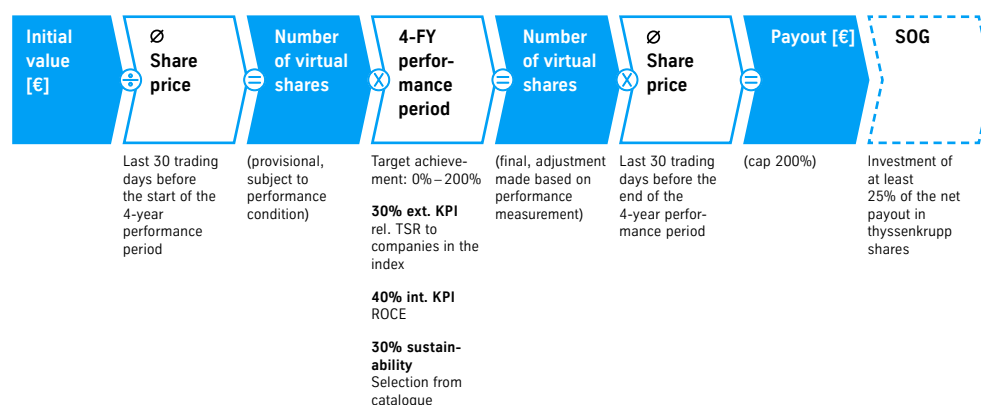
At the start of each installment, the Executive Board members are awarded a certain number of virtual shares, initially on a provisional basis. This is calculated by dividing the initial value (target amount) by the average thyssenkrupp share price, calculated as the arithmetic mean of the closing prices on the last 30 stock exchange trading days before the beginning of the fiscal year for which the respective LTI installment is issued; in doing so, this number is rounded half even. The provisionally awarded number of virtual shares can therefore vary from year to year.

The number of virtual shares finally awarded to the Executive Board members after the end of the four-year performance period is determined by the arithmetic mean of the four annual levels of target achievement, taking into account the weighting of the performance criteria. This total target achievement is multiplied by the number of virtual shares provisionally awarded so as to calculate the final number of virtual shares earned.

To determine the amount of the final payout, the final number of virtual shares reached at the end of the performance period is multiplied by the average thyssenkrupp share price, calculated as the arithmetic mean of the closing prices on the last 30 stock exchange trading days of the final fiscal year of the four-year performance period. Instead of a cash payment, the LTI can also be granted in whole or in part in the form of thyssenkrupp AG shares at the decision of the Supervisory Board.

The actual payout from the LTI is therefore calculated as follows:

LONG-TERM INCENTIVE (LTI) CALCULATION



The payout amount calculated in this way is capped at 200% of the LTI target amount.

Contribution to the group's long-term development

The share-linked aspect of the LTI enables the Executive Board members to share in the relative and absolute performance of the share price, bringing the objectives of management and the interests of shareholders even more closely into line. This gives the Executive Board an incentive to sustainably increase the company's value over the long term. The implementation of relative total shareholder return means that an external performance criterion geared to the capital market is also used, enabling a comparison to be drawn with relevant competitors. This creates an incentive to outperform competitors over the long term.

ROCE as a further financial performance criterion serves portfolio optimization and creates incentives to ensure that it is primarily profitable thyssenkrupp businesses that are continued. This also strengthens our performance.

The inclusion of non-financial sustainability criteria in the LTI emphasizes our social and ecological responsibility as well as our goal of sustainable corporate development.

Virtual shares awarded for the LTI installment issued in fiscal year 2020 / 2021

For the LTI installment issued in fiscal year 2020/2021, the Executive Board members were provisionally awarded a total of 728,242 virtual shares (stock rights):

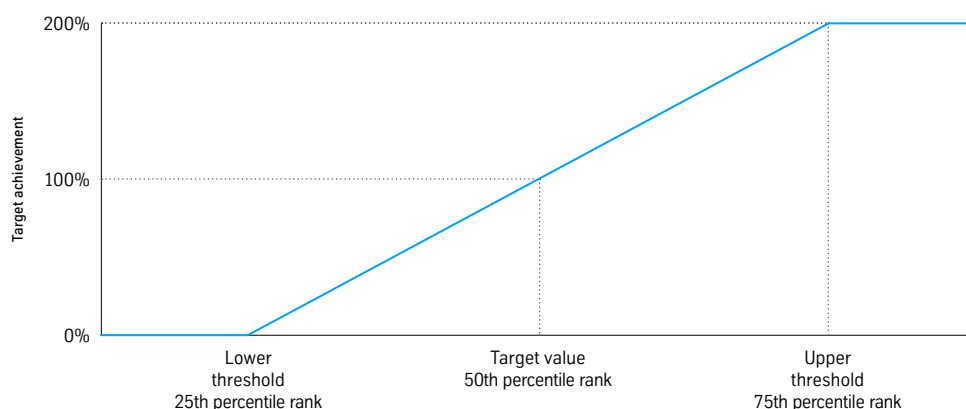
LTI INSTALLMENT 2020 / 2021 – ALLOCATION

	LTI initial value (€)	Allotment price (€) (average thyssenkrupp share price)	Provisionally granted number of virtual shares	Maximum number of virtual shares (200% target achievement)
Martina Merz	2,000,000	5.63	355,240	710,480
Oliver Burkhard	1,050,000	5.63	186,501	373,002
Dr. Klaus Keysberg	1,050,000	5.63	186,501	373,002

Financial performance criteria for the LTI installment issued in fiscal year 2020 / 2021

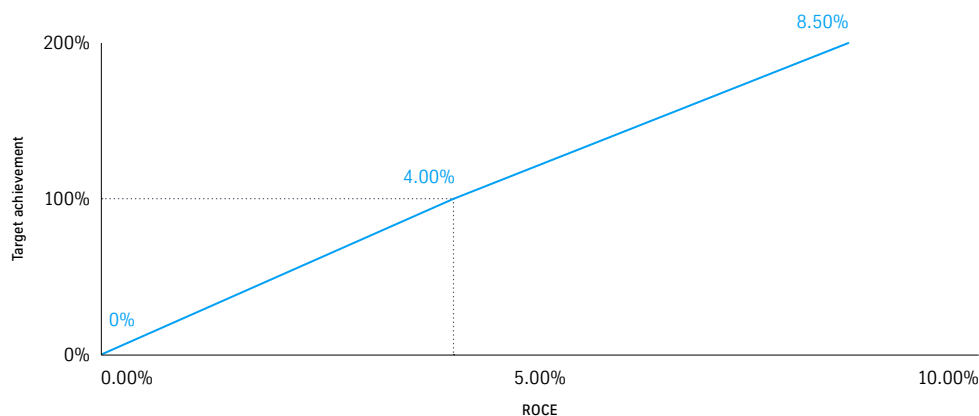
The following target and threshold values for the two performance criteria relative total shareholder return (TSR) and return on capital employed (ROCE) apply throughout the four-year term of the installment:

RELATIVE TOTAL SHAREHOLDER RETURN



In the case of relative TSR, the target and threshold values for the comparison of thyssenkrupp's performance with the TSR performance of companies in the STOXX® Europe 600 Basic Resources are already firmly established in the compensation system in effect. TSR performance is calculated per fiscal year on the basis of the share price performance plus distributed dividends. The average share price, calculated as the arithmetic mean of the closing prices on the last 30 stock exchange trading days before the beginning or end of the fiscal year, is used for the start and end values. The TSR performance of all companies, including thyssenkrupp, is ranked on this basis. Target achievement is then determined from thyssenkrupp's positioning on the target achievement curve above, measured as a percentile rank, with intermediate values rounded up to the respective full percentile.

RETURN ON CAPITAL EMPLOYED (ROCE)



The target value and the threshold values for ROCE were set by the Supervisory Board on the basis of return expectations before allocation of installment 2020 / 2021 began. Target achievement for each fiscal year during the four-year performance period is measured against the target value set before the start of the installment and determined on the basis of the target achievement curve above.

Sustainability targets for the LTI installment issued in fiscal year 2020 / 2021

In addition to the financial performance criteria TSR performance and ROCE, sustainability targets are taken into account at a weighting of 30%. These are formulated as so-called indirect financial targets (IFTs) as part of thyssenkrupp's corporate management. Prior to the issue of installment 2020 / 2021, the Supervisory Board selected from a list of criteria two specific, equally weighted sustainability targets/IFTs as performance criteria that apply to the installment over the four-year performance period:

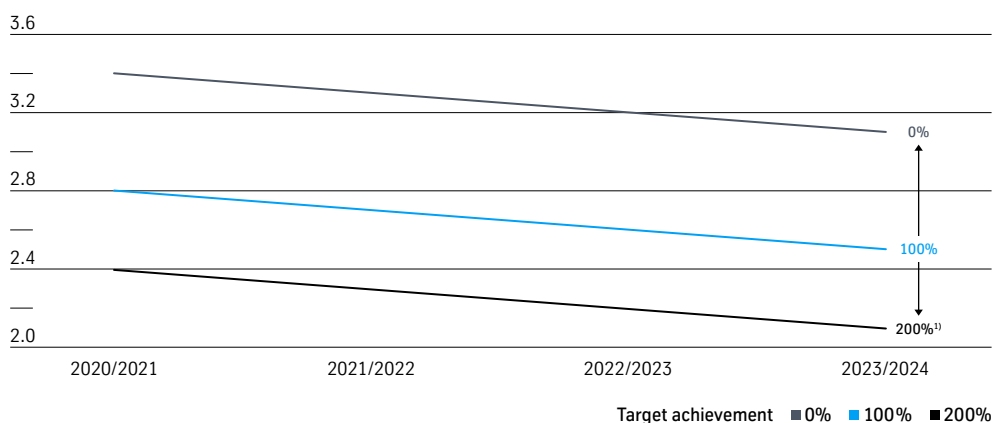
- Reduction in the accident rate to 2.5 per one million hours worked within the group by 2023 / 2024 (weighting 15%).
- Increase in the proportion of women in leadership positions within the group to 15% by 2023 / 2024 (weighting 15%).

The sustainability targets are formulated using measurable key indicators, for which the Supervisory Board has resolved the following target and threshold values that apply throughout the four-year term of the installment. Target achievement is measured on an annual basis over the four-year performance period within a range of 0% and 200%.

The Supervisory Board has selected two sustainability targets for LTI installment 2020 / 2021 that apply over the four-year performance period.

TARGETS AND THRESHOLDS FOR THE ACCIDENT FREQUENCY RATE

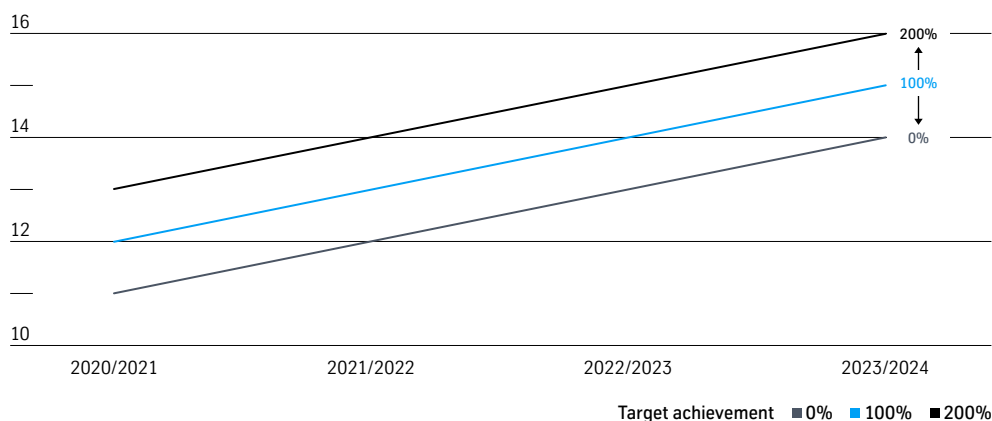
per 1 million working hours at group level through to 2023/2024



¹⁾ Asymmetric target achievement range, as a further increase at an already-high level is increasingly difficult to achieve. Around 70% of thyssenkrupp companies are already accident-free. No further increase is possible at this level, but there may be a deterioration.

TARGETS AND THRESHOLDS FOR THE PERCENTAGE OF WOMEN

in leadership positions at group level through to 2023/2024



Annual levels of target achievement of the performance criteria for the LTI installment issued in fiscal year 2020 / 2021

As stated, target achievement of the underlying performance criteria for the LTI is calculated on an annual basis. For fiscal year 2020/2021, the Supervisory Board determined the following target achievement:

LTI 2020 / 2021 – 2023 / 2024: TARGET ACHIEVEMENT ON ANNUAL BASIS FOR 2020 / 2021

Performance criterion	Weighting	Threshold value for 0% target achievement	Target value for 100% target achievement	Threshold value for 200% target achievement	Result for 2020 / 2021	Target achievement
Relative Total Shareholder Return (Percentile)	30%	25	50	75	69	176.0%
Return on Capital Employed (%)	40%	0.0	4.0	8.5	3.362	84.1%
Accident frequency rate per 1 million working hours	15%	3.4	2.8	2.4	2.6	150.0%
Proportion of women in leadership positions (%)	15%	11	12	13	12.2	120.0%
Total	100%					126.9%



Payout from the Long-Term Incentive (LTI) 2017 / 2018

The LTI installment issued for fiscal year 2017/2018 and based on the compensation system in effect at that time fell due for payment in fiscal year 2020/2021. The determining factors here were value generation – measured by the key performance indicator thyssenkrupp Value Added (tkVA) – and the performance of the thyssenkrupp share price. The term of installment 2017/2018 began on October 1, 2017 and spanned four fiscal years in total (three-year tkVA performance period and share price performance in the first quarter of the following fiscal year). See also the detailed commentary in the compensation report for fiscal year 2017/2018.

The LTI installment issued for 2017/2018 fell due for payment in 2020/2021.

For the performance criterion tkVA, the Supervisory Board had set a target value of €0. After the end of the performance period, the related payout amount is therefore inferred as follows:

CALCULATION OF THE LTI PAYOUT FOR THE INSTALLMENT 2017 / 2018¹⁾

Performance targets	thyssenkrupp Value Added (tkVA) Performance of thyssenkrupp stock
tkVA performance period	2017 / 2018 – 2019 / 2020
Relevant stock price	Avg. stock price Q1 FY 2020 / 2021 vs. avg. stock price Q1 FY 2017 / 2018
Link	Multiplicative
Possible target achievement	0 – 250%
Provisionally granted number of virtual shares	Initial value: €950,000 Avg. stock price Q1 FY 2017 / 2018: €23.20  40,948 virtual shares
Target achievement tkVA	Average tkVA actually achieved is €2,596 million above the target tkVA leading to an increase in the number of awarded virtual shares by 129.80%
Finally granted number of virtual shares	(100% + 129.80%) x 40,948 virtual shares = 94,099 virtual shares
Payout	94,099 virtual shares Avg. stock price Q1 FY 2020 / 2021: €5.40  € 508,134.60

¹⁾ Example of an ordinary Executive Board member with an initial value of €950,000

In January 2021, the following amounts were paid out to the current and former Executive Board members listed below based on the tkVA achieved and the share price performance:

LTI INSTALLMENT 2017 / 2018 – SUMMARY

		Initial value (€)	Avg. Share price Q1 FY 2017 / 2018 (€)	Provisionally granted number of virtual shares	tkVA target achievement	Finally granted number of virtual shares	Avg. Share price Q1 FY 2020 / 2021 (€)	Payout amount (€)
Current members of the Executive Board	Oliver Burkhard	950,000	23.20	40,948	229.8%	94,099	5.40	508,134.60
	Guido Kerkhoff	1,050,000	23.20	45,259	229.8%	104,005	5.40	561,627.00
Former members of the Executive Board	Dr. Donatus Kaufmann	950,000	23.20	40,948	229.8%	94,099	5.40	508,134.60
	Dr. Heinrich Hiesinger	1,528,767	23.20	65,895	229.8%	151,427	5.40	817,705.80

Martina Merz and Dr. Klaus Keysberg were not yet members of the Executive Board of thyssenkrupp AG in fiscal year 2017/2018, as a result of which they did not receive any payouts from the installment launched for the Executive Board at that time.

A look forward to the sustainability targets for the LTI installment 2021 / 2022

The Supervisory Board has selected the following sustainability targets for the LTI installment to be set up for fiscal year 2021 / 2022, which runs from 2021 / 2022 until 2024 / 2025:

- Reduce emissions intensity annually by 1t CO2 equivalent per €1 million sales at group level (not including Steel Europe and AST) by 2024 / 2025 (15% weighting).

- Increase the volume of net climate-neutral steel production at Steel Europe from 20,000t in fiscal year 2021 / 2022 to 500,000t in fiscal year 2024 / 2025 (15% weighting).

The above sustainability targets apply to the entire four-year term of the installment, with the proviso that the target “Increase the volume of net climate-neutral steel production” no longer applies for future fiscal years if and from the time at which the Steel Europe segment is spun out of the group. In this case the reduction of emissions intensity will be the sole sustainability target for the remainder of the LTI installment. Detailed explanations of the calculation method and the annual targets and threshold values are provided with the disclosure of annual target achievement in the compensation report for fiscal year 2021 / 2022.

Other compensation rules

Share ownership guidelines (SOG)

All Executive Board members are required to purchase thyssenkrupp shares to a total value of one annual fixed salary (gross) and to hold them for the duration of their appointment. This brings the interests of the Executive Board and shareholders further into alignment and also recognizes thyssenkrupp’s sustainable and long-term development. The minimum annual investment is 25% of the net payout from the performance-related compensation components (STI and LTI) until the prescribed investment amount is reached. Fulfillment of the share buy and hold requirement is determined based on the purchase price at the acquisition date. This notwithstanding it has been agreed with Martina Merz that the share purchase requirement in her current period of appointment from April 1, 2020 to March 31, 2023 should be prorated to three fifths of a full annual fixed salary (gross) due to the five-year period of appointment assumed on development of the program, which corresponds to a total amount of €804,000.

Share ownership guidelines have been agreed for the Executive Board members.

The Executive Board members were entitled to contribute existing pre-held shares. Use was made of this option as follows:

SHARE OWNERSHIP GUIDELINES: EXISTING PRE-HELD SHARES CONTRIBUTED IN 2020 / 2021

	contributed in FY 2020 / 2021		Status quo per Sept. 30, 2021		
	Number of shares	Value taken into account (€) ¹⁾	Number of shares in deposit account	Investments made (€)	in % of SOG requirements
Martina Merz	–	–	–	–	–
Oliver Burkhard	14,530	181,769	14,530	181,769	26
Dr. Klaus Keysberg	–	–	–	–	–

¹⁾ The shares were purchased by Oliver Burkhard in February and May 2019 under the rules of the share purchase program at that time and counted towards the share hold requirement at the purchase price at the acquisition date in accordance with the rules.

Under the program in effect, shares will normally be purchased for the first time in fiscal year 2021 / 2022 from the STI paid in December 2021 for fiscal year 2020 / 2021 and from the payment due in January 2022 from the LTI installment issued for fiscal year 2018 / 2019. The compensation report 2021 / 2022 will subsequently report on the investments made in the process and the extent to which the requirements were fulfilled.

Observance of the maximum compensation of Executive Board members

The compensation of Executive Board members is capped in two respects. Firstly, caps are set for each of the performance-related components and, under the current compensation system, are 200% of the target amount both for the STI and for the LTI. By contrast, the maximum payout for performance-related compensation promised in prior fiscal years up to and including 2019 / 2020 is 200% of the target amount for the STI and 250% of the target amount for the LTI. With regard to the performance-related compensation awarded or due in fiscal year 2020 / 2021, these caps were observed in all cases, as shown in the following tables:

All aspects of the maximum compensation of Executive Board members were observed in 2020 / 2021.

OBSERVANCE OF THE MAXIMUM COMPENSATION WITH REGARD TO THE PERFORMANCE-RELATED COMPENSATION OF THE CURRENT MEMBERS OF THE EXECUTIVE BOARD AWARDED OR DUE IN FY 2020 / 2021

		Martina Merz Chairwoman of the Executive board since October 1, 2019			Oliver Burkhard Ordinary member of the executive board since February 1, 2013			Dr. Klaus Keysberg Ordinary member of the executive board since October 1, 2019		
€000s		Target compensation	Maximum	Payout	Target compensation	Maximum	Payout	Target compensation	Maximum	Payout
One-year variable compensation	STI 2019 / 2020	1,250	2,500	0	680	1,360	0	680	1,360	0
Multiple-year variable compensation	LTI 2017 / 2018 - 2020 / 2021	–	–	–	950	2,375	508	–	–	–

OBSERVANCE OF THE MAXIMUM COMPENSATION WITH REGARD TO THE PERFORMANCE-RELATED COMPENSATION OF THE FORMER MEMBERS OF THE EXECUTIVE BOARD AWARDED OR DUE IN FY 2020 / 2021

		Guido Kerkhoff Ordinary member of the executive board April 1, 2011 – July 12, 2018 Chairman of the executive board July 13, 2018 – Sept. 30, 2019			Dr. Donatus Kaufmann Ordinary member of the executive board Feb. 1, 2014 – Sept. 30, 2019			Dr. Heinrich Hiesinger Vice chairman of the executive board Oct. 1, 2010 – Jan. 20, 2011 Chairman of the executive board Jan. 21, 2011 – July 6, 2018		
€000s		Target compensation	Maximum	Payout	Target compensation	Maximum	Payout	Target compensation	Maximum	Payout
Multiple-year variable compensation	LTI 2017 / 2018 - 2020 / 2021	1,050	2,625	562	950	2,375	508	1,529	3,822	818

Secondly, in accordance with § 87a (1) sentence 2 no. 1 AktG, the Supervisory Board has set a maximum compensation amount that limits the total compensation granted and actually allocated for a particular fiscal year (consisting of annual fixed compensation, pension allowance or pension plan, fringe benefits, payout from STI and payout from LTI). The maximum compensation amount is €9.0 million for the Executive Board Chairwoman and €4.5 million each for the ordinary Executive Board members. This maximum compensation can only be reviewed retrospectively once the payout from the LTI installment launched for the respective fiscal year has been made. In fiscal year 2020 / 2021, the payout was made from the LTI installment for fiscal year 2017 / 2018, for which the same defined maximum compensation amount had been set out in the compensation system in effect at that time. This was likewise observed in all cases by the Executive Board members serving in fiscal year 2017 / 2018, as shown in the following table:

OBSERVANCE OF THE MAXIMUM COMPENSATION WITH REGARD TO THE TOTAL COMPENSATION OF THE CURRENT AND FORMER MEMBERS OF THE EXECUTIVE BOARD GRANTED FOR FY 2017 / 2018

		Oliver Burkhard			Guido Kerkhoff			Dr. Donatus Kaufmann			Dr. Heinrich Hiesinger		
		Ordinary member of the executive board since February 1, 2013			Ordinary member of the executive board April 1, 2011 – July 12, 2018 Chairman of the executive board July 13, 2018 – Sept. 30, 2019			Ordinary member of the executive board Feb. 1, 2014 – Sept. 30, 2019			Vice chairman of the executive board Oct. 1, 2010 – Jan. 20, 2011 Chairman of the executive board Jan. 21, 2011 – July 6, 2018		
all figures in €000s		Target compen- sation	Maximum compen- sation	Allocation	Target compen- sation	Maximum compen- sation	Allocation	Target compen- sation	Maximum compen- sation	Allocation	Target com- pensation ¹⁾	Maximum com- pensation ¹⁾	Allocation
Performance- independent compensation	Fixed compensation 2017 / 2018	700	700	700	700	700	700	700	700	700	1,027	1,027	1,027
	Fringe benefits 2017 / 2018	57	57	57	44	44	44	57	57	57	142	142	142
	Pension allowance 2017 / 2018	–	–	–	–	–	–	–	–	–	–	–	–
Total		757	757	757	744	744	744	757	757	757	1,169	1,169	1,169
One-year variable compensation	STI 2017 / 2018	630	1,260	448	680	1,360	484	630	1,260	448	955	1,911	556
Multiple-year variable compensation	LTI 2017 / 2018 - 2020 / 2021	950	2,375	508	1,050	2,625	562	950	2,375	508	1,529	3,822	818
Total		2,337	4,392	1,713	2,474	4,729	1,790	2,337	4,392	1,713	3,653	6,902	2,543
Pension	Service costs 2017 / 2018	924	924	924	610	610	610	280	280	280	1,543	1,543	1,543
Total compen- sation		3,261	4,500	2,637	3,084	4,500	2,400	2,617	4,500	1,993	5,196	6,898	4,086

¹⁾ As Dr. Heinrich Hiesinger stepped down during the year, the target and maximum compensation for fiscal year 2017 / 2018 was accrued on a time-apportioned basis.

Termination benefits

Severance payment provisions

The Executive Board service contracts contain severance payment provisions that comply with the recommendations of the German Corporate Governance Code. In the event that the service contract is terminated early before the end of the agreed contract term at the instigation of the company, the Executive Board member may receive a severance payment.

The severance payment provisions contained in the Executive Board service contracts comply with the recommendations of the German Corporate Governance Code.

In the service contracts entered into from October 1, 2019 onwards, the amount of the severance payment is determined by the sum of the annual fixed salary and the STI actually paid out for the past fiscal year, as well as the annual fixed salary and the expected STI for the current fiscal year in which the Executive Board service contract ends, but does not exceed the sum of the annual fixed salaries and the expected STI benefits for the remaining term of the Executive Board service contract. Other compensation, in particular pension plan contributions retirement benefit costs, LTI and fringe benefits, are not considered.

This notwithstanding, for Oliver Burkhard as an Executive Board member first appointed before October 1, 2019, the arrangement is that the parties will agree on the amount of any severance payment as and when required, in which case such a payment may not exceed the caps stated in the following: a severance payment will amount to no more than the sum of the value from two times the most recent annual fixed salary, the STI actually paid out for the past fiscal year and the expected STI for the current fiscal year in which the Executive Board service contract ends and two times the most recent LTI target amount. If the value of the aforementioned benefits for the remaining term of the Executive Board service contract is less than that sum total, that lower value is the cap.

Post-contractual non-compete clause

The Executive Board service contracts do not currently contain a post-contractual non-compete clause.

Change of control

Executive Board service contracts entered into since April 1, 2020 (Martina Merz) do not include any commitments for benefits in the event of early termination by the Executive Board member due to a change of control.

Executive Board service contracts entered into since April 1, 2020 do not contain any commitments for benefits in the event of a change of control.

Executive Board service contracts entered into before April 1, 2020 (Oliver Burkhard, Dr. Klaus Keysberg) contain commitments according to which, in the event of a change of control, the Executive Board members have the right, within a period of six months of the change of control, to resign as a member of the Executive Board for good cause and terminate their service contract on three months' notice to the end of a month (special termination right). On exercise of the special termination right, severance payment rules apply which provide that payments in connection with the termination of employment on the Executive Board due to a change of control may not exceed two years' compensation, limited however to fixed salary and STI, and may not compensate more than the remaining term of the service contract. The special termination right and the right to severance payments do not apply if the change of control is by the Alfried Krupp von Bohlen und Halbach Foundation.

Malus/clawback

In the event of serious breaches by Executive Board members of applicable law or applicable internal company or group policies and guidelines, the Supervisory Board has the option to reduce or completely cancel any variable compensation components not yet paid out and – if a breach is subsequently discovered – to reclaim in part or in full any variable compensation components already paid out. In the case of variable compensation components paid out on the basis of inaccurate consolidated financial statements, the latter also applies to the difference determined on the basis of corrected financial statements.

In the past fiscal year, the Supervisory Board did not find any cause to make use of the option provided for under the compensation system to reduce, completely cancel or reclaim variable compensation components.

Third-party benefits

In the past fiscal year, no Executive Board member was promised or granted benefits by a third party in connection with their activity as an Executive Board member.

Compensation for supervisory board positions within and outside the thyssenkrupp group

In the past fiscal year, no Executive Board member was granted compensation for holding supervisory board positions within the thyssenkrupp group or for holding external supervisory board positions in connection with their Executive Board activity and in the interest of thyssenkrupp.

Executive Board compensation disclosed for each member individually

Target compensation and actual compensation of the current Executive Board members for the past fiscal year

The following table shows the target compensation of the incumbent Executive Board members for fiscal year 2020 / 2021. This includes the target compensation promised for the fiscal year, which is granted in the event of 100% target achievement, supplemented by details of the individually attainable minimum and maximum compensation. In addition, the allocation for the fiscal year in accordance with the definition given in the GCGC as amended on February 7, 2017 is stated as the actual compensation. This actual compensation includes the fixed compensation paid out in the fiscal year, the fringe benefits accrued in the fiscal year, the pension allowance due for the fiscal year, the payout in December 2021 from the STI promised for fiscal year 2020 / 2021 and the payout in January 2021 from the LTI issued for fiscal year 2017 / 2018. For current retirement benefits, the service cost incurred for the fiscal year under IFRS is also taken into account.

TARGET COMPENSATION AND ACTUAL COMPENSATION ACCORDING TO GCGC (2017) FOR FY 2020 / 2021

		Martina Merz				Oliver Burkhard				Dr. Klaus Keysberg			
		Chairwoman of the Executive board since October 1, 2019				Ordinary member of the executive board since February 1, 2013				Ordinary member of the executive board since October 1, 2019			
all figures in €000s		Target compensation	Minimum compensation	Maximum compensation	Allocation	Target compensation	Minimum compensation	Maximum compensation	Allocation	Target compensation	Minimum compensation	Maximum compensation	Allocation
Performance-independent compensation	Fixed compensation 2020 / 2021	1,340	1,340	1,340	1,340	700	700	700	700	700	700	700	700
	Fringe benefits 2020 / 2021	24	24	24	24	75	75	75	75	121	121	121	121
	Pension allowance 2020 / 2021	536	536	536	536	–	–	–	–	280	280	280	280
Total		1,900	1,900	1,900	1,900	775	775	775	775	1,101	1,101	1,101	1,101
One-year variable compensation	STI 2020 / 2021	1,250	0	2,500	1,738	680	0	1,360	945	680	0	1,360	945
Multiple-year variable compensation	LTI 2017 / 2018 - 2020 / 2021	–	–	–	–	–	–	–	508	–	–	–	–
	LTI 2020 / 2021 - 2023 / 2024	2,000	0	4,000	–	1,050	0	2,100	–	1,050	0	2,100	–
Total		5,150	1,900	8,400	3,638	2,505	775	4,235	2,228	2,831	1,101	4,561	2,046
Pension	Service costs 2020 / 2021	–	–	–	–	1	1	1	1	157	157	157	157
Other compensation		–	–	–	–	–	–	–	–	–	–	–	–
Total compensation		5,150	1,900	9,000	3,638	2,506	776	4,500	2,229	2,988	1,258	4,500	2,203

Compensation awarded or due to the current Executive Board members in the past fiscal year in accordance with § 162 AktG

The following table shows the fixed and variable compensation components awarded or due to the current Executive Board members in the past fiscal year, including their relative share, in accordance with § 162 AktG. These are the annual fixed compensation paid out in the fiscal year, the fringe benefits accrued in the fiscal year, the pension allowance paid out in the fiscal year, the STI paid out in fiscal year 2020 / 2021 as well as the special payment for fiscal year 2019 / 2020 and the LTI issued in fiscal year 2017 / 2018, both of which were also paid out in fiscal year 2020 / 2021. By definition, current costs for retirement benefits are disregarded here.

COMPENSATION OF THE CURRENT MEMBERS OF THE EXECUTIVE BOARD AWARDED OR DUE IN FY 2020 / 2021

		Martina Merz Chairwoman of the Executive board since October 1, 2019				Oliver Burkhard Ordinary member of the executive board since February 1, 2013				Dr. Klaus Keysberg Ordinary member of the executive board since October 1, 2019			
		2019 / 2020		2020 / 2021		2019 / 2020		2020 / 2021		2019 / 2020		2020 / 2021	
		€000s	in %	€000s	in %	€000s	in %	€000s	in %	€000s	in %	€000s	in %
Performance-independent compensation	Fixed Compensation	1,307	85	1,340	56	683	72	700	47	683	82	700	54
	Fringe benefits	93	6	24	1	79	8	75	5	81	10	121	9
	Pension allowance	134	9	536	22	–	–	–	–	70	8	280	22
Total		1,534	100	1,900	79	762	80	775	52	834	100	1,101	85
One-year variable compensation	STI 2018 / 2019	–	–	–	–	0	0	–	–	–	–	–	–
	STI 2019 / 2020	–	–	0	0	–	–	0	0	–	–	0	0
Multiple-year variable compensation	LTI 2016 / 2017 - 2019 / 2020	–	–	–	–	192	20	–	–	–	–	–	–
	LTI 2017 / 2018 - 2020 / 2021	–	–	–	–	–	–	508	34	–	–	–	–
Total		1,534	100	1,900	79	954	100	1,283	87	834	100	1,101	85
Other compensation	Special payment 2019 / 2020	–	–	500	21	–	–	200	13	–	–	200	15
Total compensation		1,534	100	2,400	100	954	100	1,483	100	834	100	1,301	100

Compensation awarded or due to former Executive Board members in the past fiscal year

The following table contains the fixed and variable compensation components awarded or due in the past fiscal year to former members of the Executive Board who have terminated their activity within the last ten fiscal years, including their relative share, in accordance with § 162 AktG:

COMPENSATION OF THE FORMER MEMBERS OF THE EXECUTIVE BOARD AWARDED OR DUE IN FY 2020 / 2021

		Guido Kerkhoff		Dr. Donatus Kaufmann		Dr. Heinrich Hiesinger		Ralph Labonte		Edwin Eichler		Dr. Jürgen Claassen	
		Ordinary member of the executive board April 1, 2011 – July 12, 2018 Chairman of the executive board July 13, 2018 – Sept. 30, 2019		Ordinary member of the executive board Feb. 1, 2014 – Sept. 30, 2019		Vice chairman of the executive board Oct. 1, 2010 – Jan. 20, 2011 Chairman of the executive board Jan. 21, 2011 – July 6, 2018		Ordinary member of the executive board Jan. 1, 2003 – March 31, 2013		Ordinary member of the executive board Oct. 1, 2002 – Dec. 31, 2012		Ordinary member of the executive board Jan. 21, 2011 – Dec. 31, 2012	
		2020 / 2021		2020 / 2021		2020 / 2021		2020 / 2021		2020 / 2021		2020 / 2021	
		€000s	in %	€000s	in %	€000s	in %	€000s	in %	€000s	in %	€000s	in %
Performance-independent compensation	Fixed compensation 2020 / 2021	–	–	–	–	–	–	–	–	–	–	–	–
	Fringe benefits 2020 / 2021	–	–	–	–	–	–	–	–	–	–	–	–
	Pension allowance 2020 / 2021	–	–	–	–	–	–	–	–	–	–	–	–
Total		–	–	–	–	–	–	–	–	–	–	–	–
One-year variable compensation	STI 2018 / 2019	–	–	–	–	–	–	–	–	–	–	–	–
	STI 2019 / 2020	–	–	–	–	–	–	–	–	–	–	–	–
Multiple-year variable compensation	LTI 2016 / 2017 - 2019 / 2020	–	–	–	–	–	–	–	–	–	–	–	–
	LTI 2017 / 2018 - 2020 / 2021	562	100	508	100	818	55	–	–	–	–	–	–
Total		562	100	508	100	818	55	–	–	–	–	–	–
Other compensation	Pension payments	–	–	–	–	670	45	375	57	444	100	222	100
	Payout DC ¹⁾	–	–	–	–	–	–	288	43	–	–	–	–
Total compensation		562	100	508	100	1,488	100	663	100	444	100	222	100

¹⁾ Deferred compensation: compensation converted into additional pension benefits.

Supervisory Board compensation in fiscal year 2020/2021

Fundamentals of the compensation system for the Supervisory Board

The compensation system for the Supervisory Board is governed by § 14 of the Articles of Association and provides both the abstract and the concrete framework for Supervisory Board member compensation. This ensures that Supervisory Board member compensation always complies with the compensation system resolved by the Annual General Meeting.

The compensation system for the Supervisory Board is governed by the Articles of Association.

Under § 14 of the Articles of Association, Supervisory Board members are entitled to a fixed compensation component and a meeting attendance fee. The amount of (fixed) compensation awarded to members of the Supervisory Board is measured based on the member's duties on the Supervisory Board or its committees. The compensation arrangements therefore reflect the requirements of the GCGC in particular. The fixed compensation, the compensation for additional committee activities, meeting attendance fees and the lack of any performance-related Supervisory Board compensation are intended to promote the independence of Supervisory Board members in particular. The supervisory and advisory activities usefully carried out by the Supervisory Board are intended to support the company's long-term development.

Design and application of the Supervisory Board compensation system in fiscal year 2020/2021

In addition to having their expenses reimbursed, Supervisory Board members receive annual base compensation of €50,000. The annual compensation is €200,000 for the Supervisory Board Chairman and €150,000 for the Vice Chairman. This also covers memberships and chairs of committees.

For membership of a committee – with the exception of the Mediation Committee under § 27 (3) of the German Codetermination Act (MitbestG) and the Audit Committee – the other Supervisory Board members receive a premium of €12,500 on top of their annual base compensation, while the chair of each committee receives a premium of €25,000. Each member of the Audit Committee receives a premium of €20,000 on top of their annual base compensation, while the Chairman of the Audit Committee receives a premium of €40,000.

Supervisory Board members who serve on the Supervisory Board or a committee for only part of the fiscal year receive prorated compensation.

In addition, members of the Supervisory Board and the committees receive a meeting attendance fee of €500 for each meeting attended in the form of an in-person meeting, telephone or video conference or similar.

All aspects of the Supervisory Board compensation system as set out in § 14 of the company's Articles of Association were applied in fiscal year 2020/2021. In the reporting year, the Supervisory Board members received no further compensation or benefits for personal services rendered, in particular advisory and agency services. Furthermore, no loans or advance payments were granted to Supervisory Board members, nor were any guarantees or other commitments entered into in their favor.

Supervisory Board compensation disclosed for each member individually

The following table shows the fixed and variable compensation components awarded or due to current and former Supervisory Board members in the past fiscal year, including their relative share, in accordance with § 162 AktG. Under § 14 (7) of the company's Articles of Association, the total Supervisory Board compensation is due after the fiscal year-end. The disclosures for fiscal year 2020/2021 therefore show the base compensation for Supervisory Board activity and the compensation for committee memberships in fiscal year 2019/2020 that was paid out in fiscal year 2020/2021. The meeting attendance fee, on the other hand, is paid out immediately at month-end, as a result of which the related disclosures refer to meetings attended in fiscal year 2020/2021. There is one exception for Friederike Helfer, who at her own request only receives the meeting attendance fee together with the other Supervisory Board compensation after the fiscal year-end.

The following table shows the compensation of the individual members:

COMPENSATION OF THE CURRENT AND FORMER MEMBERS OF THE SUPERVISORY BOARD AWARDED OR DUE IN FY 2020 / 2021

	Fixed compensation ¹⁾		Compensation for committee work ¹⁾		Meeting fee ²⁾		Compensation from directorships within the group ³⁾		Total compensation	
	in €	in %	in €	in %	in €	in %	in €	in %	in €	in %
Current members of the Supervisory Board										
Prof. Dr.-Ing. Siegfried Russwurm, Chairman	200,000	92	–	–	18,000	8	–	–	218,000	100
Jürgen Kerner, Vice Chairman	112,500	87	–	–	17,000	13	–	–	129,500	100
Birgit A. Behrendt	37,500	95	–	–	2,000	5	–	–	39,500	100
Stefan Erwin Buchner	–	–	–	–	1,000	100	–	–	1,000	100
Dr. Wolfgang Colberg	50,000	96	–	–	2,000	4	–	–	52,000	100
Prof. Dr. Dr. h. c. Ursula Gather	50,000	63	25,000	31	5,000	6	–	–	80,000	100
Angelika Gifford	45,833	96	–	–	2,000	4	–	–	47,833	100
Dr. Bernhard Günther	37,500	33	58,125	52	16,500	15	–	–	112,125	100
Achim Hass	50,000	87	–	–	2,000	3	5,400	9	57,400	100
Friederike Helfer	37,500	48	33,750	43	7,500	10	–	–	78,750	100
Tanja Jacquemin	50,000	67	20,000	27	4,500	6	–	–	74,500	100
Daniela Jansen	–	–	–	–	1,000	100	–	–	1,000	100
Barbara Kremser-Bruttel	50,000	84	–	–	2,000	3	7,700	13	59,700	100
Dr. Ingo Luge	45,833	66	18,750	27	5,000	7	–	–	69,583	100
Tekin Nasikkol	8,333	44	2,083	11	4,000	21	4,500	24	18,916	100
Peter Remmler	50,000	60	12,500	15	4,000	5	16,500	20	83,000	100
Dirk Sievers	50,000	40	57,500	46	17,000	14	–	–	124,500	100
Dr. Verena Volpert	–	–	–	–	4,000	100	–	–	4,000	100
Friedrich Weber	50,000	87	–	–	2,000	3	5,450	9	57,450	100
Isolde Würz	50,000	96	–	–	2,000	4	–	–	52,000	100
Former members of the Supervisory Board										
Markus Grolms (Vice Chairman until Jan. 31, 2020)	50,000	100	–	–	–	–	–	–	50,000	100
Dr. Ingrid Hengster (until Sept. 30, 2020)	50,000	100	–	–	–	–	–	–	50,000	100
Susanne Herberger (until July 31, 2020)	41,667	41	10,417	10	–	–	49,167	49	101,251	100
Dr. Norbert Kluge (until Feb. 5, 2021)	50,000	98	–	–	1,000	2	–	–	51,000	100
Prof. Dr. Bernhard Pellens (until Jan. 31, 2020)	16,667	39	25,833	61	–	–	–	–	42,500	100
Carola v. Schmettow (until Jan. 31, 2020)	16,667	80	4,167	20	–	–	–	–	20,834	100
Dr. Lothar Steinebach (until Feb. 5, 2021)	50,000	70	20,000	28	1,500	2	–	–	71,500	100
Jens Tischendorf (until Jan. 31, 2020)	16,667	53	15,000	47	–	–	–	–	31,667	100
Total	1,266,667		303,125		121,000		88,717		1,779,509	

¹⁾ Fixed compensation and compensation for committee work: awarded or due in 2020 / 2021 for Supervisory Board work in fiscal 2019 / 2020. See note above.

²⁾ Meeting attendance fee: awarded or due in 2020 / 2021 for Supervisory Board work in fiscal 2020 / 2021. See note above.

³⁾ Compensation for directorships at subsidiaries of thyssenkrupp AG: allocation of compensation awarded or due in 2020 / 2021 as under notes 1) und 2).

The employee representatives who are members of a trade union have declared they will pass their compensation to the Hans Böckler Foundation in accordance with the guidelines of the German Trade Union Confederation.

Comparative table of changes in compensation and company performance

The following comparative illustration shows the annual change in compensation awarded or due to current and former Executive and Supervisory Board members, the company's earnings performance and the compensation awarded to employees on a full-time equivalent basis, with the latter being based on the average wages and salaries of the employees of all group companies in Germany in the fiscal year in question. The internal peer group is deliberately limited to Germany, firstly because of the external comparison of thyssenkrupp Executive Board compensation with DAX and MDAX companies and secondly because this is where most staff members are employed.

COMPARATIVE TABLE OF CHANGES IN COMPENSATION AND COMPANY PERFORMANCE FOR THE MEMBERS OF THE EXECUTIVE BOARD

	Compensation awarded or due in 2020/2021	Compensation awarded or due in 2019/2020	Changes 2020/2021 towards 2019/2020		Changes 2019/2020 towards 2018/2019		Changes 2018/2019 towards 2017/2018		Changes 2017/2018 towards 2016/2017		Changes 2016/2017 towards 2015/2016	
	€000s	€000s	€000s	in %	€000s	in %	€000s	in %	€000s	in %	€000s	in %
Current members of the Executive Board												
Martina Merz	2,400	1,534	866	56	1,534	–	–	–	–	–	–	–
Oliver Burkhard	1,483	954	529	55	(895)	(48)	(767)	(29)	(117)	(4)	753	38
Dr. Klaus Keysberg	1,301	834	467	56	834	–	–	–	–	–	–	–
Former members of the Executive Board												
Guido Kerkhoff	562	7,150	(6,588)	(92)	4,619	182	(85)	(3)	(346)	(12)	445	18
Dr. Donatus Kaufmann	508	2,170	(1,662)	(77)	335	18	(584)	(24)	425	21	637	47
Dr. Heinrich Hiesinger	1,488	405	1,083	267	(2,201)	(84)	(6,028)	(70)	2,837	49	714	14
Ralph Labonte	663	645	18	3	277	75	7	2	(284)	(44)	(812)	(56)
Edwin Eichler	444	443	1	0	7	2	257	144	179	–	(485)	–
Dr. Jürgen Claassen	222	221	1	0	3	1	93	74	125	–	(693)	–
Employees												
Avg. employees in Germany	65	62	2	4	(2)	(4)	1	2	1	2	1	1
Company performance												
Net income tk group (€ million)	(25)	9,592	(9,617)	--	9,852	++	(320)	–	651	++	(852)	--
Net income thyssenkrupp AG (€ million)	(651)	(289)	(362)	–	1,518	++	(3,386)	--	1,520	++	(102)	–

COMPARATIVE TABLE OF CHANGES IN COMPENSATION AND COMPANY PERFORMANCE FOR THE MEMBERS OF THE SUPERVISORY BOARD

	Compensation awarded or due in 2020/2021	Compensation awarded or due in 2019/2020	Changes 2020/2021 towards 2019/2020		Changes 2019/2020 towards 2018/2019		Changes 2018/2019 towards 2017/2018		Changes 2017/2018 towards 2016/2017		Changes 2016/2017 towards 2015/2016	
	in €	in €	in €	in %	in €	in %	in €	in %	in €	in %	in €	in %
Current members of the Supervisory Board												
Prof. Dr.-Ing. Siegfried Russwurm	218,000	61,250	156,750	256	56,750	1,261	4,500	–	–	–	–	–
Jürgen Kerner	129,500	16,000	113,500	709	16,000	–	–	–	–	–	–	–
Birgit A. Behrendt	39,500	3,500	36,000	1,029	3,500	–	–	–	–	–	–	–
Stefan Erwin Buchner	1,000	–	1,000	–	–	–	–	–	–	–	–	–
Dr. Wolfgang Colberg	52,000	48,667	3,333	7	40,667	508	8,000	–	–	–	–	–
Prof. Dr. Dr. h. c. Ursula Gather	80,000	84,500	(4,500)	(5)	16,833	25	60,667	867	7,000	–	–	–
Angelika Gifford	47,833	5,000	42,833	857	5,000	–	–	–	–	–	–	–
Dr. Bernhard Günther	112,125	18,500	93,625	506	18,500	–	–	–	–	–	–	–
Achim Hass	57,400	60,400	(3,000)	(5)	(14,000)	(19)	23,304	46	48,696	2,029	2,400	–
Friederike Helfer	78,750	–	78,750	–	–	–	–	–	–	–	–	–
Tanja Jacquemin	74,500	78,000	(3,500)	(4)	1,000	1	1,000	1	35,666	88	38,334	1,917
Daniela Jansen	1,000	–	1,000	–	–	–	–	–	–	–	–	–
Barbara Kremser-Bruttel	59,700	46,033	13,667	30	35,533	1,184	3,000	–	–	–	–	–
Dr. Ingo Luge	69,583	7,000	62,583	894	7,000	–	–	–	–	–	–	–
Tekin Nasikkol	18,916	24,148	(5,232)	(22)	(28,417)	(54)	(2,435)	(4)	35,833	187	18,667	3,733
Peter Remmler	83,000	86,500	(3,500)	(4)	750	1	(750)	(1)	2,750	3	1,250	2
Dirk Sievers	124,500	135,000	(10,500)	(8)	100,000	286	35,000	–	–	–	–	–
Dr. Verena Volpert	4,000	–	4,000	–	–	–	–	–	–	–	–	–
Friedrich Weber	57,450	60,600	(3,150)	(5)	1,300	2	(1,300)	(2)	2,650	5	650	1
Isolde Würz	52,000	55,000	(3,000)	(5)	1,000	2	(1,000)	(2)	2,500	5	17,167	49
Former members of the Supervisory Board												
Markus Grolms	50,000	159,000	(109,000)	(69)	(25,000)	(14)	16,500	10	40,250	32	36,750	41
Dr. Ingrid Hengster	50,000	55,000	(5,000)	(9)	1,000	2	(1,000)	(2)	2,500	5	13,000	33
Susanne Herberger	101,251	85,250	16,001	19	(250)	0	0	0	(11,333)	(12)	(7,167)	(7)
Dr. Norbert Kluge	51,000	55,000	(4,000)	(7)	1,500	3	(1,500)	(3)	2,500	5	500	1
Prof. Dr. Bernhard Pellens	42,500	168,708	(126,208)	(75)	16,541	11	35,167	30	7,000	6	2,500	2
Carola v. Schmettow	20,834	66,000	(45,166)	(68)	(2,750)	(4)	9,750	17	6,500	12	500	1
Dr. Lothar Steinebach	71,500	86,333	(14,833)	(17)	3,708	4	(375)	0	2,500	3	1,000	1
Jens Tischendorf	31,667	100,000	(68,333)	(68)	14,750	17	13,250	18	5,500	8	16,167	32
Employees												
Avg. employees in Germany	64,689	62,229	2,460	4	(2,294)	(4)	991	2	1,281	2	918	1
Company performance												
Net income tk group (€ million)	(25)	9,592	(9,617)	--	9,852	++	(320)	-	651	++	(852)	--
Net income thyssenkrupp AG (€ million)	(651)	(289)	(362)	-	1,518	++	(3,386)	--	1,520	++	(102)	-

Report of the independent auditor on the formal audit of the remuneration report pursuant to § 162 Abs. 3 AktG

To thyssenkrupp AG, Duisburg and Essen

Opinion

We have formally audited the remuneration report of thyssenkrupp AG, Duisburg and Essen, for the financial year from October 1, 2020 to September 30, 2021 to determine whether the disclosures pursuant to § [Article] 162 Abs. [paragraphs] 1 and 2 AktG [Aktiengesetz: German Stock Corporation Act] have been made in the remuneration report. In accordance with § 162 Abs. 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the accompanying remuneration report. Our opinion does not cover the content of the remuneration report.

Basis for the opinion

We conducted our formal audit of the remuneration report in accordance with § 162 Abs. 3 AktG and IDW [Institut der Wirtschaftsprüfer: Institute of Public Auditors in Germany] Auditing Standard: The formal audit of the remuneration report in accordance with § 162 Abs. 3 AktG (IDW AuS 870). Our responsibility under that provision and that standard is further described in the “Auditor's Responsibilities” section of our auditor's report. As an audit firm, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements to quality control for audit firms [IDW Qualitätssicherungsstandard – IDW QS 1]. We have complied with the professional duties pursuant to the the Professional Code for German Public Auditors and German Chartered Auditors [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer – BS WP/vBP], including the requirements for independence.

Responsibility of the Management Board and the Supervisory Board

The management board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objective is to obtain reasonable assurance about whether the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report and to express an opinion thereon in an auditor's report.

We planned and performed our audit to determine, through comparison of the disclosures made in the remuneration report with the disclosures required by § 162 Abs. 1 and 2 AktG, the formal completeness of the remuneration report. In accordance with § 162 Abs. 3 AktG, we have not audited the accuracy of the disclosures, the completeness of the content of the individual disclosures, or the appropriate presentation of the remuneration report.

Essen, November 15, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Harald Kayser
Wirtschaftsprüfer
(German Public Auditor)

Michael Preiß
Wirtschaftsprüfer
(German Public Auditor)

Executive Board

(as of 9/30/2021)

Martina Merz

Appointed until March 2023 // German

Chair

Corporate Center Portfolio Development & Strategy
(Communications, Internal Auditing, Mergers & Acquisitions,
Transformation & Portfolio Development)

- SAF-Holland SE, Bessenbach (Deputy Chair)
- AB Volvo, Sweden

Subsidiaries of thyssenkrupp AG:

- thyssenkrupp (China) Ltd., PR China (Chair)

Oliver Burkhard

Appointed until September 2023 // German

Corporate Center People, Legal & Compliance

(Human Resources Management, Legal & Compliance)

- PEAG Holding GmbH (Chair)

Subsidiaries of thyssenkrupp AG:

- thyssenkrupp Marine Systems GmbH (Chair)
- thyssenkrupp Steel Europe AG

Dr. Klaus Keysberg

Appointed until July 2024 // German

Corporate Center Performance & Finance

(Controlling, Accounting & Risk, Corporate Finance,
Investor Relations Management, Taxes & Customs)

Subsidiaries of thyssenkrupp AG:

- thyssenkrupp Materials Services GmbH (Chair)
- thyssenkrupp Steel Europe AG (Chair)
- thyssenkrupp NA Holding Corp., USA (Chair)
- thyssenkrupp North America, Inc., USA (Chair)

- Membership of supervisory boards within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2021)
- Membership of comparable German and non-German control bodies of business enterprises within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2021)
- /○ Company listed on the stock exchange

Supervisory Board

(as of 9/30/2021)

Prof. Dr.-Ing. Siegfried Russwurm, Michelau

President of the Federation of German Industries (BDI)

Consultant

Chairman

Appointed until 2023 // German

- Dr. Johannes Heidenhain GmbH
- Voith GmbH & Co. KGaA
(Chairman of the Shareholders' Committee and Supervisory Board)

Jürgen Kerner, Königsbrunn

Member of the Executive Committee and Treasurer of IG Metall

Deputy Chairman

Appointed until 2024 // German

- Siemens AG
- Traton SE
- Siemens Energy AG
- MAN Truck & Bus SE
- Premium Aerotec GmbH

Birgit A. Behrendt, Cologne

Consultant

Appointed until 2023 // German

- Kion Group AG
- Ford Werke GmbH
- Stulz Verwaltungsgesellschaft mbH
(Member of the Administrative Board)
- Umicore S.A., Belgium
(Member of the Supervisory Board)
- Infinium Holdings, Inc., USA
(Member of the Board of Directors)

Stefan Erwin Buchner, Bietigheim-Bissingen

(since February 5, 2021)

Former member of the Executive Board of Daimler Truck AG

Appointed until 2026 // German

Dr. Wolfgang Colberg, Munich

Consultant

Appointed until 2023 // German

- Pernod Ricard S.A., France (Non Executive Director)
- Burelle S.A., France (Independent Director)
- Solvay S.A., Belgium (Independent Director)
- AMSilk GmbH (Chairman of the Advisory Board)
- ChemicalInvest Holding BV, Netherlands (Chairman)
- Efficient Energy GmbH (Chairman of the Advisory Board)
- Dussur, Riyadh (Independent Director)

Prof. Dr. Dr. h.c. Ursula Gather, Essen

Chairwoman of the Board of Trustees of the Alfried Krupp von Bohlen und Halbach Foundation

Appointed until 2023 // German

- Munich Re, Munich

Angelika Gifford, Kranzberg

Vice President Central Europe Facebook Inc.

Appointed until 2023 // German

Dr. Bernhard Günther, Haan

CFO Fortum Corporation, Espoo (Finland)

Appointed until 2023 // German

- Uniper SE

Achim Hass, Schwartbruck

Power electronics technician // Chairman of the Works Council of thyssenkrupp Marine Systems GmbH (Kiel) // Chairman of the General Works Council of thyssenkrupp Marine Systems GmbH

Appointed until 2024 // German

- Babcock Pensionskasse VVaG
- Subsidiaries of thyssenkrupp AG:
- thyssenkrupp Marine Systems GmbH

Friederike Helfer, Altendorf/Switzerland

Partner at Cevian Capital Limited

Appointed until 2023 // Austrian

- Vesuvius plc, UK

- Membership of supervisory boards within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2021)
- Membership of comparable German and non-German control bodies of business enterprises within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2021)
- /○ Company listed on the stock exchange

Tanja Jacquemin, Frankfurt am Main

Lecturer for the research and teaching area "Supervisory Boards and Corporate Codetermination" at the Academy of Labour
Appointed until 2024 // German

Daniela Jansen, Aachen

(since February 5, 2021)

Political Secretary to the Executive Board of IG Metall
Appointed until 2024 // German

Barbara Kremser-Bruttel, Gelsenkirchen

Office clerk // Chairwoman of the Works Council of thyssenkrupp Electrical Steel GmbH

Appointed until 2024 // German

Subsidiaries of thyssenkrupp AG:

- thyssenkrupp Electrical Steel GmbH

Dr. Ingo Luge, Hanover

Director and Management Consultant

Appointed until 2023 // German

- Avacon AG
- E.ON Energie Deutschland GmbH
- PreussenElektra GmbH

Tekin Nasikkol, Ratingen

Bachelor of Arts (Business Administration) // Chairman of the Works Council and Chairman of the General Works Council of thyssenkrupp Steel Europe AG

Appointed until 2024 // German

- Novitas BKK Pflegekasse

Subsidiaries of thyssenkrupp AG:

- thyssenkrupp Steel Europe AG

Peter Remmler, Wolfsburg

Wholesale and export trader // Vice Chairman of the Works Council of thyssenkrupp Schulte GmbH (Braunschweig) // Chairman of the Works Council Union Materials Services

Appointed until 2024 // German

Subsidiaries of thyssenkrupp AG:

- thyssenkrupp Materials Services GmbH

Dirk Sievers, Bochum

Technical Officer // Chairman of the Works Council of thyssenkrupp Steel Europe AG / Electrical Steel (Bochum) // Chairman of the Group Works Council of thyssenkrupp AG

Appointed until 2024 // German

- PEAG Holding GmbH (Member of the Advisory Board)

Dr. Verena Volpert

(since October 1, 2020)

Tax accountant

Appointed until 2024 // German

- Vibracoustic AG
- Enerjisa Enerji A. Ş., Turkey
- Enerjisa Üretim Santralleri A. Ş., Turkey

Friedrich Weber, Schöndorf

Machine setter // Chairman of the General Works Council of thyssenkrupp Bilstein GmbH // Chairman of the Works Council Union Components Technology // Vice Chairman of the European Works Council of thyssenkrupp AG // Vice Chairman of the Group Works Council of thyssenkrupp AG

Appointed until 2024 // German

Isolde Würz, Mülheim/Ruhr

Attorney // Corporate Lawyer at thyssenkrupp group function Legal & Compliance // Chairwoman of the Executives' Committee of thyssenkrupp AG and executive member of the Group Executives' Committee

Appointed until 2024 // German

In the course of the 2020/2021 fiscal year the following members left the Supervisory Board. Where they held other directorships at the time of departure these are listed below:

Dr. Norbert Kluge, Ratingen (until February 5, 2021)

Founding Director of the Institute for Codetermination and Corporate Governance (I.M.U.) of the Hans Böckler Foundation

Dr. Lothar Steinebach, Leverkusen (until February 5, 2021)

Former member of the Management Board of Henkel AG & Co. KGaA

- Carl Zeiss AG
- Diem Client Partner AG, Switzerland
(Member of the Management Board)

- Membership of supervisory boards within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2021)
- Membership of comparable German and non-German control bodies of business enterprises within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2021)
- /○ Company listed on the stock exchange

Supervisory Board Committees

(as of 9 / 30 / 2021)

Executive Committee

Prof. Dr.-Ing. Siegfried Russwurm (Chair)
Dr. Bernhard Günther
Jürgen Kerner
Dirk Sievers

Mediation Committee under § 27 (3) Codetermination Act

Prof. Dr.-Ing. Siegfried Russwurm (Chair)
Dr. Bernhard Günther
Jürgen Kerner
Dirk Sievers

Personnel Committee

Prof. Dr.-Ing. Siegfried Russwurm (Chair)
Dr. Bernhard Günther
Jürgen Kerner
Dirk Sievers

Audit Committee

Dr. Bernhard Günther (Chair)
Friederike Helfer
Tanja Jacquemin
Jürgen Kerner
Dirk Sievers
Dr. Verena Volpert

Strategy, Finance and Investment Committee

Prof. Dr.-Ing. Siegfried Russwurm (Chair)
Prof. Dr. Dr. h.c. Ursula Gather
Friederike Helfer
Jürgen Kerner
Dr. Ingo Luge
Tekin Nasikkol
Peter Remmler
Dirk Sievers

Nomination Committee

Prof. Dr.-Ing. Siegfried Russwurm (Chair)
Prof. Dr. Dr. h.c. Ursula Gather
Dr. Bernhard Günther
Friederike Helfer
Dr. Ingo Luge

Glossary

List of definitions and abbreviations

Average collection period

Trade accounts receivable divided by sales, multiplied by 360 (the lower the ratio, the faster customers pay)

Capital Employed

Interest-bearing invested capital

Climate Action Program for Sustainable Solutions (CAPS)

Group-wide program for implementing the thyssenkrupp climate targets on the way to greenhouse gas neutrality

Continuing operations

Continuing operations are operations not defined as discontinued operations pursuant to IFRS 5.

COSO

Committee of Sponsoring Organizations of the Treadway Commission

Disposal group

Disposal group
A group of assets that are intended for disposal by sale or otherwise in a single transaction, along with the liabilities directly related to these assets.

EBIT

Earnings before Interest and Taxes

EBITDA

Earnings before Interest, Taxes, Depreciation and Amortization

EBIT margin

Earning power in the period under review; ratio of EBIT to sales

EMIR audit

European Market Infrastructure Regulation Adopted in August 2012. Designed to make over-the-counter trading in derivatives more transparent and secure. Compliance is audited annually.

Equity ratio

Ratio of total equity to balance sheet total (the higher the ratio, the lower the indebtedness)

FCF before M&A

Free cash flow before mergers and acquisitions = operating cash flows less cash flows from investing activities excluding cash in-flows and outflows from major M&A transactions

FY

Fiscal year

GCGC

German Corporate Governance Code

Gearing

Ratio of net financial debt (assets) to total equity

Greater China

Mainland China, Hong Kong, Mongolia, Macau and Taiwan

Group

“thyssenkrupp group” or “group of companies”, comprising thyssenkrupp AG and its subsidiaries. The group continues to comprise the legally consolidated companies.

IIoT platform toii®

toii® is an Industrial Internet of Things (IIoT) platform for connecting production machinery and systems. It enables the digitization of production – from transparent performance monitoring to entirely paperless production with the partial and full automation of processes.

Internal financing strength

Ratio of operating cash flows to cash flows from investing activities

Inventory turnover

Inventories divided by sales, multiplied by 360 (the lower the ratio, the faster the inventory turnover)

Long Term Incentive plan (LTI)

Long term variable compensation for Executive Board members and other selected executives through stock rights

Net income/(loss)

The profit or loss for a given fiscal year. It is calculated as the balance of all income and expenses.

Net financial debt/assets

Difference between the cash, cash equivalents and time deposits shown in the statement of financial position plus short-term debt capital instruments, and non-current and current financial debt. The corresponding assets and liabilities of the disposal groups – where applicable – are also taken into account.

Operating cash flows

Inflow/outflow of cash and cash equivalents outside of investing, divesting or financing activities

Relative TSR

Relative total shareholder return.

TSR is the metric showing how the value of an investment in stock has developed over time. It includes both the dividends paid in the investment period and changes in the stock price. Relative TSR describes the TSR for thyssenkrupp stock compared with the TSR of other selected companies.

ROCE

Return on Capital Employed. EBIT divided by average capital employed

Science-Based Targets initiative SBTi

An initiative by the World Wide Fund for Nature, the World Resources Institute, the CDP and the United Nations Global Compact to mobilize companies to set targets for reducing greenhouse gas emissions and verify that these targets are consistent with scientific findings.

Short Term Incentive plan (STI)

One-year variable compensation

Staggered Board

A system in which the terms of office of Supervisory Board members end at different times.

Subsidiaries

Companies controlled indirectly or directly by thyssenkrupp AG which are included in the consolidated financial statements.

tkVA

thyssenkrupp Value Added.

tkVA = EBIT less/plus capital employed

Weighted average cost of capital (WACC)

Minimum rate of return expected by investors

Contact and 2022 / 2023 financial calendar

For more information please contact: **2022 / 2023 financial calendar**

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February 4, 2022
Annual General Meeting

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February 10, 2022
Interim report 1st quarter 2021 / 2022 (October to December)

Private investors

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May 11, 2022
Interim report 1st half 2021 / 2022 (October to March)

Published by

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August 11, 2022
Interim report 9 months 2021 / 2022 (October to June)

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November 17, 2022
Annual report 2021 / 2022 (October to September)

www.thyssenkrupp.com

February 3, 2023
Annual General Meeting

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Forward-looking statements

This report 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. If any of these or other risks or uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may be materially different from those expressed or implied by such statements. thyssenkrupp does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of this report.

Rounding differences, rates of change and notes on energy data

Percentages and figures in this report may include rounding differences, meaning that the total of the individual figures stated may not always be exactly the same as the total shown or that it may not be possible to calculate the stated percentages from the individual figures to which they relate. 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 ($\geq 100\%$ or $\leq (100)\%$) are indicated by ++ and -- respectively.

In order to meet the publication deadlines, the energy data for the last weeks of the fiscal year are extrapolated where necessary, using established forecasting and extrapolation methods, in order to report precise data that are as close as possible to the actual figures for the fiscal year.

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 annual 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.

www.thyssenkrupp.com

engineering.tomorrow.together.