thyssenkrupp

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# 2021 | 2022 annual report

# thyssenkrupp at a glance

## 48 countries

## ~ 740 sites

## 4 regional platforms

## 6 segments

MX Materials Services

IC Industrial Components

AT Automotive Technology

SE Steel Europe

MS Marine Systems

MT Multi Tracks

| | | 2021 / 2022 | Change in % |
|---|---|---|---|
| Order intake [1] | million € | 44,297 | 12 |
| Net sales [1] | million € | 41,140 | 21 |
| Adjusted EBIT [1] | million € | 2,062 | ++ |
| Net income/(loss) [1] | million € | 1,212 | ++ |
| Earnings per share [1] | € | 1.81 | ++ |
| Free cash flow before M & A [1] | million € | (476) | 63 |
| Net financial assets | million € | (3,667) | (2) |
| tkVA | million € | 529 | ++ |
| Market capitalization | million € | 2,733 | (52) |
| Dividend per share | € | 0.15 [2] | – |

[1] Group continuing operations
[2] Proposal to the Annual General Meeting

## ~ 96,000

employees work together on forward-looking solutions for our customers. (As at September 30, 2022)

| | 2021 / 2022 | | |
|---|---|---|---|
| million € | Order intake | Net sales | Adjusted EBIT [1] |
| Materials Services | 16,021 | 16,444 | 837 |
| Industrial Components | 2,792 | 2,766 | 234 |
| Automotive Technology | 4,866 | 4,825 | 108 |
| Steel Europe | 11,811 | 13,156 | 1,200 |
| Marine Systems | 4,232 | 1,831 | 32 |
| Multi Tracks [2] | 6,499 | 4,101 | (173) |
| Corporate Headquarters | 4 | 6 | (154) |
| Reconciliation | (1,927) | (1,990) | (22) |
| **Group continuing operations [2]** | **44,297** | **41,140** | **2,062** |
| Discontinued elevator operations [2] | 0 | 0 | 0 |
| **Full group** | **44,297** | **41,140** | **2,062** |

[1] See reconciliation in segment reporting (Note 24).
[2] See preliminary remarks.

## ~ €41 billion

sales generated by thyssenkrupp in fiscal 2021 / 2022.

# Contents



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

# To our shareholders



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# Letter to our shareholders

Martina Merz
Chief Executive Officer

## Dear Shareholders,

The year 2022 will go down in history as a pivotal one. The war in Ukraine has brought unimaginable suffering to the people in the war zone, called into question the previous security architecture and revealed how dependent Europe is on the supply of raw materials from Russia.

The main short-term economic effects are a sharp rise in energy and material costs and the threat of further supply bottlenecks in the already-challenging global supply chain situation. That started to have an impact on our business in the past fiscal year. High inflation and, in particular, high energy prices will bring a further significant increase in our production costs in the coming months, especially in Germany. Our businesses will take specific action to counter this development and minimize the impact on our operating performance.

The energy price trend has dampened the momentum of our transformation process. In the medium and long term, we consider the sharp hike in energy prices to be an opportunity to speed up the transition of industry to green technologies. Thanks to our technologies and products for our customers' value chains, we can make an important contribution in paving the way for the green transformation. There is enormous growth potential in the areas of hydrogen, green chemicals, renewable energies and electromobility in particular. At the same time, we are pursuing ambitious climate protection targets and optimizing our own energy and climate efficiency.

Our transformation process is focused on three core action areas: performance, portfolio and people. We made headway in all three in the past fiscal year, despite the additional challenges due to the war:

**Performance:** thyssenkrupp significantly improved its performance in fiscal year 2021 / 2022 and achieved or exceeded all of its most recent financial targets. Due to the uncertain situation and high prices for raw materials, we temporarily suspended our forecast for free cash flow before M&A. However, we were able to raise our forecast for adjusted EBIT during the year. The significant increase in prices at Materials Services and Steel Europe up to the start of the third quarter played a key part in this very positive earnings performance. The price rises more than offset the sharp rise in factor costs, especially at Automotive Technology and Industrial Components, and the negative effects resulting from the ongoing disruption of transportation and supply chains. In addition, the measures introduced in recent years to improve the performance of all segments and our strict cost discipline are starting to pay off. For example, Multi Tracks achieved a further significant year-on-year reduction in its loss by implementing measures on the sales and cost sides. Across the group, we have achieved around 9,950 of the almost 13,000 planned job cuts in the past three fiscal years – including around 2,100 in the past fiscal year. With an equity ratio of over 39% and net financial assets of €3.7 billion, our financial position is solid.

**Portfolio:** Active portfolio management helps to improve the performance and competitiveness. The aim of our transformation process is to place or maintain all businesses in our group of companies on a sustainable competitive basis. We therefore constantly review and evaluate their individual development potential. The key question is which constellation offers them the best future prospects from the perspective of all stakeholders. The best possible value and development of the businesses have absolute priority for us, even if that requires us to adjust ownership structures.

- Given its good market position and competitive strength, thyssenkrupp still sees good development potential for **Materials Services**. This segment benefited from the rise in market prices in the past fiscal year and reported a significant increase in sales and earnings despite lower volumes.

- **Industrial Components** reported an increase in order intake and sales compared with the prior year, but earnings were nevertheless significantly lower due to the present market situation in the wind energy sector. However, we assume that this area will benefit from sustained market growth in the medium term.
- In line with the sector trend to inter-company collaboration, in the **Automotive Technology** segment we are exploring the possibility of partnership, for example a joint venture, with the Japanese industrial group NSK for the steering business.
- On the road to climate-neutral steel production, at the start of September we approved the investment in construction of the first direct reduction plant for **Steel Europe** at our Duisburg site, paving the way for the green transformation of this segment. In the continued implementation of the Steel Strategy 20-30, we made further progress in strengthening our competitiveness – an important precondition to increase our operating performance on our own. We are still convinced that a stand-alone solution offers good future prospects for the steel business. Therefore, we are driving forward the preparations for this, even though the exact form cannot be decided at present due to the uncertain geopolitical and macroeconomic situation.
- **Marine Systems** reported a positive development thanks to performance improvements. Moreover, additional opportunities could come from a hike in demand both in Germany – especially as a result of additional federal funds for the armed forces – and worldwide. That puts us in a stronger position to develop the best possible structure for Marine Systems: we are still aiming for a stand-alone solution or alliances to improve the global competitive situation of this segment.
- In the **Multi Tracks** segment where we bundle businesses with very different and specific challenges, we continued the structural development of the portfolio. We successfully completed the divestment of the infrastructure, stainless steel (AST) and mining technologies activities in the past fiscal year and have therefore closed five transactions since the establishment of the Multi Tracks segment. Moreover, these transactions improved our net financial position by more than €800 million and further enhanced our balance sheet. **thyssenkrupp nucera** is a global leader in technology for green hydrogen plants. There is still enormous potential for water electrolysis. At the present early stage of commercialization this is documented not least by the order backlog at thyssenkrupp nucera, which has now grown to €1.5 billion. A capital market placement remains our preferred option to make the value of this company transparent and benefit from the growth opportunities for the production of green hydrogen. A decision on a potential IPO depends on the development of the capital markets.

**People:** Our aspiration is to be an attractive employer. That is particularly important in economically and socially challenging conditions. We offer a wide range of professional development measures to actively support our transformation process. We see the constantly changing workplace as an opportunity. Together with our employees, we are modernizing collaboration, processes and working models in alignment with our business models. The latest example is the introduction of hybrid working.

I would like to use this opportunity express my special thanks to the great team at thyssenkrupp. Our employees have shown tremendous resilience in the testing times of the past three years. They have been decisive in driving forward our transformation. Moreover, the enormous readiness to donate money and goods for the Ukrainian people is evidence that our values of openness and mutual respect are put into practice even in tough times. I am extremely proud to be part of this team.

I would also like to thank you, our shareholders, for supporting our transformation process in these challenging and uncertain times. The figures for the past fiscal year show that we are on the right path. In view of the progress we have made and our ongoing efforts to improve performance, the Executive Board and Supervisory Board will propose to the Annual General Meeting a dividend payment of €0.15 per share. We see this as a first step towards delivering on our promise to restore our ability to consistently pay a dividend. We have defined that as a clear target.

Taking into consideration the constraints affecting the reliability of planning and, above all, assuming that the necessary fossil fuels and other raw materials remain available and the development of our business is not hampered by renewed lockdowns, we anticipate a significant reduction in **sales** in the present fiscal year (prior year: €41.1 billion). The main reason for this is the normalization of price trends at Materials Services and Steel Europe. We also expect **adjusted EBIT** to drop back to a figure in the mid to high three-digit million euro range (prior year: €2.1 billion). This will be due, in particular, to the absence of the strong support from dynamic price effects registered at Materials Services and Steel Europe in the previous year. By contrast, we are forecasting an improvement at Automotive Technology and Multi Tracks. We aim to increase the **free cash flow before M&A** to at least break-even (prior year: €(476) million).

The foundations laid by the transformation of thyssenkrupp have so far enabled us to withstand external shocks such as the coronavirus pandemic and the war in Ukraine comparatively well. The transformation process has made thyssenkrupp more resilient. Moreover, we are stormproofing our businesses and the group to withstand the risks associated with a further shock – the threat of recession which is manifesting itself in a number of economies. The aim is to cut costs further and raise productivity. At the same time we want to exploit the opportunities we have generated for our businesses through the transformation process. These opportunities benefit the people at thyssenkrupp. Our basis for this is leading technologies, groundbreaking innovations, entrepreneurial spirit and the art of engineering. thyssenkrupp's businesses have plenty of potential. They are enabling the green transformation of industry. We are helping our customers with their green transformation and thus making a key contribution to a livable world for future generations.

I am pleased that we can count on your continued support during the next steps in our transformation process.

Yours,

Martina Merz
Chief Executive Officer

Essen, November 2022

# Executive Board

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

**Martina Merz**
*1963, Chief Executive Officer (CEO) since October 1, 2019, appointed until March 31, 2028

**Oliver Burkhard**
*1972, Chief Human Resources Officer (CHRO) since February 1, 2013, Labor Director since April 1, 2013, appointed until September 30, 2023

# Report by the Supervisory Board

**Prof. Dr.-Ing. Dr.-Ing. E. h.**
**Siegfried Russwurm**
Chairman

## Dear Shareholders,

Before I inform you about the work of the Supervisory Board and its committees in fiscal year 2021 / 2022 I would 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 the third consecutive year of uncertainty over the further course of the coronavirus pandemic. In addition, thyssenkrupp was affected by the outbreak of war in Ukraine on February 24, 2022. This war in the middle of Europe, which has brought endless suffering to millions of people in Ukraine as well as having a lasting downside effect on the entire global economy, has fundamentally altered the common trade framework and the reliability of supply both worldwide and for Germany and German companies.

The Executive Board responded decisively in this situation and set further focal areas for the transformation of thyssenkrupp: a continuation of the focus on the operating performance of the businesses, the strategic alignment of the Multi Tracks segment with a view to a potential IPO for thyssenkrupp nucera, the search for strategic solutions for Steel Europe and Marine Systems – even though that remains challenging in the present environment – and the green transformation of the steel business. Furthermore, immediately after the outbreak of the war the Executive Board set up a task force at group and business level and reports regularly on the impact on the company of the war in Ukraine. These war-related impacts were one of the main reasons for postponing both the placement of the Steel Europe business on a stand-alone basis, for which preparations were well advanced, and the planned IPO of thyssenkrupp nucera, as well as for the expansion of Marine Systems' business activities by acquiring MV Werften in Wismar. A major step towards the decarbonization of the company was the Executive Board's decision to invest in construction of a direct reduction plant for the steel business to enable $CO_2$-free steel production, which received the unanimous backing of the Supervisory Board. 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 realignment and the 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.

## Cooperation between Supervisory Board and Executive Board

In fiscal year 2021 / 2022 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, compliance and the sustainability strategy. This also included information on variances between actual performance and previously reported targets as well as on budget variances (follow-up reporting). In addition, the Executive Board has introduced regular reporting on the development and implementation of sustainability topics. 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.

During the fiscal year the Supervisory Board and Executive Board again worked together very intensively and shared information. At 16 meetings of the Executive Committee, which were attended by Executive Board members and occasionally by external advisors as well, discussions focused principally on the transformation of thyssenkrupp as well as the impacts of the coronavirus pandemic and, above all, the war in Ukraine.

In addition, in the periods between meetings, the chairs 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 in the organization of the training and professional development measures that the members themselves are generally responsible for undertaking in fulfillment of their duties and assumes the costs for such measures. To supplement this, the company offers subject-specific information and training events. For example, at an information event for the Supervisory Board on the green transformation, the parameters for the decarbonization of Germany and Europe, the technical and financial requirements for the production of green steel and opportunities to obtain public funding for a first direct reduction plant were outlined and discussed. Special onboarding events are held for new members of the Supervisory Board to familiarize them with thyssenkrupp's business model and structures.

Meetings of the Supervisory Board and its committees generally take the form of in-person attendance with the option of participation via a video link. Meetings are only held exclusively as telephone or video conferences in exceptional circumstances. In the reporting year, only five out of a total of 41 meetings of the Supervisory Board and its committees were held as video conferences; all others were in-person meetings. The meetings held as video conferences were of short duration and were arranged at short notice.

Attendance at meetings of the Supervisory Board and its committees, which were held as in-person meetings with the option of participation via a video link, was 96.5%. The following table shows attendance in individualized form:

## ATTENDANCE RATE AT THE MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES FY 2021/2022

| | Supervisory Board Meetings | | | Committee Meetings | | |
|---|---|---|---|---|---|---|
| | Attended | Meetings | Attendance rate in % | Attended | Meetings | Attendance rate in % |
| Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm, Chairman | 6 | 6 | 100.00% | 30 | 30 | 100.00% |
| Jürgen Kerner, Vice Chairman | 6 | 6 | 100.00% | 28 | 28 | 100.00% |
| Birgit A. Behrendt | 6 | 6 | 100.00% | ./. | ./. | ./. |
| Stefan Erwin Buchner | 5 | 6 | 83.33% | ./. | ./. | ./. |
| Dr. Wolfgang Colberg | 6 | 6 | 100.00% | ./. | ./. | ./. |
| Prof. Dr. Dr. h.c. Ursula Gather | 6 | 6 | 100.00% | 6 | 6 | 100.00% |
| Angelika Gifford | 6 | 6 | 100.00% | ./. | ./. | ./. |
| Dr. Bernhard Günther | 6 | 6 | 100.00% | 28 | 32 | 87.50% |
| Achim Hass | 6 | 6 | 100.00% | ./. | ./. | ./. |
| Friederike Helfer | 6 | 6 | 100.00% | 11 | 11 | 100.00% |
| Tanja Jacquemin | 6 | 6 | 100.00% | 4 | 5 | 80.00% |
| Daniela Jansen | 5 | 6 | 83.33% | 3 | 4 | 75.00% |
| Christian Julius (since March 2, 2022) | 3 | 3 | 100.00% | ./. | ./. | ./. |
| Thorsten Koch (since Aug. 26, 2022) | 1 | 1 | 100.00% | ./. | ./. | ./. |
| Barbara Kremser-Bruttel (until Feb. 28, 2022) | 2 | 3 | 66.67% | ./. | ./. | ./. |
| Dr. Ingo Luge | 6 | 6 | 100.00% | 5 | 6 | 83.33% |
| Tekin Nasikkol | 6 | 6 | 100.00% | 3 | 3 | 100.00% |
| Peter Remmler | 6 | 6 | 100.00% | 3 | 3 | 100.00% |
| Dirk Sievers | 6 | 6 | 100.00% | 32 | 32 | 100.00% |
| Dr. Verena Volpert | 6 | 6 | 100.00% | 5 | 5 | 100.00% |
| Friedrich Weber (until June 30, 2022) | 5 | 5 | 100.00% | ./. | ./. | ./. |
| Isolde Würz | 6 | 6 | 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

In total, six Supervisory Board meetings and one training session 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, 2021. 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 2020/2021 and thus adopted the parent-company financial statements.

Moreover, following completion of the statutory selection procedure for the auditors, the Supervisory Board accepted the recommendation of the Audit Committee and put a motion to the Annual General Meeting on February 4, 2022 that KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (KPMG) should be appointed as the new auditor to perform any required auditors' review of interim financial reports for the company and the group for fiscal year 2022 / 2023 to be issued before the 2023 Annual General Meeting. Further topics, alongside questions relating to the compensation of the Executive Board, were changes in legislation relating to the conduct of virtual annual general meetings and the revised version of the German Corporate Governance Code (GCGC). In addition, the Supervisory Board dealt with corporate governance, the thyssenkrupp Internal Control System (ICS), the subject of compliance, the 2021 EMIR compliance audit pursuant to § 32 German Securities Trading Act (WpHG) and the regular updates on all segments. At the Supervisory Board meetings, individual segments gave detailed presentations on their business performance and business prospects.

The reports by the Executive Board on the state of the thyssenkrupp group and the realization of the transformation process were supplemented from the start of the war in Ukraine by detailed reports on the geopolitical situation and crisis management measures. Against the background of this new situation, the intensive discussions on improving performance, portfolio measures and the short- and medium-term earnings targets for the thyssenkrupp group and all of its segments continued. On the basis of a focused analysis of value drivers 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. The Supervisory Board also discussed in detail the business and investment plans for fiscal year 2022 / 2023, which were adopted at the September meeting. The portfolio issues discussed at length included the sale of the interest in AST, the potential IPO of thyssenkrupp nucera and the acquisition of MV Werften in Wismar to rapidly increase Marine Systems' production capacity.

The Supervisory Board also looked intensively at the Steel Europe segment, especially a stand-alone solution for this business, and discussed in detail the measures required for the green transformation. The Executive Board reports regularly to the Supervisory Board and its committees on progress with the examination of both aspects. The Supervisory Board also looked at the growth opportunities of the remaining thyssenkrupp group following carve-out of the Steel Europe segment.

Following examination of the recommendations and suggestions of the GCGC, in fiscal year 2021 / 2022, the Supervisory Board adopted a resolution to issue the declaration of conformity. The current declaration of conformity, issued at October 1, 2022, 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 of September 30, 2022, are shown in the section "Supervisory Board."

The **Executive Committee** (Presidium) 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 and appropriate reactions to the effects of the coronavirus pandemic and the war in Ukraine.

The **Personnel Committee** held eight meetings in fiscal year 2021 / 2022 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 decisions setting the variable compensation, the review during the year of the defined individual targets, and the disclosures in the compensation report in the new format pursuant to § 162 German Stock Corporation Act (AktG) as well as preparations to extend Executive Board contracts and to implement the German legislation on equal participation of men and women for the Executive Board. 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 2021 / 2022. Alongside Executive Board members, the meetings were also attended by representatives of the auditors, PwC, who were elected by the 2022 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, Chair of the Audit Committee until February 3, 2022, and Dr. Verena Volpert, Chair of the Audit Committee since February 3, 2022, engaged in a regular exchange of views 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 2021 / 2022 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 resolutions 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 2021 / 2022 was set. Under EU Regulation 537 / 2014, thyssenkrupp has a statutory obligation to regularly rotate the external auditor of the parent-company and consolidated financial statements. Having examined the results of the tender for the audit, the Audit Committee proposed KPMG or alternatively Deloitte GmbH Wirtschaftsprüfungsgesellschaft as the new auditor. The Supervisory Board accepted the recommendation for KPMG and submitted a motion to the Annual General Meeting that KPMG be appointed to perform any required auditors' review of interim financial reports for fiscal year 2022 / 2023 issued before the 2023 Annual General Meeting.

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 project activities for initial implementation of the EU Taxonomy Regulation as of the reporting date September 30, 2022.” The auditors reported the results of their audit to the Audit Committee at its meeting on November 14, 2022. The recommended actions proposed at that meeting are to be promptly implemented in fiscal year 2022 / 2023 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 2021 / 2022. Further points of focus were the non-financial statement, which is fully integrated into the management report, the equity capital and rating situation, the EMIR compliance audit for fiscal year 2020 / 2021 pursuant to § 32 WpHG, the current performance of all segments and implementation of the reporting requirements of the EU Taxonomy Regulation.

The **Strategy, Finance and Investment Committee** held three meetings in fiscal year 2021 / 2022. Discussions focused on preparing decision recommendations in its area of responsibility for the Supervisory Board. At each meeting, the committee dealt with the operational and economic situation of thyssenkrupp and its ongoing development, especially in light of the altered geopolitical situation since the start of the war in Ukraine. As in the previous year, the other main topics addressed by the committee included the thyssenkrupp group’s transformation journey and its progress, progress towards a stand-alone solution of the Steel Europe segment, development of the performance of the Multi Tracks segment, including the disposal of further businesses to external buyers, the global challenge of 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 2022, the committee dealt at length with the group’s business and investment plans for fiscal year 2022 / 2023 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 three meetings in the past fiscal year; these included making preparations for the change of the chair of the Audit Committee. Further, with a view to the upcoming election of shareholder representatives at the 2023 Annual General Meeting, the committee established that – in terms of diversity, financial expertise and fulfillment of the profile of required skills – the composition of the Supervisory Board is appropriate.

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 4, 2022, to audit the financial statements for fiscal year 2021 / 2022, PwC audited the parent-company financial statements for the fiscal year from October 1, 2021, to September 30, 2022, 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, 2021, to September 30, 2022, 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 that is suitable in its design and handling to identify, at an early stage, developments that could place the continued existence of the company at risk.

The financial statement documents and audit reports for fiscal year 2021 / 2022 were discussed in detail in the meetings of the Audit Committee on November 14, 2022 and the Supervisory Board on November 16, 2022. 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 Chair of the Audit Committee reported in depth at the full Supervisory Board meeting on the Audit Committee's examination of the parent-company and consolidated financial statements. 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.

The Executive Board and Supervisory Board will propose to the Annual General Meeting on February 3, 2023 to pay a dividend of €0.15 per no-par share for fiscal year 2021 / 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 employee representatives side, Barbara Kremser-Bruttel stepped down from the Supervisory Board with effect from the end of February 28, 2022 and Friedrich Weber stepped down as of the end of June 30, 2022. Christian Julius and Thorsten Koch were appointed by the court to succeed them as members of the Supervisory Board from March 2, 2022 and August 26, 2022, respectively, 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 2021 / 2022.

The Supervisory Board

Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm
Chairman
Essen, November 16, 2022

# thyssenkrupp stock

## KEY DATA OF THYSSENKRUPP STOCK

| | | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 |
|---|---|---|---|---|---|---|
| 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 € | 13,534 | 7,912 | 2,683 | 5,715 | 2,733 |
| Closing price end September | € | 21.74 | 12.71 | 4.31 | 9.18 | 4.39 |
| High | € | 26.41 | 20.90 | 13.82 | 11.95 | 11.29 |
| Low | € | 18.86 | 9.41 | 3.55 | 3.88 | 4.22 |
| | | | | | | |
| Total Shareholder Return (TSR)[1] | % | (21) | (40) | (52) | 61 | (39) |
| Dividend per share | € | 0.15 | — | — | — | 0.15 [2] |
| Dividend yield | % | 0.7 | — | — | — | 3.4 |
| Dividend payout | million € | 93 | — | — | — | 93 [2] |
| | | | | | | |
| Earnings per share (EPS) | € | (0.10) | (0.49) | 15.40 | (0.18) | 1.82 |
| Number of shares (outstanding [3]) | million shares | 622.5 | 622.5 | 622.5 | 622.5 | 622.5 |
| | | | | | | |
| Trading volume (daily average) | million shares | 3.1 | 5.1 | 4.6 | 4.1 | 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 renumeration system for the Executive Board. The TSR performance is used in the context of the long-term variable renumeration 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] Proposal to the Annual General Meeting
[3] Weighted average

### thyssenkrupp stock master data

| ISIN[1] | |
|---|---|
| Shares | DE 000 750 0001 |
| ADR[2] | US88629Q2075 |
| **Symbols** | |
| TKA | Frankfurt, Düsseldorf |
| TKAMY | ADR (over-the-counter-trading) |

[1] International Stock Identification Number
[2] American Depositary Receipt

## Stock price performance

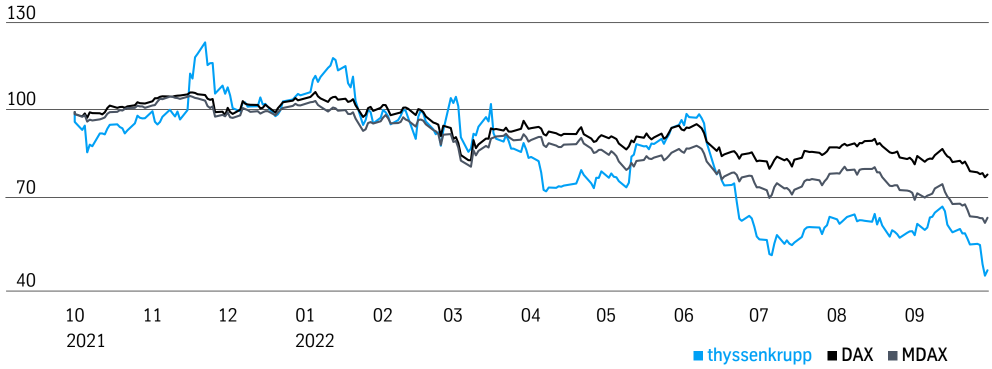
In the first half of fiscal year 2021 / 2022 thyssenkrupp’s stock clearly outperformed the market as a whole at times, based on the DAX and MDAX indices. The main drivers were the indications of a considerably better performance and the improvement in the group’s financial position. Further upside potential came from publication of the medium-term financial targets at the Capital Market Day and the planned IPO of thyssenkrupp nucera.

The war in Ukraine and its knock-on effects were major factors influencing the development of the thyssenkrupp share price and the markets overall. Significant cost rises, the resultant inflation and concerns about the reliability of energy supply also had a significantly adverse effect on the performance of share prices and led to a sharp drop in the thyssenkrupp share price, especially in the 2nd half of the year.

Shares in thyssenkrupp reached a high for the year of €11.29 on November 22, 2021. The lowest point in the past fiscal year was €4.22 on September 29, 2022. On September 30, 2022 the stock stood at €4.39, which was 52% lower than a year earlier; the DAX and MDAX fell by 20% and 35% respectively in the course of the fiscal year.

**PERFORMANCE OF THYSSENKRUPP STOCK RELATIVE TO DAX AND MDAX**

Indexed, fiscal year 2021 / 2022




## 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. thyssenkrupp AG does not currently hold any treasury shares.

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 the USA, Canada and the UK. 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 Krupp Foundation's shareholding is not included in the free float.

thyssenkrupp maintains a continuous and open dialog with shareholders and potential investors through a large number of events and investor relations activities. In the past fiscal year, the dialog with investors again focused on the improvement in the group's operating performance, implementation of the transformation, growth prospects for thyssenkrupp nucera and the ongoing development of the steel business. Further issues which are becoming increasingly important are the climate and environmental protection, social responsibility and governance. The dialog with investors on governance topics is stepped up ahead of the Annual General Meeting with the active involvement of the Chair of the Supervisory Board. Information on the various events is available on the readily accessible investor relations site on thyssenkrupp's website.

## Dividend proposal €0.15 per share

The Executive Board and Supervisory Board will propose to the Annual General Meeting on February 3, 2023 to pay a dividend of €0.15 per no-par share for fiscal year 2021 / 2022.

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 is 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.

The disposal of the mining, infrastructure, and stainless steel businesses in the Multi Tracks segment, which was initiated in fiscal year 2020 / 2021, met the criteria for presentation as disposal groups in accordance with IFRS 5 for the first time in the 4th quarter of fiscal year 2020 / 2021. Accordingly, the assets and liabilities attributable to these activities were disclosed separately for the first time in the statement of financial position as of September 30, 2021. The divestment of the infrastructure and stainless steel activities was completed at the end of January 2022 and the disposal of the mining business was closed on August 31, 2022. In connection with the sale of the stainless steel business, it was agreed that thyssenkrupp retains shares in the amount of 15% in the Italian company Acciai Speciali Terni S.p.A. (AST) in order to strengthen the existing operational cooperation with the acquirer Arvedi. These shares have since January 31, 2022 been allocated to "Reconciliation" in segment reporting.

Since the sale of the Elevator Technology business at the end of July 2020, thyssenkrupp has held an investment which was part of the consideration received for the sale. For further details regarding this investment, see also Note 03 (Discontinued operations, disposal groups and assets held for sale) and Note 22 (Financial instruments). Irrespective of the deconsolidation already recognized, subsequent expenses and income and cash flows directly related to the sale of the elevator activities will continue to be reported separately in the statement of income and the statement of cash flows.

The Elevator investment mentioned above has been allocated to the Multi Tracks segment since October 1, 2020.

Moreover, 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 description of the course of business is classified by segment. Each section starts with a description of the business model of the segment and the explanation of the medium-term targets.

The German Corporate Governance Code (GCGC) contains recommendations for disclosures on the internal control and risk management system that go beyond the statutory requirements for the management report and are therefore outside the scope of the audit of the content of the management report performed by the auditor. In this report they are assigned to the content of the corporate governance statement; moreover, they are contained in separate paragraphs to set them apart from the disclosures to be audited and flagged accordingly.

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. Together with our customers we want to use our extensive engineering and innovation expertise to develop cost-effective, resource- and environment-friendly solutions to the challenges of the future. Under a strong umbrella brand we want to make an important contribution to a better, more livable and more sustainable future with our innovative products, technologies and services, and thus demonstrate our responsibility towards future generations. To this end, we pursue ambitious climate protection targets and optimize our own energy and climate efficiency. At the same time, we want to use our diverse abilities along the relevant value chains to play a significant role in driving forward our customers' green transformation. In this way we aim to enable the fundamental renewal of the industry as a whole and play an active part in shaping the green transformation. Our brand promise and the high standards we set ourselves are reflected in our claim "engineering.tomorrow.together." Diversity and global reach define thyssenkrupp. We want to combine performance culture with entrepreneurial and social responsibility.

Our high standards and 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

In the past fiscal year, our business activities were bundled in six segments: Materials Services, Industrial Components, Automotive Technology, Steel Europe, Marine Systems, and Multi Tracks – a segment in which we bundle businesses for the majority of which thyssenkrupp is considering a different ownership structure in the short to medium term. Details can be found in the section below headed "Strategy" and in the "Segment review" in the "Report on the economic position."

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, 2022, 312 companies and 19 investments accounted for by the equity method are included in the consolidated financial statements; overall we consolidate companies from 48 countries.

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Companies in 48 countries are consolidated for the group's financial statements.

Our service units are combined at two companies, thyssenkrupp Services GmbH and thyssenkrupp Information Management GmbH. They provide cross-cutting services to the businesses and Corporate Headquarters. Furthermore, four regional platforms offer 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."

Corporate Headquarters

## thyssenkrupp AG

Segments

### Materials Services

**Sales**
**€16,444 million**

**Adjusted EBIT**
**€837 million**

- Global materials distributor
- Customer-specific processing, warehousing and logistics services
- Intelligent solutions for more sustainable, digital supply chains

### Industrial Components

**Sales**
**€2,766 million**

**Adjusted EBIT**
**€234 million**

- Manufacture of slewing rings, antifriction bearings and seamless rolled rings for wind energy and various industrial applications (Bearings)
- Manufacture of forged components and system solutions for the resource, construction and mobility sectors (Forged Technologies)

### Automotive Technology

**Sales**
**€4,825 million**

**Adjusted EBIT**
**€108 million**

- Volume supplier of chassis and powertrain components
- Assembly and logistics partner
- Supplier of body assembly lines and volume producer of lightweight body parts

### Steel Europe

**Sales**
**€13,156 million**

**Adjusted EBIT**
**€1,200 million**

- Production of flat carbon steel for the automotive industry and many other sectors
- Further implementation of Strategy 20-30 with a focus on premium products with higher stability, optimized surfaces and thinner, higher-performance sheets for electromobility
- Establishing climate-neutral steel production as part of the tkH2Steel transformation project

### Marine Systems

**Sales**
**€1,831 million**

**Adjusted EBIT**
**€32 million**

- System provider in submarine and surface vessel construction and in maritime electronics and security technology

### Multi Tracks

**Sales**
**€4,101 million**

**Adjusted EBIT**
**€(173) million**

- Plant construction, including for the chemical and cement industries
- Supplier of powertrain and battery production lines and manufacturer of springs and stabilizers for the automotive industry
- Provider of technologies for highly efficient electrolysis plants, in particular for the production of green hydrogen on an industrial scale

Following our realignment as a group of companies, the individual segments in the thyssenkrupp group take decentralized decisions, especially as regards operational management, but continue to operate under the strong umbrella brand thyssenkrupp. The aim is for the businesses to use the freedom needed 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 an entrepreneurial climate that speeds up decision-making, increases efficiency, and puts the customer first. By contrast, in addition to performance management, Corporate Headquarters concentrates on portfolio management, governance tasks, management development and the allocation of investment funds. To make it as lean and efficient as possible, Corporate Headquarters is managed via three Corporate Centers positioned directly below the Executive Board. These basically correspond to our three action areas performance, portfolio and people.

thyssenkrupp AG is responsible for the strategic management of the group. 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 customers and markets as well as technologies, products and business-specific developments.

# Strategy

## Continuation of the transformation process

In a challenging macroeconomic environment, thyssenkrupp is driving forward the transformation of the company resolved in May 2019 and specified in more detail 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.

www.thyssenkrupp.com > Company > Strategy

In line with our concept for the realignment of thyssenkrupp since the start of the transformation we have adjusted our portfolio, taking into account the value and development potential of the individual businesses. Further progress was achieved with this in the past fiscal year. Furthermore, we have introduced measures to further enhance the profitability of the businesses as an efficient new basis for renewed profitable growth of the entire group.

On the one hand, we want to make a significant contribution to reducing $CO_2$ and align our activities systematically to sustainability criteria. On the other hand, through our products and technologies we want to be a relevant partner – and more: an enabler – for the green transformation of our customers. We see enormous potential for further growth both now and, in particular, in the medium- and long-term, for example, in the areas of hydrogen, green chemicals, renewable energy and e-mobility.

Our strength is that we offer key competencies for decisive aspects of the green transformation. This applies, in particular, to hydrogen and various perspectives of the value chain: in our solutions for green steel production we will be using large quantities of hydrogen in the future in order to make a substantial contribution to reducing climate-relevant emissions (demand). Through our electrolysis business thyssenkrupp nucera we are one of the few suppliers worldwide that already has technologies for the production of hydrogen on a giga-scale (supply). Our plant engineers at Uhde are experts, among other things, in the construction of production plants for ammonia, the transport medium for importing green hydrogen. Moreover, our innovative bearings are a key element for the rapid expansion of wind energy (infrastructure). Our portfolio also includes further promising products and solutions that are vital for the success of the green transformation. Examples are components for automotive engineering that are independent of the type of powertrain, intelligent optimized supply chains at Materials Services and plants for the production of $CO_2$-reduced cement at Polysius.

In our transformation process, we are still guided by our three action areas performance, portfolio and people:

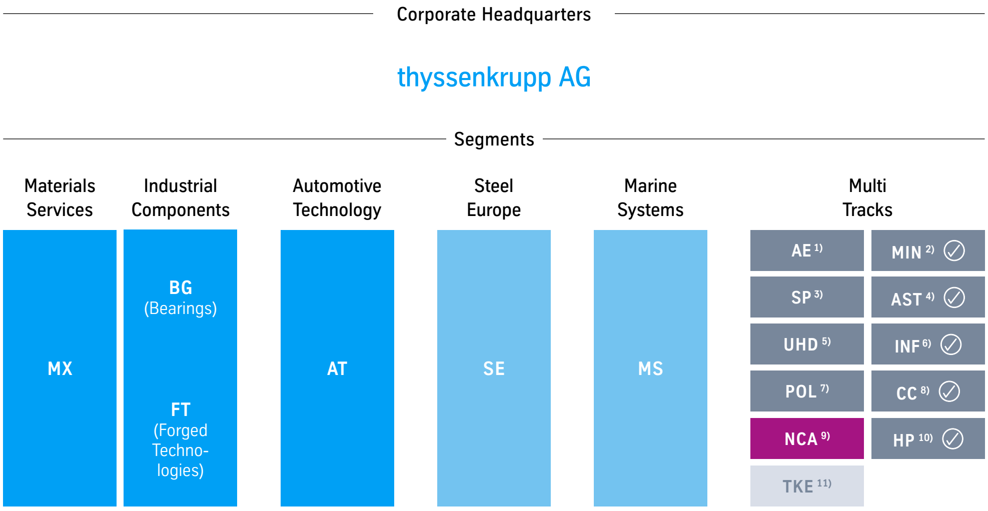
- Performance
  The overarching goal of the transformation process is to boost the performance and competitiveness of all our businesses. They are expected to strive to be among the best respective sectors. Each unit has been set an individual profitability target, based on a benchmark analysis. These are translated into goals and specific measures with the aid of the identified value drivers. These value drivers are reviewed, adjusted where necessary and monitored in regular dialog between the holding company and the relevant decentralized unit. The businesses' management teams bear full responsibility for the results. Furthermore, in December 2021, ambitious medium-term targets were published for the group and at segment level. More details can be found in the "Targets" section. For details of the status in individual segments, please refer to the relevant sections in the report on the economic position.

  At the start of our transformation process, extensive performance and restructuring measures were introduced to bring about a significant improvement in adjusted EBIT and FCF before M&A; these have already been completed, are currently being implemented or have been supplemented by new measures. In our planning, we identified scope to cut nearly 13,000 jobs across the group. Around 9,950 of these jobs have been shed in the past three fiscal years.

  As part of the performance action area, we are also focusing more strongly on performance culture throughout the group and taking systematic steps to continuously enhance our competitiveness. This also includes the ongoing development and stringent alignment of our compensation systems to the success factors of the individual businesses. More details can be found in the section "Employees."

- Portfolio
  thyssenkrupp has a clear goal: we want every individual business to develop optimally. Therefore, we continuously 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 individual businesses – in both economic terms and in relation to climate protection – is more important than specific ownership structures. Against this background, thyssenkrupp's portfolio has been divided as follows:

## PORTFOLIO – GROUP OF COMPANIES




⊘ = completed sales and shutdown
1) Automation Engineering
2) Mining Technologies – sold to FLSmidth at the end of August 2022
3) Springs & Stabilizers
4) Acciai Speciali Terni (incl. the associated sales organization) – sold to Arvedi Group at the end of January 2022
5) Uhde
6) Infrastructure – sale to FMC Beteiligungs KG completed in January 2022
7) Polysius (formerly Cement Technologies)
8) Carbon Components – sold to Action Composites in August 2021
9) thyssenkrupp nucera (formerly Uhde Chlorine Engineers; joint venture with Industrie De Nora)
10) Heavy Plate (Grobblech) – closed on September 30, 2021
11) Shareholding in TK Elevator

On the basis of its market position and competitive strength, we still see good development potential for Materials Services. At Industrial Components, we assume that, in the medium term, the wind energy business in particular will benefit from continued market growth. We will keep the Automotive Technology business within the group. However, in line with the industry trend for collaboration, alliances and development partnerships are also conceivable on a selective basis. Therefore, we are currently exploring a potential joint venture with the Japanese industrial group NSK for the steering business.

In implementation of the Strategy 20-30, thyssenkrupp is continuing to drive forward the development of the steel business on its own. In the past fiscal year, we made further progress in strengthening its competitiveness. Moreover, at the start of September, investment in construction of the first direct reduction plant at our Duisburg site was approved, paving the way for the start of the green transformation. We are still convinced that the strategy of positioning the steel business on a stand-alone basis creates good prospects for the future. Therefore, we continuing to work on this, even though the exact form cannot be decided at present due to the uncertain geopolitical and macroeconomic situation.

At Marine Systems, both the cost-cutting and performance measures and the order situation show a positive trend. Alongside higher global demand, additional opportunities for this segment come from the “Sondervermögen Bundeswehr” (Federal Armed Forces Investment Fund) and the long-term structural increase in Germany's defense budget. The acquisition of the MV Werften site in Wismar in June 2022 has expanded our strategic options for the construction of submarines and surface vessels as the next step in our growth story. 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. We are still convinced that consolidation of the European shipyard industry would be beneficial.

The Multi Tracks segment bundles businesses from various industries with very different and specific challenges, which are run with a view to active portfolio management. Since the start of the transformation we have achieved some major milestones in the focusing of our portfolio with the disposal of individual activities and the closure of the heavy plate business. The total transaction volume equated to more than half of segment sales. In the past fiscal year, the segment was able to improve the group's net financial position and further strengthen thyssenkrupp's financial condition, especially through the completed sale of the AST stainless steel plant and Mining Technologies. In addition, thyssenkrupp is engaged in talks with a potential buyer for the Automation Engineering business unit and has started to prepare an M&A process for Springs & Stabilizers. Depending on the capital market situation, an IPO remains our preferred solution for the hydrogen business thyssenkrupp nucera so we can benefit from the growth prospects for green electrolysis plants as a global technology leader. The potential for water electrolysis remains substantial. This is documented not least by the order backlog at thyssenkrupp nucera, which has now grown to around €1.5 billion. In connection with the green transformation, we will also be making a decision on the future development of the chemical and cement plant engineering activities. Uhde builds methanol and ammonia plants and thereby delivers future technology for the transportation of green hydrogen. Polysius provides technologies for more sustainable cement production.

For further details of the status of the transformation process in individual segments, please refer to the relevant sections in the report on the economic position.

- People

The transformation of the company does not simply require structural changes and 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. The massive changes in the world of work as a result of the pandemic and the sharp increase in competition on the labor markets of relevance for thyssenkrupp also have to be considered. Our aspiration is to be an attractive and fair employer, even in challenging conditions. 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. For instance, 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. The most recent example is 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 support our strong culture. A key focus here is identifying, networking and retaining staff, especially those with technology and engineering skills. 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 supports us in this. For further details, please refer to the “Employees” section.

## Management of the group

The indicators used throughout the group for profitability, profit, 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 are adjusted earnings before interest and taxes (adjusted EBIT), net income/(loss) of the thyssenkrupp group, thyssenkrupp Value Added (tkVA) or the return on capital employed (ROCE) and free cash flow before merges and acquisitions (FCF before M&A).

The Executive Board also defines long-term targets 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**<br>+/– operational components of financial income | **EBIT**<br>+/– non operational components of statement of income | **EBIT**<br>+/– cost of capital | **Operating cash flow**<br>+/– cash flows from investing activities |
| **EBIT**<br>+/– special items | **Net income/(-loss)** | **tkVA**<br><br>**EBIT**<br>/ Capital Employed | **Free cash flow**<br>+/– cash inflows / outflows from material M&A transactions |
| **Adjusted EBIT** | | **ROCE** | **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. The thyssenkrupp group has a material investment in the former Elevator Technology segment. 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" in the report on the economic position. Please also refer to the reconciliation in the segment reporting (Note 24).

## Net income/(loss)

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

The net income/(loss) of the thyssenkrupp group is explained in detail in the section "Results of operations and financial position" in the report on the economic position.

## tkVA / ROCE

tkVA is the value created in a reporting year. This indicator enables us to compare the financial success of businesses with different capital intensities. tkVA is calculated as EBIT less the cost of the capital employed. 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. We use the return on capital employed (ROCE) to determine the relative return generated. ROCE is the ratio of EBIT to capital employed. If ROCE exceeds WACC, i.e., the returns due to shareholders and lenders, we have created value.

Capital Employed x WACC = capital costs

ROCE is the central performance criterion for the Long-Term Incentive (LTI) plan and will be applied for all installments issued from the coming fiscal year. Therefore ROCE is included in the key financial performance indicators for the first time.

Information on the development of tkVA / ROCE in the reporting year can also be found in the "Group review" section of the report on the economic position.

### 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 in the report on the economic position.

## Targets

### Financial targets

Our aim is for all segments to improve their performance so they can make a sustained positive value and cash flow contribution to the group. To concretize our aspirations, at the Capital Market Day in December 2021, we announced medium-term financial targets; these still apply, despite the challenging market conditions.

In the medium term, the group’s adjusted EBIT margin should rise to between 4% and 6%. We aim to achieve a significantly positive free cash flow before M&A through further progress in performance. Another clearly defined target is restoring our ability to consistently pay a dividend so that our shareholders can participate in the company’s success again in the future. Our businesses should be able to efficiently exploit growth opportunities and increase their profitability so it is at least in line with the competition and above the cost of capital. The medium-term targets for our segments in their present structure are as follows:

- **Materials Services** – increase shipment volumes to over 6 million tons, adjusted EBIT margin of 2-3%, a cash conversion rate of approximately 0.8 on a multi-year average and ROCE of over 9%.
- **Industrial Components** – annual sales growth of 3-5%, adjusted EBIT margin of at least EBIT margin of at least 10% and a cash conversion rate of 0.6 to 0.8
- **Automotive Technology** – sales of at least €5.5 billion a year, adjusted EBIT margin of 7-8% and a cash conversion rate of at least 0.5
- **Steel Europe –** increase shipment volumes to around 11 million tons, adjusted EBIT margin of 6-7%, cash conversion rate of at least 0.4 and adjusted EBITDA per ton of around €100 over the steel cycle
- **Marine Systems** – annual sales growth of around 6%, adjusted EBIT margin of 6-7%, cash conversion rate of approximately 1.0
- **Multi Tracks** – scaling of the portfolio, structural improvements and ongoing development of the hydrogen business at thyssenkrupp nucera
- **Corporate Headquarters** – further reduction in administrative expenses

The management teams of the businesses bear full entrepreneurial responsibility for achieving these targets. 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.

Further information on our segment targets and the corresponding measures can be found in the "Segment review" in the report on the economic position and in documents on our Capital Market Day on our website.

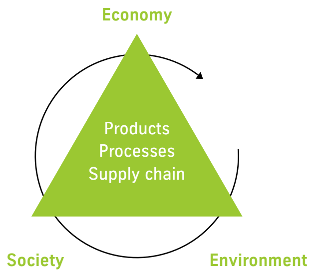
www.thyssenkrupp.com > Investors > Reporting and publications

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, the heads of the three corporate centers and experts. 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.

### Our understanding of sustainability




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 continued "Sustainability Way Forward," an interdisciplinary sustainability project that focuses on various sub-projects such as achieving the climate targets, the requirements of the EU Taxonomy and the German Act on Corporate Due Diligence in Supply Chains. Measures are designed in close consultation with thyssenkrupp's segments and businesses that are responsible for their operational implementation. In the reporting year 2021 / 2022 we also launched #moreorless, a groupwide sustainability campaign. As part of this campaign, a series of training videos and podcasts on various relevant aspects of sustainability such as climate protection and climate targets, sustainability in the supply chain and human rights was produced and made available to all managers and employees via the intranet. The training also provides fundamental information on the importance of the term "sustainability" and show which aspects are combined in this term at thyssenkrupp. Another area of focus is the ongoing development of a future-oriented working culture, which we are supporting, for example, in cross-segment "Lean & Agile" projects to optimize workflows with broad-based employee involvement. As part of "New Ways of Working," we are continuing to support our employees and managers with extensive training offerings about hybrid working and collaboration. Further information can be found in the relevant subsections of the "Employees" section.

www.thyssenkrupp.com > Company > Sustainability

The Sustainability Committee has set IFTs 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. Since fiscal year 2020 / 2021, we have been integrating sustainability activities gradually into the long-term compensation of the Executive Board and top-level management through the IFTs. This has already been implemented for the proportion of women in leadership positions and the accident frequency rate. To reflect our climate targets, since fiscal year 2021 / 2022, emissions intensity excluding the steel business and, with reference to the steel business, the volume of climate-neutral steel produced have also been integrated into long-term compensation. In the current fiscal year 2022 / 2023, the improvement in the employee Net Promoter Score (eNPS), which is determined as part of the annual employee satisfaction survey, will be included in long-term compensation for the first time; the increase in the proportion of women in leadership positions is also included again (further details can be found in the “Compensation report”). 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.

We can report as follows on the achievement of the annual targets for our IFTs: We significantly exceeded the energy efficiency target in fiscal year 2021 / 2022. Since the reporting year, emissions intensity excluding the steel activities has also been included in the IFTs. The target here is to reduce emissions intensity by 1 ton $CO_2$ per million € sales to 37.5 tons $CO_2$ per million € sales. Thanks to efficiency gains and strong sales growth, we also significantly exceeded this target in the past fiscal year, with an emissions intensity of 28.9 tons $CO_2$ per million € sales. Despite higher R&D costs, R&D intensity was comparatively lower, mainly due to the price-driven rise in sales. The proportion of women in leadership positions increased steadily and met the target. The accident frequency rate improved significantly to 2.3 and the target set for fiscal year 2023 / 2024 has therefore already been achieved. The targets set for the group in the planning period have therefore been reduced by 0.2 points. The number of sustainability audits performed significantly exceeded the planned target.

## OVERVIEW OF INDIRECT FINANCIAL TARGETS

| Group | | Status Sept. 30, 2021 | Status Sept. 30, 2022 | Change | Section |
|---|---|---|---|---|---|
| Energy efficiency gains of 110 GWh in 2021 / 2022 | GWh | 325 | 255 | — | Climate, energy, environment |
| Annual reduction of emission intensity by 1 t $CO_2$ per million € sales to 34.5 t $CO_2$ per million € sales in 2024 / 2025 | t $CO_2$ per million € sales | -- | 28.9 | — | |
| Adjusted R&D intensity of around 3.0% | % | 2.6 | 2.4 | — | Technology and innovations |
| Increase the proportion of women in management positions by at least 1% per year to 17% by 2025 / 2026 | % | 12.2 | 13.1 | +0.9%-pts. | Employees |
| Reduce the accident frequency rate by at least 0.1 per year to 2.3 by 2023 / 2024 | Accidents per million hours worked | 2.6 | 2.3 | (12) % | Employees |
| At least 60 sustainability audits each year | # | 69 | 108 | + 57% | Purchasing |

The goal for the current fiscal year 2022 / 2023 is to improve energy efficiency by at least 85 GWh. The aim is to reduce the emissions intensity excluding the steel activities by 1 ton $CO_2$ per million € sales to 34.5 tons $CO_2$ per million € sales in fiscal year 2024 / 2025. Adjusted R&D intensity shall be around 3.0% in fiscal year 2022 / 2023 and accident frequency shall improve to 2.3 by fiscal year 2023 / 2024. Across the entire thyssenkrupp group, we aim to increase the proportion of women in leadership positions to 14% in the current fiscal year and to 17% by fiscal year 2025 / 2026 compared with 2019 / 2020. Sustainability audits of suppliers will remain a key focus in the coming reporting year and a new target of at least 88 audits has been set. Analogously to integration in long-term compensation, from the current fiscal year the improvement in the eNPS will be implemented as a new IFT with a target annual improvement of 3.0 points.

# Report on the economic position

## Macro and sector environment

### Numerous negative factors slowing global economic recovery

War in Ukraine, continued high inflation, ongoing supply bottlenecks and local lockdowns in China are currently holding back global economic expansion and slowing down the recovery. The many negative factors in the macroeconomic environment are hampering both investment and consumption. While global GDP increased by 5.9% year-on-year in 2021, growth is likely to be considerably lower at 2.9% this year. In 2023, global production will rise by just 2.0%. The industrialized countries will post GDP growth of 2.6% this year and will merely stagnate in 2023. Economic output in the emerging markets is expected to grow by 2.4% this year and 3.6% next year.

2.9%

The global economy is expected to grow by 2.9% in 2022 and just 2.0% in 2023.

Global economic growth forecasts are, however, very uncertain. It is unclear how the war in Ukraine will develop and the conflict could spread to other geographic regions. Risks stem from further possible restrictions on the supply of oil and gas, resulting in production stoppages in industry, and the continued high prices of electricity, energy and materials including raw materials. This is accompanied by fears that inflation rates could rise further, which would adversely affect the consumer and investment confidence, partly due to further interest rate rises. This is compounded by the possibility of continued or worsening bottlenecks in the supply of starting materials. It is also unclear how the coronavirus pandemic will develop, especially as regards virus mutations and renewed lockdowns, which could hold back the global economy. Furthermore, it is uncertain how the numerous other geopolitical crises and trade conflicts will develop. Recurring natural catastrophes such as floods as a consequence of climate change and a pronounced and lasting drop in growth in China as a result of the government's zero-Covid policy are further risk factors. Going forward, growth could be held back by the debt problem, especially in some European countries, as a result of extensive government support measures to mitigate the reduction in purchasing power resulting from high inflation and the aftermath of the pandemic. Finally, exchange rate volatility could weigh on macroeconomic growth conditions.

Momentum in the euro-zone economy has recently dropped significantly. In the 3rd quarter of 2022, GDP only increased by 0.2% compared with the previous period, following a rise of 0.8% in the 2nd quarter. The sharp hike in energy prices and the threat of gas supply bottlenecks are holding back the consumption of private households and capital spending in the corporate sector. The current data on the business and consumer climate present a sharply reduced outlook. Overall, GDP should still rise by a solid 3.0% in the euro zone in 2022. However, a decline of 0.6% is expected for this region in 2023.

GDP growth of 1.5% in Germany in 2022, increased downside risks

Surprisingly, German economic output increased by 0.3% quarter-on-quarter in the 3rd quarter of 2022, following growth of 0.1% in the 2nd quarter. However, high inflation and rising interest rates have dampened the outlook significantly. Capital spending and consumer confidence are likely to be appreciably lower. For quite some time now, many leading indicators have been pointing to an appreciable economic slowdown or contraction. Expectations are dropping significantly in all areas of the economy and have reached recessionary level in some cases. Overall, economic output is expected to rise by 1.5% in 2022. In view of the present difficult situation, we anticipate that German GDP will decline by 1.5% in 2023.

In the USA, GDP unexpectedly rose by 0.7% quarter-on-quarter in the 3rd quarter, following contraction in each of the first two quarters, which is generally regarded as a recession criterion. Looking forward, the Fed's strong interest rate rises clearly are putting the brakes on capital spending. The reduction in purchasing power resulting from high inflation will adversely affect consumer spending. However, the labor market remains relatively robust and could remain relatively supportive of the US economy. In all, US GDP will probably still rise by 1.7% in 2022 but decline by 0.5% in 2023.

Economic momentum in China slowed significantly in the first half of 2022. In the 1st quarter of 2022 GDP rose by 4.8% year-on-year but growth was weak at just 0.4% in the 2nd quarter. In the 3rd quarter, growth picked up to 3.9%. Overall, the downside effects of the zero-Covid policy and in the real estate sector led to unusually low domestic demand. Relatively low growth by Chinese standards is also anticipated for the upcoming quarters. The purchasing managers' indices for manufacturing industry recently showed a downward trend, indicating that a sustained recovery cannot be expected at present. In all, GDP is only expected to grow by 3.0% in 2022. Renewed strong GDP growth of 4.4% might be achieved in the coming year.

The normalization of economic activity in India is continuing. While GDP was held back by another wave of Covid in the 1st quarter, economic output rose strongly in the 2nd quarter of 2022, despite the adverse effects of a period of extreme heat. Sentiment indicators point to further strong expansion in the 3rd quarter. The government mitigated the inflationary effects of the global rise in raw material prices by cutting fuel taxes, increasing subsidization of fertilizers and imposing export controls on grain. Positive impetus is also coming from a government infrastructure program. By contrast, export growth will probably be only moderate. All in all, the Indian economy will grow by 7.1% in 2022. Slightly lower growth of 5.3% is likely in 2023.

So far this year, the Brazilian economy has developed better than initially anticipated. In the 2nd quarter of 2022, GDP grew by 1.2% quarter-on-quarter, following growth of 1.0% in the 1st quarter. As a net exporter, the country is benefiting from rising global market prices for food and energy as a result of the war in Ukraine. By contrast, higher capital costs and the high inflation are holding back capital spending and consumption. Overall, we expect the Brazilian economy to grow by 2.8% this year and 1.3% next year.

The Russian economy shrank by 4.1% year-on-year in the 2nd quarter of 2022, having grown by 3.5% in the 1st quarter. A particular problem for this country is the sharp fall in imports from western industrialized countries that are needed to maintain production in key sectors of industry and are difficult to substitute from other sources. By contrast, export revenues have increased thanks to higher raw material prices. Overall, Russian GDP is expected to shrink significantly by 6.3% this year, with a further decline of 3.1% expected for 2023.

## GROSS DOMESTIC PRODUCT

| Real change compared to previous year in % | 2022[1] | 2023[1] |
|---|---:|---:|
| Euro zone | 3.0 | (0.6) |
| Germany | 1.5 | (1.5) |
| Russia | (6.3) | (3.1) |
| Rest of Central/Eastern Europe | (1.6) | 1.2 |
| USA | 1.7 | (0.5) |
| Brazil | 2.8 | 1.3 |
| Japan | 1.6 | 1.2 |
| China | 3.0 | 4.4 |
| India | 7.1 | 5.3 |
| Middle East & Africa | 5.1 | 3.3 |
| **World** | **2.9** | **2.0** |

[1] Forecast
Sources: IHS Markit, IMF, Consensus Forecasts, misc. banks and research institutes, own estimates

## Industrial development affected by various uncertainties

Forecasts for automotive output very uncertain as a result of various downside factors

**Automotive –** In 2022, global automotive product will probably recover slightly from the weak prior-year volumes. The previously anticipated significant recovery is hampered by factors affecting global supply chains such as the continued shortage of chips, local Covid outbreaks and the war in Ukraine. Output of cars and light commercial vehicles has therefore remained comparatively low in 2022 and is not expected to return to the pre-pandemic level until 2025 at the earliest.

In China, which is the world's biggest automotive market, a year-on-year rise in sales volumes and output is expected in 2022 despite local Covid outbreaks and the related local lockdowns.

Automotive production in Western Europe will probably increase year-on-year. Nevertheless, it will not be able to offset the substantial declines in previous years and will remain significantly lower than in 2019. Sales volumes are expected to be slightly below the prior-year level.

Domestic output in Germany will probably be up slightly higher in 2022 compared with the previous year and will remain below the pre-pandemic level of 2019 in 2023 as well, even though further growth is forecast. Domestic volume sales in Germany will probably be lower than in the prior year.

North American automotive production will grow in 2022, exceeding the 2020 figures but remaining below the pre-pandemic level. Sales volumes in North America will likely be lower than in the prior year.

Due to ongoing semiconductor bottlenecks, demand will not be fully satisfied in 2022. There is therefore potential for further a recovery in all major markets in 2023 – provided that the supply-side bottlenecks ease. However, in view of the repeated revision of forecasts during the year and growing signs of further production constraints in 2023, this assumption entails considerable uncertainty. A sustained recovery cannot be expected before 2024.

## IMPORTANT SALES MARKETS

| | 2021 | 2022[1] | 2023[1] |
|---|---|---|---|
| **Vehicle production, million cars and light trucks[2]** | | | |
| World | 77.2 | 81.8 | 85.3 |
| Western Europe (incl. Germany) | 9.4 | 9.8 | 10.9 |
| Germany | 3.2 | 3.6 | 4.3 |
| North America (USA, Mexico, Canada) | 13.0 | 14.5 | 15.4 |
| USA | 8.9 | 9.9 | 10.5 |
| Mexico | 3.0 | 3.4 | 3.5 |
| Japan | 7.5 | 7.5 | 8.2 |
| China | 24.8 | 26.4 | 26.6 |
| India | 4.1 | 5.0 | 5.2 |
| Brazil | 2.1 | 2.2 | 2.3 |
| **Machinery production, real, in % versus prior year** | | | |
| World | 12.7 | 1.6 | 2.1 |
| Europe | 12.2 | 2.3 | 0.5 |
| Germany | 7.2 | 1.0 | (2.0) |
| USA | 10.7 | 2.1 | (0.8) |
| Japan | 15.0 | 2.6 | 1.2 |
| China | 12.0 | 0.4 | 4.3 |
| **Construction output, real, in % versus prior year** | | | |
| Euro zone | 6.0 | 2.9 | 0.6 |
| Germany | (1.6) | (0.6) | (0.6) |
| USA | 3.2 | (3.5) | 2.7 |
| China | 4.5 | 6.2 | 5.3 |
| India | 17.7 | 11.3 | 5.8 |
| **Demand for steel, in % versus prior year** | | | |
| World | 2.8 | (2.3) | 1.0 |
| Germany | 13.4 | (4.9) | (3.9) |
| EU(27) + Great Britain | 18.1 | (3.5) | (1.3) |
| USA | 21.3 | 2.1 | 1.6 |
| China | (5.4) | (4.0) | 0.0 |

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

**Machinery –** Global output of machinery will only rise by 1.6% year-on-year in 2022, mainly because production is hampered by supply chain disruption and the associated shortages of materials and equipment. Only a slight improvement to 2.1% is anticipated for 2023. In China, the growth rate is expected to be only marginally above stagnation at 0.4% in 2022 with appreciable growth of 4.3% not expected until 2023. The US machinery sector is expected to increase output by just 2.1% in 2022 following a strong prior year. For 2023, we are actually expecting a drop of 0.8%. Similarly, output in the European machinery sector will only increase moderately, by 2.3% in 2022, with a predicted growth rate of only 0.5% for 2023. In this region, production is dampened in particular by a shortage of skilled workers.

International machinery production will only post a moderate rise of 1.6% in 2022.

Up to September 2022, German machinery manufacturers registered a 1% rise in order intake compared with the previous year. In September alone the year-on-year increase was 5%. While domestic orders dropped by 3% between January and September, export orders increased by 2%. Output declined by 0.8% in the period to August as production was still held back by a range of factors. In particular, there were shortages of supply and skilled workers. The numerous bottlenecks are preventing timely order execution by machinery manufacturers and preventing high utilization of production capacities. Overall – assuming a better trend in the remaining months – sector output will be at best 1% higher than in the prior year. A reduction of 2% is predicted for 2023.

**Construction –** Construction output in the euro zone will increase by 2.9% in 2022 while the forecast for next year is for growth of 0.6% due to rising financing costs and a general drop in economic momentum. In Germany, construction activity is now being hampered by numerous factors. For example, the borrowing conditions for residential construction have deteriorated significantly. Moreover, the real disposable incomes of private households are falling and demand is being held back by the uncertainty about future energy prices and the economic outlook. In addition, construction costs have risen sharply. In the second quarter, the construction investment deflator increased by more than 7% compared with the first quarter. Year-on-year it rose by almost 20%. As a result, there has recently been a significant reduction in order intake in the construction industry and the business climate in the sector has deteriorated considerably. Overall, German construction output will decline by 0.6% both this year and next.

2.9%

In the euro zone, construction output should increase by 2.9% in 2022.

In China, the construction sector will grow by 6.2% in 2022, with the ongoing trend to urbanization continuing to support housing construction and civil engineering and further stimulation coming from monetary policy. Nevertheless, the present problems in the construction sector mean there is a risk that this forecast may have to be revised downward. For 2023, growth of 5.3% is expected. Construction activity in the USA will be 3.5% lower this year than last year. Reasons for this downward trend are the considerable rise in interest rates and higher general construction costs. Next year, growth could be 2.7% as a result of rising public spending on infrastructure.

**Steel –** The development of the global steel market in 2021 was driven by the recovery following the pandemic-related downturn in the previous year. Despite regional waves of infection and increasing disruption to global supply chains, global demand for finished steel rose by 2.8%. Growth was held back by China, where demand contracted by 5.4%, principally due to the domestic real estate crisis. Without China, global demand for steel would have risen by 13.5%. In 2022 too, demand for finished steel will be affected by further waves of infection, supply chain disruption and the anticipated low economic growth in China. In addition, both global economic growth and the development of the steel market will be severely impacted by the war that has been ongoing in Ukraine since February. The world steel association worldsteel predicts that demand for finished steel will contract by 2.3% in 2022. Demand in China will drop by 4.0% as a result of further pandemic-driven lockdowns and the collapse of the real estate market. The state economic programs to stabilize the Chinese real estate market are unlikely to bring a sustained rise in demand this year. By contrast, the other Asian markets should grow. Following a significant rise of 21.3% in the previous year, the USA is expected to post a further upturn in demand in 2022. However, given inflation and interest rate rises, this could be much lower at 2.1%. By contrast, a drop of 4.1% is forecast for Turkey. In the EU, demand for finished steel picked up by 18.1% in 2021, following declines in the two previous years. Given the ongoing supply chain problems, the impact of the war in Ukraine and the general economic outlook, demand could fall by 3.5% in 2022. The development of the steel market in the current year is exposed to high risks such as rising inflation, the threat of recession in several economies, international conflicts and uncertainty about energy supply in some regions.

The EU market for premium flat carbon steel grew by 16.4% in 2021 following the pandemic-driven downturn in the previous year. At 86.2 million tons, demand for flat steel was only 3.5% below the last high registered in 2018. Demand was only below the comparable prior-year quarter in the first quarter of 2021. The European flat steel producers were only able to benefit from the subsequent positive trend in the second quarter of 2021, when they posted significant growth rates; however, the prior-year quarter was severely impacted by lockdowns. In the second half of 2021, deliveries only increased moderately. By contrast, there was high momentum in the import of flat steel from third countries. In October 2021, imports registered a new record of 3.5 million tons, which was well above the previous record. In 2021 as a whole, 20.5 million tons of flat steel products were imported into the EU. Their share of the EU market therefore rose from 19.8% in 2020 to 23.7%. The share of imports remained at this high level in the first half of 2022. No significant easing of the situation is expected in the remainder of this year, especially given the EU Commission's annual increase in the quota under its protectionist measures – this time from 3% to 4%. The measures include quotas for the import of steel products from certain third countries into the EU without paying the 25% customs duty. The aim is to protect the EU market from rising imports. Despite the high import pressure, steel producers are expected to post a slightly positive development this year, benefiting from higher momentum in the first quarter. During the year, the development was hampered by the increasing impact of the war in Ukraine, the ongoing supply chain problems and the deterioration of global industrial and economic prospects.

The upturn in demand in 2021 had a positive effect on the global development of spot prices in the flat steel market. Compared with the low of summer 2020, prices had almost tripled in northern Europe by summer 2021 while in the USA they almost quadrupled at their peak. Declining demand, especially from the automotive industry, and increased supply, mainly from imports, then led to a downward trend in market prices in the EU until the start of 2022. In response to concerns about shortages of raw materials and other inputs caused by the war in Ukraine, there was some panic buying, which rapidly filled warehouses along the supply chain. At the same time, prices rose by up to 50% within a few weeks. Both demand and prices fell back at the beginning of the 2nd quarter of 2022 due to high inventories and slower economic activity. Having hit a low point in November 2021, the price of iron ore picked up by around 60% in subsequent months, but then dropped back rapidly again and has settled at around USD100 per ton since July 2022. By contrast, the price of coking coal rose more than fivefold between March 2021 and March 2022. Although prices subsequently dropped, they are still significantly higher than in previous years.

Following the decline in 2022, a slight recovery of 1.0% in global demand for steel is expected in the coming year. This outlook entails a high level of uncertainty and depends, in particular, on the impact of tighter monetary policy in many countries. China is expected to stagnate at the prior-year level – assuming new economic measures and a widespread move away from lockdowns at the end of this year. In the EU, the negative trend will continue in 2023 with a decline of 1.3%. Germany alone will contribute a decline of 3.9%. Given high inflation and the energy crisis, there is an additional downside risk for the EU. In the USA, demand for finished steel is expected to rise by 1.6%.

# Summarized assessment by the Executive Board

## Major milestones in the transformation into a high-performing group of companies achieved – key performance indicators improved further

In the past fiscal year, thyssenkrupp significantly improved its key financial indicators despite the challenging market situation due, not least, to the war in Ukraine. It also achieved further major milestones in its transformation to a high-performing group of companies. For example, we signed an agreement to acquire the MV Werften site in Wismar, extending the strategic options of our marine business in the construction of submarines and surface vessels. At Automotive Technology we are exploring a possible joint venture with the Japanese industrial group NSK for the steering business. We want to play an active part in shaping the green transformation and made headway with this in the reporting period. In particular, approval in September 2022 of the investment for construction of our first direct reduction plant at the Duisburg site paved the way for the start of the green transformation at Steel Europe. Moreover, we are still convinced that placing the steel business on a stand-alone basis opens up very good future prospects and are continuing to work on this, even though the timing and exact mode of implementation have to remain open for the present due to the economic uncertainties. Placing thyssenkrupp nucera on the capital market remains our preferred option to benefit from the promising growth prospects as a global technology leader in the hydrogen electrolysis. Moreover, in the Multi Tracks segment further progress was made in focusing the portfolio: As well as the completed divestment of the infrastructure and stainless steel businesses, we completed with sale of Mining Technologies, with the closing of the transaction at the end of August 2022. The successful completion of these transactions had a positive effect on our net financial position and therefore strengthened the financial position of the thyssenkrupp group.

Further information on this and the strategic development can be found under “Strategy” in the section “Fundamental information about the group” and the segment sections in the report on the economic position.

Significant increase in adjusted EBIT

The global supply chain situation remained tense in the reporting period and was challenging both overall and especially for Industrial Components, Automotive Technology and Steel Europe as a result of the related delays in order offtake by customers, pandemic-related factory shutdowns in China and, above all, the sharp rise in factor costs, also due to the war in Ukraine. This weighed on the development of earnings. In some cases we managed to offset the sharp rise in material, energy and logistics costs by negotiating new prices. Overall though, adjusted EBIT was significantly lower than in the previous year at both Automotive Technology and Industrial Components. At Materials Services and Steel Europe by contrast, despite lower overall volumes the increase in material prices – especially in the 2nd quarter and at the start of the 3rd quarter – pushed up revenues and margins, resulting in a significant rise in earnings. We were also able to improve earnings at Multi Tracks and Marine Systems. Therefore, thyssenkrupp achieved a significant year-on-year increase in adjusted EBIT of around €1.3 billion. Restructuring effects and measures to enhance performance and efficiency also contributed to the positive development of adjusted EBIT. Due to this and the portfolio measures, the group’s headcount decreased by 4,781 in the fiscal year. The positive overall development of adjusted EBIT during the fiscal year was also reflected by the upward revision of our forecast after the first six months.

The group's net income was €1.2 billion, which was significantly higher than in the previous year (€(25) million). The operating improvement was countered by impairment losses which were due, among other factors, to the higher cost of capital due to the sharp rise in interest rates.

The group's free cash flow before M&A was €(476) million in the fiscal year, a significant improvement compared with the prior-year figure and within the last forecast range. The substantial improvement in earnings was countered by a higher increase in working capital than had been anticipated at the start of the fiscal year, mainly due to the sharp rise in the price of raw material and material prices. Moreover, delays in customer call-offs in the automotive industry as a result of bottlenecks in their supply chains had a negative impact on the free cash flow before M&A. Other influences were the cash outflows for restructuring, the fact that investment exceeded depreciation and amortization, and some negative payment profiles, especially as a result of delays in project business (mainly at Multi Tracks). Although FCF before M&A was strongly positive in the 4th quarter as expected, it was not able to compensate for this. Over the full year, FCF before M&A was therefore negative.

Net financial assets were slightly above the prior-year level at €3.7 billion as a benefit of positive effects from the successful completion of the transactions in the Multi Tracks segment.

With cash and cash equivalents and undrawn committed credit lines totaling €9.2 billion (September 30, 2022), thyssenkrupp had a very good liquidity position on the reporting date.

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, 2021 | Year ended Sept. 30, 2022 | Change | in % | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Change | in % |
| Order intake | million € | 39,571 | 44,297 | 4,727 | 12 | 39,571 | 44,297 | 4,727 | 12 |
| Sales | million € | 34,015 | 41,140 | 7,124 | 21 | 34,015 | 41,140 | 7,124 | 21 |
| EBITDA | million € | 1,416 | 3,248 | 1,833 | ++ | 1,422 | 3,240 | 1,818 | ++ |
| EBIT[2] | million € | 451 | 1,827 | 1,376 | ++ | 457 | 1,819 | 1,362 | ++ |
| EBIT margin | % | 1.3 | 4.4 | 3.1 | ++ | 1.3 | 4.4 | 3.1 | ++ |
| Adjusted EBIT[2] | million € | 796 | 2,062 | 1,266 | ++ | 796 | 2,062 | 1,266 | ++ |
| Adjusted EBIT margin | % | 2.3 | 5.0 | 2.7 | ++ | 2.3 | 5.0 | 2.7 | ++ |
| Income/(loss) before tax | million € | 95 | 1,396 | 1,301 | ++ | 101 | 1,387 | 1,286 | ++ |
| Net income/(loss) or earnings after tax | million € | (25) | 1,220 | 1,245 | ++ | (19) | 1,212 | 1,231 | ++ |
| attributable to thyssenkrupp AG's shareholders | million € | (115) | 1,136 | 1,250 | ++ | (109) | 1,127 | 1,236 | ++ |
| Earnings per share (EPS) | € | (0.18) | 1.82 | 2.01 | ++ | (0.17) | 1.81 | 1.99 | ++ |
| Operating cash flows | million € | 92 | 617 | 525 | ++ | 94 | 618 | 523 | ++ |
| Cash flow for investments | million € | (1,485) | (1,304) | 181 | 12 | (1,485) | (1,304) | 181 | 12 |
| Cash flow from divestments | million € | 975 | 1,027 | 52 | 5 | 975 | 1,027 | 52 | 5 |
| Free cash flow[3] | million € | (418) | 340 | 759 | ++ | (416) | 341 | 756 | ++ |
| Free cash flow before M&A[3] | million € | (1,273) | (476) | 797 | 63 | (1,273) | (476) | 797 | 63 |
| Net financial assets (Sept. 30) | million € | (3,586) | (3,667) | (82) | (2) | | | | |
| Total equity (Sept. 30) | million € | 10,845 | 14,742 | 3,897 | 36 | | | | |
| Gearing (Sept. 30) | % | –[4] | –[4] | — | — | | | | |
| ROCE | % | 3.4 | 11.3 | 7.9 | ++ | | | | |
| thyssenkrupp Value Added | million € | (622) | 529 | 1,151 | ++ | | | | |
| Dividend per share | € | — | 0.15[5] | — | — | | | | |
| Dividend payout | million € | — | 93[5] | — | — | | | | |
| Employees (Sept. 30) | | 101,275 | 96,494 | (4,781) | (5) | | | | |

[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 assets, the significance of the gearing key ratio is of no relevance.
[5] Proposal to the Annual General Meeting

## THYSSENKRUPP IN FIGURES

| | | Full group | | | | Group – continuing operations[1] | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 4th quarter ended Sept. 30, 2021 | 4th quarter ended Sept. 30, 2022 | Change | in % | 4th quarter ended Sept. 30, 2021 | 4th quarter ended Sept. 30, 2022 | Change | in % |
| Order intake | million € | 14,311 | 10,391 | (3,919) | (27) | 14,311 | 10,391 | (3,919) | (27) |
| Sales | million € | 9,441 | 10,568 | 1,128 | 12 | 9,441 | 10,568 | 1,128 | 12 |
| EBITDA | million € | 410 | 715 | 305 | 75 | 398 | 715 | 317 | 79 |
| EBIT[2] | million € | 167 | 432 | 264 | ++ | 156 | 432 | 276 | ++ |
| EBIT margin | % | 1.8 | 4.1 | 2.3 | ++ | 1.7 | 4.1 | 2.4 | ++ |
| Adjusted EBIT[2] | million € | 232 | 161 | (72) | (31) | 232 | 161 | (72) | (31) |
| Adjusted EBIT margin | % | 2.5 | 1.5 | (0.9) | (38) | 2.5 | 1.5 | (0.9) | (38) |
| Income/(loss) before tax | million € | 89 | 294 | 204 | ++ | 78 | 294 | 216 | ++ |
| Net income/(loss) or earnings after tax | million € | 143 | 419 | 276 | ++ | 132 | 419 | 288 | ++ |
| attributable to thyssenkrupp AG's shareholders | million € | 116 | 389 | 273 | ++ | 105 | 389 | 284 | ++ |
| Earnings per share (EPS) | € | 0.19 | 0.63 | 0.44 | ++ | 0.17 | 0.63 | 0.46 | ++ |
| Operating cash flows | million € | 314 | 1,884 | 1,570 | ++ | 314 | 1,884 | 1,570 | ++ |
| Cash flow for investments | million € | (624) | (502) | 122 | 20 | (624) | (502) | 122 | 20 |
| Cash flow from divestments | million € | 2 | 434 | 432 | ++ | 2 | 434 | 432 | ++ |
| Free cash flow[3] | million € | (308) | 1,816 | 2,124 | ++ | (308) | 1,816 | 2,124 | ++ |
| Free cash flow before M&A[3] | million € | (321) | 1,565 | 1,886 | ++ | (321) | 1,565 | 1,886 | ++ |
| Net financial assets (Sept. 30) | million € | (3,586) | (3,667) | (82) | (2) | | | | |
| Total equity (Sept. 30) | million € | 10,845 | 14,742 | 3,897 | 36 | | | | |
| Gearing (Sept. 30) | % | –[4] | –[4] | — | — | | | | |
| Employees (Sept. 30) | | 101,275 | 96,494 | (4,781) | (5) | | | | |

[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 assets, the significance of the gearing key ratio is of no relevance.

# Forecast-actual comparison

Target for adjusted EBIT significantly exceeded; FCF before M&A below the initial expectations

We significantly exceeded the forecast for adjusted EBIT that we framed at the start of the fiscal year. Due to the significant price-driven earnings rises at Materials Services and Steel Europe, thyssenkrupp increased its original guidance when it published its interim report on the 1st half of the fiscal year: Taking into account the transactions closed during the fiscal year, we forecast adjusted EBIT of at least €2.0 billion for fiscal year 2021 / 2022. We retained our overall expectation when we published the 9-month report for the group and ultimately achieved it with adjusted EBIT of €2.1 billion.

When we published our 9-month report, we revised the target set at the beginning of the year for the group's net income to the high three-digit million euro range and ultimately exceeded this with net income of €1.2 billion. The improvement in earnings and a reversal of impairment losses on deferred taxes in the 4th quarter were partly offset by impairment losses in connection with, among other factors, the higher cost of capital due to the sharp rise in interest rates.

The target set at the beginning of the fiscal year for free cash flow before M&A was suspended in an ad-hoc statement on March 16, 2022. While this indicator developed in line with expectations in the 1st quarter and at the beginning of the 2nd quarter, the outbreak of war in Ukraine and the resultant economic disruption led to considerable uncertainty, especially in view of rising raw material prices and the associated significantly negative impact on the funds tied up in net working capital. Taking into account the strong improvement in earnings, although we forecast a significant improvement in free cash flow before M&A at the end of the first half, we nevertheless expected it to be negative in the mid-triple-digit million euro range. This took into consideration, for example, of the sharp price-driven increase in net working capital. With the clearly positive free cash flow before M&A in the 4th quarter, the indicator for the full year was within the most recently forecast range at €(476) million.

thyssenkrupp Value Added (tkVA) developed within the forecast range in the reporting period: it was clearly positive and above the prior-year level. More information on the factors that influenced the development of earnings is contained in the sections "Group review" and "Segment review."

The following table 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 – taking into account the transactions closed during the fiscal year – and the actual results in 2021 / 2022.

## FORECAST AND ACTUAL RESULTS FOR FISCAL YEAR 2021 / 2022[1)]

| | Forecast in annual report 2020 / 2021 | Update in interim report 1st quarter 2021 / 2022 | Update in interim report 1st half 2021 / 2022 | Update in interim report 9 months 2021 / 2022 | Actual results in fiscal year 2021 / 2022 |
|---|---|---|---|---|---|
| **Sales (group)** | **Growth in the mid single-digit percentage range** | | **Growth in the low two-digit percentage range** | | **+21%; on comparable basis: +23%** |
| Materials Services | – | | | | +34%; on comparable basis: +30% |
| Industrial Components | Slightly lower | On a level with the prior year | | Increase | +10%; on comparable basis: +5% |
| Automotive Technology | Stable | | Largely stable | | +7%; on comparable basis: +2% |
| Steel Europe | – | | | | +47%; on comparable basis: +46% |
| Marine Systems | Slight improvement in sales | | | Slight decrease in sales | -9%; on comparable basis: -10% |
| Multi Tracks | Slight improvement in sales overall | Significant decline in sales | | | -27%; on comparable basis: +1% |
| **Adjusted EBIT (group)** | **Significant improvement to a figure between €1.5 and €1.8 billion** | | **Significant improvement to a figure of at least €2.0 billion** | | **Year-on-year improvement of €1,266 million to €2,062 million** |
| Materials Services | In the low three-digit million euro range | In a low to mid three-digit million euro range | Up to €1.0 billion | | Improvement of €250 million to €837 million |
| Industrial Components | Decline to a figure in the low three-digit million euro range | | | | Decline of €88 million to €234 million |
| Automotive Technology | Roughly unchanged year-on-year | Significantly below the prior year | | | Decline of €156 million to €108 million |
| Steel Europe | Significant increase of at least €1 billion | | | | Improvement of €1,084 million to €1,200 million |
| Marine Systems | Slightly higher adjusted EBIT | | | | Improvement of €6 million to €32 million |
| Multi Tracks | Significant improvement | | | Improvement | Improvement of €125 million to €(173) million |
| Corporate Headquarters | On a level with the prior year | | Slightly above the prior-year level | Above the prior year's level | Improvement of €40 million to €(154) million |
| **Net income (group)** | **Net income of at least €1 billion** | | | **Net income in the high three-digit million euro range** | **Increase of €1,245 million to €1,220 million** |
| **Capital spending (group)** | **Expected to be at the same level as a year earlier** | | **Expected to be down considerably year-on-year** | | **Decline of €158 million to €1,472 million** |
| **FCF before M&A (group)** | **Significant increase to around break-even** | | **Significant improvement to a negative figure in the mid three-digit million euro range** | | **Increase of €797 million to €(476) million** |
| **tkVA (group)** | **Higher than a year ago and significantly positive** | | | | **Improvement of €1,151 million to €529 million** |

1) See preliminary remarks.

# Group review

## Course of business

**Significant improvement in key financials thanks to strong price rises, supported by the effect of measures to enhance performance and efficiency**

### ORDER INTAKE

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Change in % | Change on a comparable basis[1] in % | 4th quarter ended Sept. 30, 2021 | 4th quarter ended Sept. 30, 2022 | Change in % | Change on a comparable basis[1] in % |
|---|---|---|---|---|---|---|---|---|
| Materials Services | 12,710 | 16,021 | 26 | 23 | 3,519 | 3,671 | 4 | (1) |
| Industrial Components | 2,556 | 2,792 | 9 | 4 | 633 | 764 | 21 | 13 |
| Automotive Technology | 4,506 | 4,866 | 8 | 3 | 1,090 | 1,468 | 35 | 26 |
| Steel Europe | 9,283 | 11,811 | 27 | 26 | 1,951 | 2,844 | 46 | 44 |
| Marine Systems | 6,662 | 4,232 | (36) | (37) | 5,846 | 320 | (95) | (95) |
| Multi Tracks[2] | 5,883 | 6,499 | 10 | 44 | 1,610 | 1,724 | 7 | 56 |
| Corporate Headquarters | 5 | 4 | (16) | (16) | 1 | (1) | -- | -- |
| Reconciliation | (2,035) | (1,927) | 5 | — | (338) | (400) | (18) | — |
| **Group continuing operations[2]** | **39,571** | **44,297** | **12** | **15** | **14,311** | **10,391** | **(27)** | **(25)** |
| Discontinued elevator operations[2] | 0 | 0 | — | — | 0 | 0 | — | — |
| **Full group** | **39,571** | **44,297** | **12** | **15** | **14,311** | **10,391** | **(27)** | **(25)** |

[1] Excluding material currency and portfolio effects.
[2] See preliminary remarks.

### Steep overall increase in order intake

Order intake increased significantly, especially at Materials Services and Steel Europe, due to higher material prices

In Materials Services, order intake in 2021 / 2022 was significantly higher than in the previous year. The segment benefited from the rise in material prices in all product groups, especially in the 2nd quarter and at the start of the 3rd quarter. Order intake at Industrial Components was higher than in the previous year with a significant increase at Forged Technologies offsetting a downward trend in Bearings. Support came from price adjustments to reflect the higher factor costs and positive currency effects. Automotive Technology was also able to increase order intake year-on-year in a challenging market environment; the main contribution came from the Steering unit and project business in the Automotive Body Solutions unit. Steel Europe posted a significant increase in the value of its order intake. While this segment also benefited from higher material prices, volumes developed negatively, mainly as a result of declining demand. At Marine Systems, order intake was lower than in the previous year, which was dominated principally by a major order awarded by Germany/Norway. In the reporting period, it received, among other things, a further major order in the submarine business and important add-on orders for surface vessels. Order intake in the Multi Tracks segment was higher than in the previous year, mainly due to higher demand for plant engineering and at thyssenkrupp nucera, Automation Engineering and Springs & Stabilizers. Disposal of the stainless steel and infrastructure businesses and the shutdown of Heavy Plate had a dampening effect on the development of order intake.

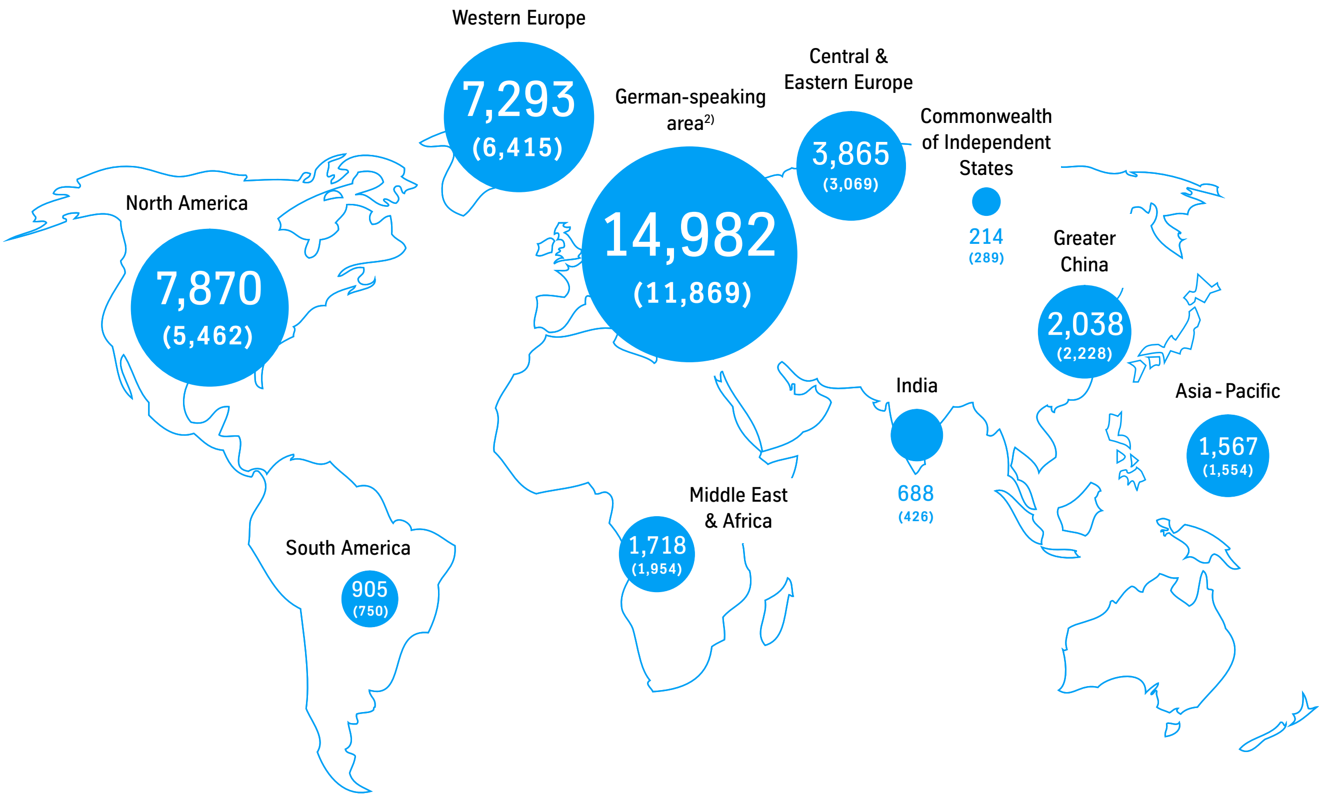
## SALES

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Change in % | Change on a comparable basis[1] in % | 4th quarter ended Sept. 30, 2021 | 4th quarter ended Sept. 30, 2022 | Change in % | Change on a comparable basis[1] in % |
|---|---|---|---|---|---|---|---|---|
| Materials Services | 12,315 | 16,444 | 34 | 30 | 3,770 | 3,916 | 4 | (1) |
| Industrial Components | 2,512 | 2,766 | 10 | 5 | 635 | 754 | 19 | 10 |
| Automotive Technology | 4,522 | 4,825 | 7 | 2 | 1,063 | 1,369 | 29 | 20 |
| Steel Europe | 8,932 | 13,156 | 47 | 46 | 2,361 | 3,538 | 50 | 48 |
| Marine Systems | 2,022 | 1,831 | (9) | (10) | 572 | 567 | (1) | (3) |
| Multi Tracks[2] | 5,651 | 4,101 | (27) | 1 | 1,608 | 839 | (48) | (7) |
| Corporate Headquarters | 13 | 6 | (53) | (53) | 2 | 1 | (9) | (10) |
| Reconciliation | (1,953) | (1,990) | (2) | — | (571) | (416) | 27 | — |
| **Group continuing operations[2]** | **34,015** | **41,140** | **21** | **23** | **9,441** | **10,568** | **12** | **15** |
| Discontinued elevator operations[2] | 0 | 0 | — | — | 0 | 0 | — | — |
| **Full group** | **34,015** | **41,140** | **21** | **23** | **9,441** | **10,568** | **12** | **15** |

[1] Excluding material currency and portfolio effects.
[2] See preliminary remarks.

## SALES BY REGION[1]

in million € (prior-year figures in brackets)




[1] Sales continuing operations
[2] Germany, Austria, Switzerland, Liechtenstein

## SALES BY CUSTOMER GROUP 2021/2022[1)]
in %


1) Sales continuing operations

### Strong sales growth overall

At Materials Services sales were also significantly above the prior-year level due to the sharp price hikes. However, the shortage of materials and weaker demand, especially towards the end of the fiscal year, led to a decline in volumes. At Industrial Components, sales mirrored order intake and were higher than in the previous year. In the bearings business sales were lower than in the reference period due to the significant drop in sales in the wind energy area in the China region. In the forgings business, sales were considerably higher than in the previous year – analogously to order intake. Automotive Technology was also able to increase sales slightly despite the tough market conditions (including pandemic-related lockdowns and the restricted availability of electronic starting products). Here too, support came from price adjustments and positive currency effects. Sales at Steel Europe were higher than in the prior year, mainly because of positive revenue development accompanied by declining volumes. The decline in sales at Marine Systems resulted mainly from the relative reduction in the number of units completed and billed. At Multi Tracks, disposal of the stainless steel and infrastructure businesses and the closure of Heavy Plate resulted in significantly lower sales than in the previous year. Sales in the plant engineering business were well below the prior-year level and this could not be compensated by higher sales in the other businesses.

The regional breakdown of the group's sales was largely stable. The most important sales market with a slightly higher share of around 36% of sales was once again the German-speaking region (Germany, Austria, Switzerland and Liechtenstein). It was followed by sales generated with North America, which increased slightly to 19%, and business with customers in Western Europe, which slipped slightly to 18%. Greater China's share of sales was slightly lower at around 5%.

Although its share of sales slipped slightly to 28%, the automotive industry remained the most important customer group; it is particularly important for our automotive components and steel businesses. It was followed by steel and related processes, which slightly increased their share of sales. The share of sales attributable to trading also increased slightly year-on-year, while machinery and plant engineering accounted for a slightly lower share.

### Adjusted EBIT improved considerably year-on-year

#### ADJUSTED EBIT

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Change in % | 4th quarter ended Sept. 30, 2021 | 4th quarter ended Sept. 30, 2022 | Change in % |
|---|---|---|---|---|---|---|
| Materials Services | 587 | 837 | 43 | 225 | (104) | -- |
| Industrial Components | 322 | 234 | (27) | 56 | 64 | 15 |
| Automotive Technology | 264 | 108 | (59) | 30 | 61 | ++ |
| Steel Europe | 116 | 1,200 | ++ | 29 | 221 | ++ |
| Marine Systems | 26 | 32 | 23 | 27 | 20 | (28) |
| Multi Tracks[1] | (298) | (173) | 42 | (63) | (77) | (22) |
| Corporate Headquarters | (194) | (154) | 20 | (47) | (36) | 25 |
| Reconciliation | (26) | (22) | 17 | (23) | 12 | ++ |
| **Group continuing operations[1]** | **796** | **2,062** | **++** | **232** | **161** | **(31)** |
| Discontinued elevator operations[1] | 0 | 0 | — | 0 | 0 | — |
| **Full group** | **796** | **2,062** | **++** | **232** | **161** | **(31)** |

[1] See preliminary remarks.

In Materials Services and Steel Europe, adjusted EBIT was significantly higher than in the previous year

The development of Materials Services and Steel Europe was mainly responsible for the significant year-on-year increase in earnings in the reporting period. This was boosted by the measures to enhance performance and efficiency. Materials Services benefited from the price rises and high margins. Moreover, important progress was made with the strategic transformation (including further optimization of networks). Overall, there was a significant reduction in earnings at Industrial Components. The main downside effects in the bearings business, apart from the sharp rise in factor costs, were the temporary dip in demand from the wind energy sector in China and the product and regional structure of volume sales. In the forgings business, adjusted EBIT was around the prior-year level, supported in particular by retrospective price adjustments to recoup higher factor costs. Measures introduced in both business units to reduce costs also had a positive effect on earnings. At Automotive Technology, the development of earnings in the reporting year was held back by the sharp rise in factor costs and volatile customer demand and capacity utilization resulting from ongoing disruption of transportation and supply chains. This was partially offset by negotiating new prices and a positive one-time effect from the remeasurement of certain pension commitments. At Steel Europe, the steep year-on-year rise in spot market prices was increasingly reflected in new long-term contracts concluded during the fiscal year; this led to a significant rise in earnings. Furthermore, restructuring measures had a slightly positive impact on adjusted EBIT. The marine business also developed positively: legacy orders were successfully completed or stabilized and overheads were reduced further. Multi Tracks also reported a significant reduction in negative adjusted EBIT, with a positive trend in the majority of businesses.

At Corporate Headquarters, adjusted EBIT improved significantly year-on-year to €(154) million due, among other things, to lower administrative expenses and price-driven adjustments to provisions for share-based compensation.

### Earnings impacted by special items

EBIT was impacted by special items totaling €235 million in the reporting year.

EBIT impacted by special items

## SPECIAL ITEMS

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Change | 4th quarter ended Sept. 30, 2021 | 4th quarter ended Sept. 30, 2022 | Change |
|---|---|---|---|---|---|---|
| Materials Services | (7) | (133) | (126) | 42 | (131) | (173) |
| Industrial Components | 24 | (17) | (41) | 5 | (9) | (14) |
| Automotive Technology | 30 | 56 | 26 | 41 | 26 | (15) |
| Steel Europe | 175 | 313 | 138 | 4 | (62) | (67) |
| Marine Systems | 1 | 8 | 6 | 2 | (1) | (2) |
| Multi Tracks[1] | 89 | (29) | (119) | (30) | (105) | (75) |
| Corporate Headquarters | 43 | 38 | (5) | 28 | 8 | (19) |
| Reconciliation | (17) | 8 | 25 | (15) | 3 | 18 |
| **Group continuing operations[1]** | **340** | **244** | **(96)** | **76** | **(271)** | **(347)** |
| Discontinued elevator operations[1] | 6 | (9) | (15) | (11) | 0 | 11 |
| **Full group** | **346** | **235** | **(111)** | **65** | **(271)** | **(336)** |

[1] See preliminary remarks.

Positive special items at Materials Services were due to income from the sale of real estate and income and expenses in connection with restructuring. In the Industrial Components segment positive special items were recorded in particular for Forged Technologies, partly as a result of the sale of land and the receipt of a compensation payment in connection with the shutdown of a production site. The main special items at Steel Europe and Automotive Technology were impairment losses on assets, partly due to the higher cost of capital. Special items in the Marine Systems segment related principally to an impairment loss on the carrying amount of an investment in a joint venture. Material special items at Multi Tracks related to income from the deconsolidation of the mining business. There were also expenses in connection with weather-related damage at a Springs & Stabilizers site, negative deconsolidation effects for the stainless steel and infrastructure businesses and consulting costs in connection with a possible IPO of thyssenkrupp nucera. In Corporate Headquarters, they primarily related to project expenses for advisory services in connection with M&A transactions.

### thyssenkrupp Value Added (tkVA) significantly higher than in the prior year

The group's tkVA was significantly higher in the reporting period than in the prior year. The highest value-added contributions came from Materials Services and Steel Europe due to a strong rise in earnings. As a consequence of the price-driven increase in net working capital, in both segments average capital employed was significantly higher than a year earlier. The value added by Industrial Components and Automotive Technology decreased year-on-year. Besides the significant reduction in earnings contributions, which was due, among other things, to the sharp hike in factor costs, both segments registered a year-on-year increase in capital employed. At Marine Systems, EBIT came in at the prior-year level and capital employed was lower. Consequently, value-added increased. The tkVA of Multi Tracks also improved due to the positive earnings performance and lower capital employed. Therefore, the group's ROCE was significantly higher than in the prior year at 11.3%.

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

## THYSSENKRUPP VALUE ADDED (TKVA)

| | Year ended Sept. 30, 2021 | | | | | Year ended Sept. 30, 2022 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | EBIT[1] (million €) | Capital employed (million €) | ROCE (%) | WACC (%) | tkVA (million €) | EBIT[1] (million €) | Capital employed (million €) | ROCE (%) | WACC (%) | tkVA (million €) | Change tkVA (million €) |
| **Full group** | **451** | **13,410** | **3.4** | **8.0** | **(622)** | **1,827** | **16,224** | **11.3** | **8.0** | **529** | **1,151** |
| Thereof: | | | | | | | | | | | |
| Materials Services | 594 | 2,587 | 23.0 | 8.0 | 387 | 970 | 3,921 | 24.7 | 8.0 | 657 | 269 |
| Industrial Components | 297 | 1,376 | 21.6 | 8.5 | 180 | 250 | 1,626 | 15.4 | 8.5 | 112 | (69) |
| Automotive Technology | 234 | 2,421 | 9.7 | 8.5 | 28 | 53 | 2,603 | 2.0 | 8.5 | (169) | (197) |
| Steel Europe | (59) | 4,062 | (1.5) | 8.5 | (404) | 887 | 5,636 | 15.7 | 8.5 | 408 | 813 |
| Marine Systems | 24 | 1,686 | 1.4 | 8.0 | (111) | 24 | 1,218 | 2.0 | 8.0 | (73) | 37 |
| Multi Tracks[2] | (387) | 830 | (46.7) | 8.0 | (454) | (143) | 650 | (22.1) | 8.0 | (195) | 258 |

[1] See reconciliation in segment reporting (Note 24).
[2] See preliminary remarks.

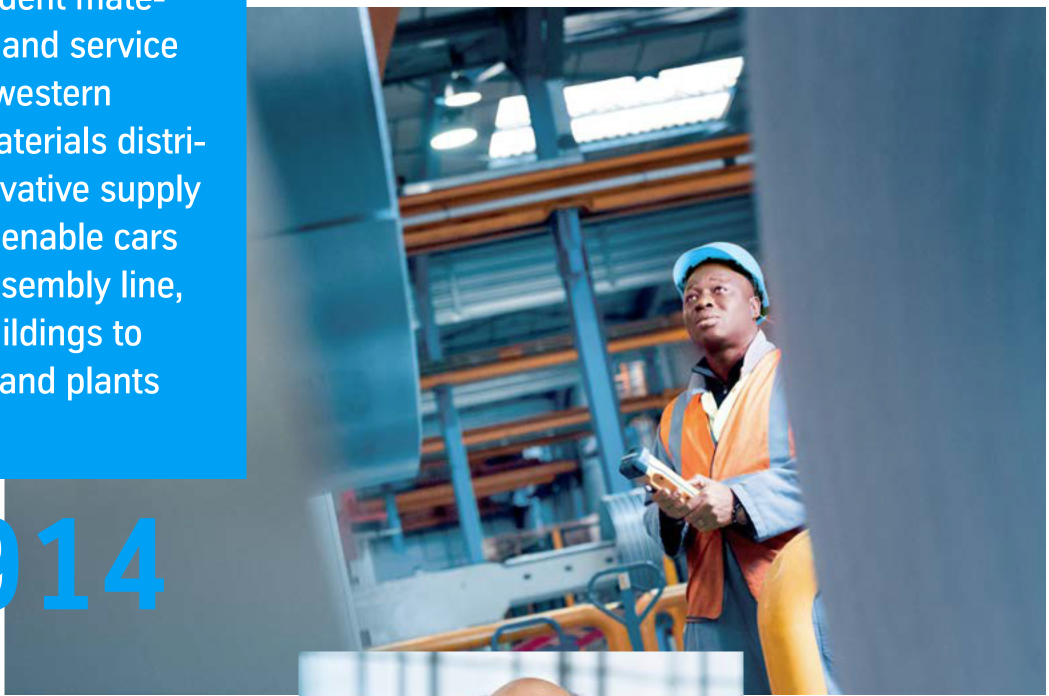
More information on the importance of tkVA, ROCE and EBIT for the management of the group is contained in the section "Fundamental information about the group," subsection "Management of the group."

# Segment review

## Materials Services

**Materials Services is the largest independent materials distributor and service provider in the western world. Smart materials distribution and innovative supply chain solutions enable cars to roll off the assembly line, planes to fly, buildings to be constructed and plants erected.**

Materials Services: active for our customers in around 30 countries at 380 sites worldwide



**15,914**
employees worldwide

Climate-neutral worldwide from 2030 – in El Puig as early as 2023

**€16.4 bn**
sales

“We want to be a pioneer in our industry when it comes to sustainability. Our work has an impact on the climate, our products, services, our employees and society as a whole.”

**Martin Stillger, Chief Executive Officer of thyssenkrupp Materials Services**

## MATERIALS SERVICES IN FIGURES

| | | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Change in % | 4th quarter ended Sept. 30, 2021 | 4th quarter ended Sept. 30, 2022 | Change in % |
|---|---|---|---|---|---|---|---|
| Order intake | million € | 12,710 | 16,021 | 26 | 3,519 | 3,671 | 4 |
| Sales | million € | 12,315 | 16,444 | 34 | 3,770 | 3,916 | 4 |
| EBITDA | million € | 758 | 1,102 | 46 | 244 | 62 | (75) |
| EBIT | million € | 594 | 970 | 63 | 183 | 27 | (85) |
| Adjusted EBIT | million € | 587 | 837 | 43 | 225 | (104) | -- |
| Adjusted EBIT margin | % | 4.8 | 5.1 | — | 6.0 | (2.7) | — |
| Investments | million € | 97 | 101 | 4 | 41 | 52 | 27 |
| Employees (Sept. 30) | | 15,296 | 15,914 | 4 | 15,296 | 15,914 | 4 |

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). Our portfolio ranges from high-quality materials and raw materials to technical services and intelligent processes for automation, extended supply chains, warehousing and inventory management.

Based on our “Materials as a Service” strategy, we want to continue to develop our position in both smart materials distribution and the integrated supply chain business. This is clearly reflected in our mission statement “Connecting smarter.” Regionally, we are concentrating on our core markets: North America and Europe. To create resilient supply chains, we work continuously to ensure a delivery performance based on trustful, long-term partnership with our suppliers and our multi-sourcing approach. At the same time, we strive to lead the sector in sustainability; here, one of our goals is to be climate-neutral from 2030. The digital transformation of our internal processes and supply chains plays an important part in this.

Our primary and overriding goal is to reinforce and further extend our leading market positions in Europe and North America. In both regions we want to grow faster than the market. Our medium-term planning still envisages warehouse shipments of more than six million tons a year worldwide, an adjusted EBIT margin of 2% to 3% and a ROCE of more than 9%. The cash conversion rate is expected to be approximately 0.8 on a multi-year average.

In the past fiscal year, the main emphasis of our activities was on continuing to sharpen the focus of our network of locations and on profitable growth in North America. We therefore closed a total of 13 warehouse sites and drove forward our major investment projects at sites in the USA and Mexico. In addition, the agenda at Materials Services included further development of digital and sustainable products and services. The focus here is on a systematic innovation process. Within this framework, small-scale financing was provided for seven projects in the reporting period.

### Order intake and sales: price-driven well above the prior year

Order intake and sales increased significantly in the reporting period. This was mainly due to the significant rise in the price of materials across all product groups, especially in the 2nd quarter and at the start of the 3rd quarter. 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. The picture was also positive in all regions, with the North American service centers posting particularly high growth. In view of the material shortages at the start of the fiscal year and the drop in demand at the end of the year, quantities sold did not move in parallel with sales. In total, Materials Services sold 8.7 million tons of materials and raw materials in the reporting period, 4.5% less than in the prior year.

Supply bottlenecks and increasing demand caused prices to soar

### Adjusted EBIT: exceptionally positive development

There was a strong rise in adjusted EBIT in the Materials Services segment over the year. Until the 3rd quarter, this segment benefited from the good market situation, with rising prices and high margins, but posted a loss at the end of the 4th quarter due to the absence of these positive market effects and the negative impact of the inventory valuation. We made significant progress in the strategic transformation, for instance, through further optimization of networks. For example, thyssenkrupp Materials Vietnam was closed, largely completing the focusing of the distribution business on Europe and North America. Moreover, further restructuring measures were carried out in the fiscal year. As part of the transformation within the framework of the “Materials as a Service” strategic approach, we developed our supply chain coordination solution to market maturity. Other projects – for example, a new online marketplace and a requirements forecasting tool – were at the design phase in the reporting period.

### Special items

The special items in the past fiscal year were mainly positive – especially income from the sale of real estate in Düsseldorf. Other special items comprised income and expenses in connection with restructuring.

### Investments

In line with the segment targets, in the reporting period high investments were channeled to North American growth projects, including land, buildings and machinery for major projects in the USA and Mexico. On the European market, Materials Services increased its interest in thyssenkrupp Materials Poland by 4% and opened a new site for thyssenkrupp Plastics Germany. 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 distribution architecture.

## Industrial Components – Bearings

“Our products and services enable sectors around the globe to tread new paths and accomplish the transition to a sustainable future.”

**Winfried Schulte,
CEO thyssenkrupp rothe erde**

**6,211**

employees worldwide

System solutions from thyssenkrupp rothe erde have a mission-critical role in the machinery where they are used, such as in wind energy installations, and are indispensable for ensuring smooth operation.

rothe erde® bearings are individually designed and manufactured for the customer.

thyssenkrupp rothe erde is the leading global manufacturer of bearings, specializing in the production of rolling-element bearings and seamless rolled rings.

**€1.2 bn**

sales

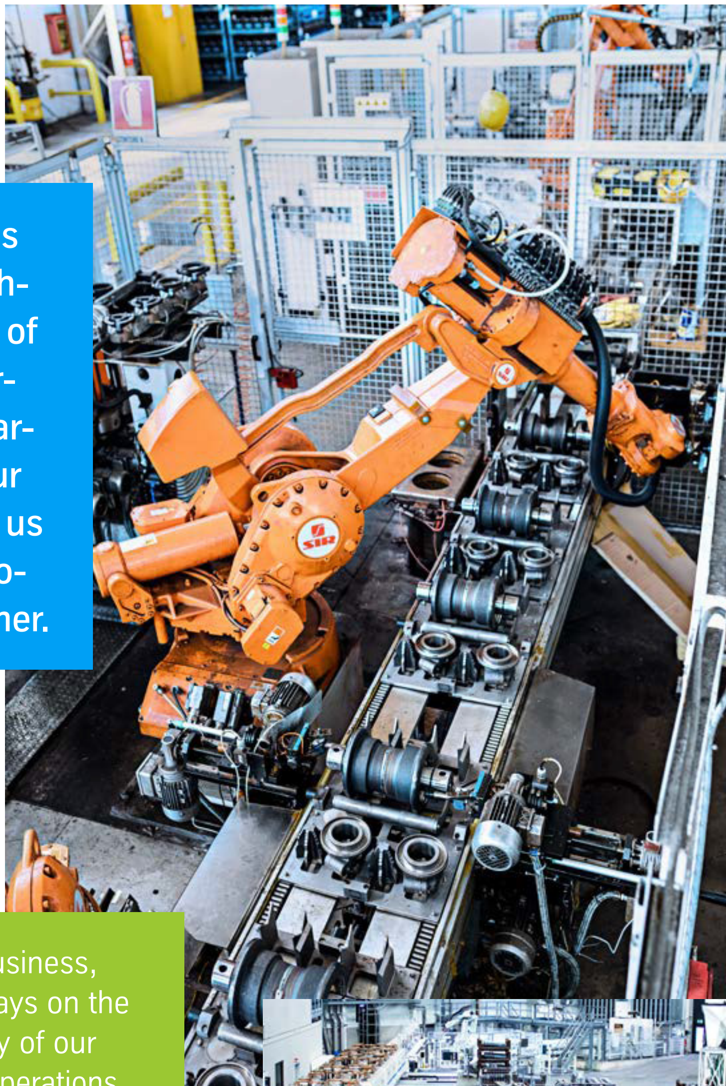
## Industrial Components – Forged Technologies

# €1.6 bn

Sales

A specialist in the forgings business with a global presence, Forged Technologies is a leading manufacturer of components for engines and undercarriages, as well as Berco undercarriage components and systems. Our global production network enables us to satisfy individual requirements locally and in proximity to the customer.

Highly automated manufacture of Berco undercarriage components



# 5,808

employees worldwide

"As a forgings business, the focus is always on the energy efficiency of our manufacturing operations. We are always seeking to improve this by means of targeted investments in our production facilities."

**Patrick Buchmann,**
**CEO Forged Technologies**

New plant concept of induction furnace supplemented by holding furnaces helps boost energy efficiency.

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

## INDUSTRIAL COMPONENTS IN FIGURES

| | | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Change in % | 4th quarter ended Sept. 30, 2021 | 4th quarter ended Sept. 30, 2022 | Change in % |
|---|---|---|---|---|---|---|---|
| Order intake | million € | 2,556 | 2,792 | 9 | 633 | 764 | 21 |
| Sales | million € | 2,512 | 2,766 | 10 | 635 | 754 | 19 |
| EBITDA | million € | 400 | 363 | (9) | 79 | 105 | 33 |
| EBIT | million € | 297 | 250 | (16) | 50 | 73 | 44 |
| Adjusted EBIT | million € | 322 | 234 | (27) | 56 | 64 | 15 |
| Adjusted EBIT margin | % | 12.8 | 8.4 | — | 8.8 | 8.5 | — |
| Investments | million € | 225 | 151 | (33) | 92 | 60 | (36) |
| Employees (Sept. 30) | | 12,812 | 12,019 | (6) | 12,812 | 12,019 | (6) |

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

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 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 plays a major part in our reputation for quality and technology leadership. We are present with manufacturing sites in many important regions of the world and 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. Our medium-term goal is average sales growth of at least 5% a year. To increase our performance, we intend to continually implement measures to cut costs and improve efficiency. This is accompanied by a long-term investment strategy aimed at profiting from ongoing market growth in the wind energy industry. We are making good progress with the implementation of HR measures to boost efficiency. In the past fiscal year, we successfully completed two restructuring projects in Germany and made personnel adjustments at other sites, especially in China. We want to further improve our competitiveness and defend our market leadership; therefore, further structural adjustments are in preparation or already being implemented.

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 clear focus on continuous improvement of our performance. Our medium-term goal 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 further establishing our new brand “Berco Service Line,” new products and strengthening our network of distribution partners in new regions, we are working to build a professional e-commerce offering and thus optimize our value chain. We want to add chassis components to our product portfolio in order to meet the shift in market demand for engine components towards a higher share of electric motors. The main focus in the past fiscal year continued to be enhancing our personnel efficiency, improving energy efficiency and optimizing our production and logistics processes. Another key focus was the successful implementation of our investment plans geared to the transformation of the business unit. At the beginning of the fiscal year, we delivered the first samples of truck chassis components to our customers; serial production started in October 2022.

### Order intake and sales: decline at Bearings and a significant increase at Forged Technologies

Positive order trend at Forged Technologies offset decline at Bearings

The order intake in the reporting year was higher than in the prior year. Order intake at Bearings declined overall, despite a slight upward trend in the 2nd half of the year. Compared with the previous year, which was dominated by pull-forward effects, significant declines were registered in orders for wind energy applications, especially in the China region. The order situation for general engineering (especially medical technology and aerospace components) posted a far more positive development. In the construction machinery, exploration and crane engineering sectors, order volume was in line with or slightly above the prior-year level. Overall, order intake at Forged Technologies was considerably higher than in the prior year, supported partly by price adjustments to reflect higher factor costs (especially material, energy and freight costs) and positive US dollar exchange rate effects. Growth came mainly from the industrial business. Orders for powertrain components for trucks also remained high. By contrast, there was a slight downward trend in the passenger car sector, above all in Europe. The main reasons for this were the semiconductor problem, supply chain disruption and the impact of the war in Ukraine. In the application area of undercarriages for construction machinery, demand remained high in all relevant regions, supported to a small extent by expansion of our product offering and access to new markets and business areas.

Sales performance in the reporting period was in line with order intake. Bearings reported significantly lower sales than in the prior year; sales for wind energy applications dropped considerably as predicted, especially in the China region. By contrast, general engineering (mainly medical technology and aerospace components) and crane engineering posted a significant rise in sales. The development of sales in the exploration and construction machinery business areas was almost unchanged year-on-year. The positive demand trend, especially in North America, Europe (particularly Germany) and some Asian markets partly offset the sharp drop in business volume in China, which was attributable, among other factors, to lockdowns. Sales at Forged Technologies mirrored order intake and posted a significant rise. Positive effects came in particular from price adjustments to pass on higher factor costs and the development of the US dollar exchange rate.

### Adjusted EBIT down considerably year-on-year due to the decline at Bearings

In the reporting period, adjusted EBIT was considerably lower than in the prior year. Earnings declined considerably in the bearings business unit. This was mainly due to more intensive competition, especially in connection with the temporary dip in demand from the wind energy sector in China, the product and regional structure of sales volumes and the substantial rise in material and energy costs. The drop in earnings was offset to some extent by measures to reduce costs and improve efficiency, partial pass-on of cost increases in the industry business and positive one-time effects. In the forgings business unit, adjusted EBIT was slightly above the prior-year level overall following a considerable rise in the 2nd half of the year, driven principally by retrospective pass-through of considerably increased factor costs. Support came from the ongoing cost-cutting measures, including optimization of the personnel expense ratio.

### Special items

At Forged Technologies positive special items came from the sale of land, including buildings, in India, the receipt of a compensation payment and the sale of plants and machinery from the production site in Remscheid that was shut down in fiscal year 2020 / 2021.

### 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, we continued to invest in construction of a fully automated forge press for front axles for trucks at the Homburg site and made the first investments for further localization of the construction machinery business in North America.

## Automotive Technology

“Our aim is to achieve carbon-free production by 2024. With this in mind, we are increasingly focusing on improving energy efficiency, using renewable energy to generate electricity and heat at our sites, and purchasing green electricity in the long term.”

**Dr. Karsten Kroos,
CEO Automotive Technology**

**20,266**
employees worldwide

Green move

All automotive plants are set to achieve carbon-free production by 2024.


Steer-by-wire test vehicle in action

**€4.8 bn**
sales

Automotive Technology is a leading supplier to and engineering partner of the international automotive industry when it comes to undercarriages, powertrains und car bodies. Its product and service portfolio comprises high-tech components and systems along with automation solutions for vehicle manufacturing.

## AUTOMOTIVE TECHNOLOGY IN FIGURES

| | | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Change in % | 4th quarter ended Sept. 30, 2021 | 4th quarter ended Sept. 30, 2022 | Change in % |
|---|---|---|---|---|---|---|---|
| Order intake | million € | 4,506 | 4,866 | 8 | 1,090 | 1,468 | 35 |
| Sales | million € | 4,522 | 4,825 | 7 | 1,063 | 1,369 | 29 |
| EBITDA | million € | 482 | 336 | (30) | 82 | 121 | 48 |
| EBIT | million € | 234 | 53 | (78) | (11) | 35 | ++ |
| Adjusted EBIT | million € | 264 | 108 | (59) | 30 | 61 | ++ |
| Adjusted EBIT margin | % | 5.8 | 2.2 | — | 2.8 | 4.5 | — |
| Investments | million € | 268 | 230 | (14) | 110 | 97 | (11) |
| Employees (Sept. 30) | | 19,723 | 20,266 | 3 | 19,723 | 20,266 | 3 |

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, systems and automation solutions for vehicle manufacturing, as well as mechatronic solutions with electronics and internally developed software. 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 assemble complete car bodies and produce lightweight car body components in series in our plants. 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.

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. In the medium term we aim to report sales of at least €5.5 billion a year. To achieve our medium-term performance targets – an adjusted EBIT margin of 7–8% and a cash conversion rate of at least 0.5 – we are focusing primarily on improving production efficiency and on measures in the field of procurement. Another focus is on margin improvements by expanding claim management resources.

The past fiscal year was dominated by challenges in our market environment. These included persistent bottlenecks in the supply of electronic and other starting products, supply chain disruption, the war in Ukraine, volatile customer call-offs and pandemic-induced plant shutdowns by customers and suppliers, mainly in China. Another challenge was the sharp rise in factor costs for materials, transportation, logistics and energy. We addressed these challenges through strict cost management, negotiating new price conditions and continuing our efficiency measures.

### Higher order intake and sales

Despite the difficult market situation, Automotive Technology increased order intake year-on-year, mainly due to the Steering unit and project business in the Automotive Body Solutions unit. Sales were also higher than in the previous year. In the reporting period, additional support came from price adjustments and positive currency effects, especially from the US dollar and Chinese renminbi.

In the important Chinese market, business picked up appreciably from June 2022 following the pandemic-related lockdowns, especially in April and May 2022. This development, together with a major order in the project business, positive currency effects and price adjustments, led to a significant rise in order intake and sales in the 4th quarter compared with the prior-year period. However, the availability of electronic starting products remains a limiting factor.

Despite this, in the past fiscal year all Automotive Technology business units acquired relevant long-term framework contracts for the automotive serial business. These will help secure future capacity utilization at our sites and increase segment sales.

### Adjusted EBIT down considerably year-on-year

Sharp rise in factor costs held back earnings

Adjusted EBIT was adversely affected by the sharp rise in factor costs, especially for logistics and materials. This was exacerbated by the volatility of customer demand and capacity utilization as a consequence of the ongoing disruption of transportation and supply chains. The disruption was mainly caused by bottlenecks in the supply of electronic components and other starting products as well as the pandemic-driven plant shutdowns in China. The higher factor costs were partially offset by negotiating new price conditions and the positive one-time effect of the revaluation of selected pension commitments. In addition, implementation of the restructuring program is proceeding on schedule and is having a positive effect on personnel expenses.

### Special items

Impairment losses were recognized on non-current assets in the Steering unit and at Bilstein in the reporting period, including due to the increased cost of capital. In addition, restructuring expenses were incurred at Bilstein.

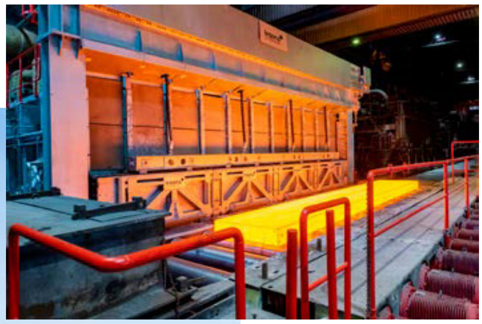
### Investments

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

## Steel Europe

Steel Europe concentrates on the market segment of high-quality flat carbon steel. As part of its transformation, Steel Europe has set itself the target of producing 5 million tons of $CO_2$-reduced steel per annum as of 2030. Its steel production is set to be climate-neutral by 2045 at the latest.

**€13.2 bn**
**sales**



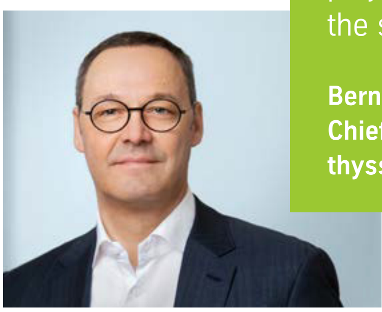
Low energy, top quality: the starting materials often used in the automotive industry are preheated in a process gentle to surfaces in the new walking beam furnace in Duisburg.

**26,304**
**employees worldwide**

The new hot-dip galvanizing line 10 in Dortmund will provide premium surfaces and high-grade hot-dip galvanized products.

"We are on track as regards implementation of the Strategy 20-30 and our transformation. This will create the basis on which to play a leading role in the competition for the steel markets of the future."

**Bernhard Osburg,**
**Chief Executive Officer of thyssenkrupp Steel Europe AG**



## STEEL EUROPE IN FIGURES

| | | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Change in % | 4th quarter ended Sept. 30, 2021 | 4th quarter ended Sept. 30, 2022 | Change in % |
|---|---|---|---|---|---|---|---|
| Order intake | million € | 9,283 | 11,811 | 27 | 1,951 | 2,844 | 46 |
| Sales | million € | 8,932 | 13,156 | 47 | 2,361 | 3,538 | 50 |
| EBITDA | million € | 214 | 1,579 | ++ | 92 | 348 | ++ |
| EBIT | million € | (59) | 887 | ++ | 24 | 283 | ++ |
| Adjusted EBIT | million € | 116 | 1,200 | ++ | 29 | 221 | ++ |
| Adjusted EBIT margin | % | 1.3 | 9.1 | — | 1.2 | 6.2 | — |
| Investments | million € | 681 | 630 | (8) | 292 | 193 | (34) |
| Employees (Sept. 30) | | 26,303 | 26,304 | 0 | 26,303 | 26,304 | 0 |

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, sheet steel, premium cut-to-length sheets, 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. In this way we aim to considerably increase our operating performance and position ourselves 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.

The war in Ukraine, high energy and raw material costs, supply chain disruption, uncertainty about the supply of fossil fuels (especially natural gas) and a slowing economy – the macroeconomic environment is challenging, for Steel Europe as well. We are nevertheless basically retaining our targets: in the medium term we aim to increase shipment volumes to around 11 million tons and report an adjusted EBIT margin of 6% to 7%, a cash conversion rate of at least 0.4 and adjusted EBITDA of around €100 per ton over the steel cycle.

As part of the transformation to climate-neutral steel production, by 2026 we plan to start up a first direct reduction plant with the goal of operating it with green hydrogen. By 2030 at the latest, we aim to increase capacity for climate-friendly steel to 5 million tons. That would equate to a $CO_2$ reduction of well over 30% compared with the reference base in 2018. In the 4th quarter of the reporting period, thyssenkrupp paved the way for investment of over €2 billion to embark on the green transformation and approved the corresponding equity funding for construction of a first direct reduction plant at our site in Duisburg. A strong sign of support came from the regional government of North Rhine-Westphalia (NRW), which confirmed its willingness to support our transformation with funding in the mid-three-digit millions range. This major project is still contingent upon the outstanding approval of the EU for this subsidy. At the beginning of fiscal year 2021 / 2022 we reached an important milestone in the marketing of $CO_2$-reduced steel: the first amounts of the new bluemint® Steel brand of high-quality flat steel with reduced $CO_2$-intensity were delivered in the 1st quarter. This was followed by a number of further orders for bluemint® from various sectors.

### Order intake and sales up considerably despite lower volumes

Steel Europe made an upbeat start to the reporting year but the business trend was already dominated by material and supply bottlenecks in many customer sectors, especially the automotive industry. Nevertheless, order intake by value and sales developed well. The outbreak of war in Ukraine at the end of February led to further market disruption. Production of key starting products for the automotive industry in the EU (e.g., cable assemblies) was temporarily interrupted. In addition, there was mounting concern about possible raw material bottlenecks and reduced availability of flat steel products because Ukrainian steel manufacturers had to halt production and sanctions were imposed on Russia. In the short-term, market prices responded with significant hikes. In the second half of the fiscal year prices dropped as a result of rising inflation, falling demand and the economic slowdown.

The value of orders increased, especially in the first two quarters of the fiscal year, due to a sharp rise in average revenues. In the second half of the year, the negative market price trend gradually fed through to newly negotiated contracts, but overall the price level was still significantly above the comparable prior-year level. Order volumes dropped by 27% year-on-year in fiscal year to around 8 million tons in 2021 / 2022. In the 1st quarter, this was attributable both to limited order possibilities following the blast furnace number one realigning in the previous quarter and a drop in demand from the automotive industry. In the remainder of the fiscal year, order intake from almost all other sectors declined.

Higher sales despite drop in demand and economic slowdown

The significant rise in sales is due to the fact that we achieved a higher price per ton for the goods sold. This development was supported by the fact that spot market prices had already risen. They dropped back from the beginning of the 3rd quarter of 2021 / 2022 as demand fell and the economy cooled. However, this did not affect the sales trend thanks to the high proportion of long-term contract business. By contrast, there was a considerable year-on-year drop in the volume of shipments, especially to the automotive industry and its suppliers. Supported by an increase in sales to the construction industry, in all deliveries to industrial customers were only slightly lower than in the prior year. While Packaging Steel posted a slight decline, Electrical Steel made a considerably positive contribution to total volumes. The background to this was first and foremost the improvement in product quality achieved in the previous year and the focus on a higher-quality product portfolio.

Crude steel production, including deliveries to Hüttenwerke Krupp Mannesmann, came to around 11 million tons, which was 4% less than in the prior year. Following the realigning of the blast furnace number one in the 4th quarter of the previous fiscal year, it was possible to increase production again in the 1st quarter of 2021 / 2022. In the course of the reporting period, however, production had to be adjusted to reflect the market-driven drop in shipments. We were able to take appropriate action to mitigate disruptions to the supply of raw materials and thus to production resulting from the low water level in the Rhine river in summer 2022, for example, by ensuring a timely increase in inventories of raw materials. There were temporary production constraints at some plants as a result of technical malfunctions during the year. As a result, production of finished steel for customers dropped by 7% to around 10 million tons.

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

Adjusted EBIT increased significantly in the past fiscal year. This was due to considerably higher spot market prices than in the prior year, which were increasingly reflected in new long-term contracts signed in the course of the year, contributing to a rise in net sales. Another positive effect came from progress with the restructuring measures introduced in fiscal year 2019 / 2020. Earnings were reduced by the high and volatile raw material and energy costs and by lower shipments.

### Special items

Special items comprised impairment losses on assets, partly due to the increase in the cost of capital.

### 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. This line is scheduled to go into production in the first quarter of fiscal year 2022 / 2023 once the functional tests have been completed. The new coating line for the packaging steel unit in Andernach, which will meet higher environmental standards in the production of specialty chromium-plated packaging steel, is scheduled to come into service at the end of the 2022 calendar year following completion of the functional tests and start-up procedures.

Engineering activities for the major investments under the Steel Strategy 20-30 such as conversion of the casting rolling line in Duisburg-Bruckhausen and construction of a new annealing and isolating line in Bochum are on schedule and work to prepare the sites has commenced. The engineering phase for the new double reversing stand in Bochum has been completed and work has started on the foundations and preparations for erection of the building. These major investments in Bochum establish a good basis for us to participate in the development of the market for e-mobility and meet rising demand for high-quality electrical steel.

## Marine Systems

“As well as pursuing ambitious climate goals – climate neutrality by 2045 – our relations with customers focus on sustainable innovations and technologies. These include technologies for the disposal of ordinance from the sea, the fuel cell and various maritime services.”

**Oliver Burkhard,**
**CEO Marine Systems**

**6,943**

employees worldwide

Class 125 frigates, currently the most modern marine units

Industrial solutions for the recovery and disposal of ordinance from the North Sea and Baltic Sea

We are the world market leader in conventional submarines and a leader in the development of new naval surface and underwater technologies for marine customers.

**€1.8 bn**

sales

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

## MARINE SYSTEMS IN FIGURES

| | | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Change in % | 4th quarter ended Sept. 30, 2021 | 4th quarter ended Sept. 30, 2022 | Change in % |
|---|---|---|---|---|---|---|---|
| Order intake | million € | 6,662 | 4,232 | (36) | 5,846 | 320 | (95) |
| Sales | million € | 2,022 | 1,831 | (9) | 572 | 567 | (1) |
| EBITDA | million € | 88 | 89 | 1 | 43 | 37 | (13) |
| EBIT | million € | 24 | 24 | (1) | 25 | 20 | (21) |
| Adjusted EBIT | million € | 26 | 32 | 23 | 27 | 20 | (28) |
| Adjusted EBIT margin | % | 1.3 | 1.7 | — | 4.7 | 3.4 | — |
| Investments | million € | 101 | 131 | 29 | 47 | 77 | 65 |
| Employees (Sept. 30) | | 6,534 | 6,943 | 6 | 6,534 | 6,943 | 6 |

Marine Systems is a leading global manufacturer of conventional submarines, naval vessels and marine electronics and offers services to navies covering the full product lifecycle. 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 in the customer's country. In addition, we work to develop and expand our portfolio – especially in the commercial sector, where our goal is to use the technologies we have developed and our marine expertise.

Our aim is to underline our technology leadership and strengthen our competitive position. Alongside higher global demand, additional opportunities for Marine Systems come from the "Sondervermögen Bundeswehr" (Federal Armed Forces Investment Fund) and the long-term structural increase in Germany's defense budget. Following successful acquisition of several orders, we have bought an additional production facility in Wismar. In this way we have paved the way to handle further orders for both surface vessels and submarines.

We are striving in the medium term to achieve average annual sales growth of 6%, increase the adjusted EBIT margin to industry standard levels (6% to 7%) and achieve a cash conversion rate of approximately 1.0. 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, among other things, to modernize the shipyard in Kiel. At the same time, we aim to optimize our workflows, tools and structures along the entire value chain and enhance our efficiency. To enable us to handle the anticipated increase in orders, we have developed a transformation and growth program to align the entire company to its future tasks.

### Order intake dominated by major submarine order – sales growth lower than in prior year

Following the record €5.5 billion order from Norway/Germany for six submarines in fiscal year 2020/2021, order intake in the reporting period was significantly lower than in the prior year. However, it was once again well above sales. One key factor here was another major submarine order, which we acquired in the 2nd quarter. We also received several large add-on orders for submarines and registered high order intake for maintenance, services and marine electronics.

In fiscal year 2021 / 2022, sales were slightly lower than in the prior year. This was mainly due to a decrease in the number of units delivered and billed following a record of six ships and submarines in fiscal year 2020 / 2021. Thanks to strong order intake in the past two years, orders on hand on the reporting date amounted to €13.6 billion – a more than solid foundation for our future growth.

### Adjusted EBIT again up year-on-year

Renewed rise in adjusted EBIT

Adjusted EBIT was once again higher than the prior year, so the positive trend continued. Legacy orders with low margins were successfully completed or stabilized. New business was largely unaffected by the volatility on the raw material and energy markets as a high proportion of procurement contracts had already been concluded and thanks to price escalation clauses in customer contracts. Moreover, overheads were reduced compared with the previous fiscal year.

### Special items

The main special items were the impairment loss on the carrying amount of an investment in a joint venture and provisions for restructuring.

### Investments

Modernization of the Kiel shipyard continued as planned in order to optimize project execution, raise efficiency, create the technical basis for the construction of larger ships in line with the market trend and achieve a lasting improvement in profitability. To enable us to offer the additional capacity for the construction of submarines and surface vessels required for further growth, we acquired the site of the insolvent company MV Werften in Wismar. This additional production location offers us scope for expansion for both military and commercial products.

## Multi Tracks

**12,892**
employees worldwide

The Multi Tracks segment bundles businesses that are very different in terms of size, field of activity and degree of independence and face individual challenges. Our job is to develop the best option for each of the companies concerned.


Ammonia plant for the implementation of green ammonia projects


Electrolysis plant for the generation of green hydrogen

**€4.1 bn**
sales

"To improve financial performance, we identified the key levers for value creation in every business and used them to define appropriate measures. At Multi Tracks, particular attention is also devoted to businesses with the technology to contribute to the green transformation."

**Dr. Volkmar Dinstuhl, CEO Multi Tracks**

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

## MULTI TRACKS IN FIGURES

| | | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Change in % | 4th quarter ended Sept. 30, 2021 | 4th quarter ended Sept. 30, 2022 | Change in % |
|---|---|---|---|---|---|---|---|
| Order intake | million € | 5,883 | 6,499 | 10 | 1,610 | 1,724 | 7 |
| Sales | million € | 5,651 | 4,101 | (27) | 1,608 | 839 | (48) |
| EBITDA | million € | (285) | (17) | 94 | (39) | 71 | ++ |
| EBIT | million € | (387) | (143) | 63 | (33) | 28 | ++ |
| Adjusted EBIT | million € | (298) | (173) | 42 | (63) | (77) | (22) |
| Adjusted EBIT margin | % | (5.3) | (4.2) | — | (3.9) | (9.1) | — |
| Investments | million € | 107 | 59 | (45) | 41 | 24 | (43) |
| Employees (Sept. 30) | | 18,360 | 12,892 | (30) | 18,360 | 12,892 | (30) |

In the Multi Tracks segment, thyssenkrupp bundles businesses where we see differences in potential and are therefore considering different development paths. This may be full or partial disposal, for example, or the continuation of a business with one or more external partners.

The Multi Track segment's portfolio currently comprises six businesses: two plant engineering businesses in the areas of chemicals and cement, two automotive suppliers, thyssenkrupp nucera, a subsidiary which operates in the future-oriented hydrogen market and in which thyssenkrupp has a majority stake, and the Elevator investment.

### Focus areas in fiscal year 2021 / 2022

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 divestment of the mining business to the Danish company FLSmidth was closed at the end of August 2022. Following the successful sale of the infrastructure and stainless steel businesses, this was the third transaction closed in the fiscal year and the fifth overall. Through these transactions, Multi Tracks strengthened thyssenkrupp's net financial position by more than €800 million.
- 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. By implementing measures on the sales and cost sides, the segment was able to greatly reduce its loss compared with the prior year. However, this was countered by extraordinary factors affecting major projects and one-time expenses due to project delays and the impairment of receivables. There were also negative effects resulting from the war in Ukraine.

The further development of our hydrogen business thyssenkrupp nucera is another focus of activities in the Multi Tracks segment. To benefit from the growth prospects of this business as one of the world's technology leaders in green hydrogen plants, the preferred option for thyssenkrupp nucera – depending on the capital market situation – is an IPO Our preference is to place part of the business on the stock market yet remain the majority owner.

### Higher order intake but lower sales than in the prior year

In the reporting period, order intake in the continuing operations at Multi Tracks was higher than in the prior year. This positive trend was mainly due to higher demand at plant engineering, Automation Engineering and Springs & Stabilizers. Uhde in particular reported higher order intake in connection with the construction of a production plant for fertilizers in Qatar. thyssenkrupp nucera posted high growth, driven principally by the chlor-alkali service business in Germany and Japan and the award of major hydrogen projects in Saudi Arabia and the Netherlands to this subsidiary. The disposal of the stainless steel and infrastructure businesses and the closure of Heavy Plate held back growth in order intake.

Sales in the reporting year were considerably lower than in the prior year as a result of the divestment of the stainless steel and infrastructure businesses and the closure of Heavy Plate. A significant drop in sales was registered in plant engineering, partly because of the lower order intake in the previous year. The significant drop in sales at Uhde was mainly due to the concentration on more attractive market segments and delays in the execution of some projects. At Mining Technologies, sales were considerably lower than in the prior year. Factors here included the follow-up effects of the war in Ukraine and delays in order intake. Sales at thyssenkrupp nucera increased significantly compared with the previous period thanks to the stable chlor-alkali business and growth in the field of water electrolysis. Higher volumes and price rises to pass higher material price on to customers enabled the Springs & Stabilizers business unit to generate a significant rise in sales year-on-year. Automation Engineering's sales were also considerably higher than in the previous year due to the growth in new business.

### Adjusted EBIT considerably less negative

Adjusted EBIT remained negative in the reporting year, but improved year-on-year in the majority of businesses. The improvement in adjusted EBIT was driven principally by positive effects from the closure of the heavy plate operations and the earnings contribution from the stainless steel business until its disposal in January.

Year-on-year rise in adjusted EBIT in the majority of businesses

Uhde increased earnings significantly thanks to lower non-conformity costs and a higher project margin than in the previous year but they were nevertheless clearly negative. Polysius ended the year with adjusted EBIT significantly lower year-on-year despite positive sales effects. The reasons were higher non-conformity costs as a result of project delays and one-time effects.

Despite negative sales effects due to the war in Ukraine, Mining Technologies increased earnings; a significant improvement in margins had a positive effect here.

The earnings contributed by thyssenkrupp nucera were significantly lower than in the prior year, mainly due to higher development costs, rising administration and selling expenses, and the development of structures for a listed company in connection with the planned growth.

Adjusted EBIT at Automation Engineering increased year-on-year due to lower non-conformity costs and an improvement in project margins but this business unit nevertheless made a negative contribution to earnings as a result of low capacity utilization. Springs & Stabilizers achieved a slight improvement in its negative earnings but was only able to pass on higher material and energy costs with a time delay. Restructuring and cost-cutting measures in Germany reduced losses significantly in almost all units.

### Special items

Material special items comprised income from the deconsolidation of the mining business and expenses for weather-related damage to a Chinese Springs & Stabilizers site. There were also negative effects from the deconsolidation of the stainless steel and infrastructure businesses and consulting expenses in connection with the potential IPO of thyssenkrupp nucera.

### Investments

Investments in the Multi Tracks segment were significantly lower than in the prior year, mainly due to structural effects from the deconsolidation of the stainless steel and infrastructure businesses and the closure of Heavy Plate. Investments at thyssenkrupp nucera were stepped up considerably compared with the prior year to support growth. Investment continued in all businesses to preserve asset value and safeguard the market position. The biggest investments were at plant engineering and Springs & Stabilizers.

## Corporate Headquarters at thyssenkrupp AG

The group is managed centrally by thyssenkrupp AG. This is where the main administrative units are gathered. The main administrative units for Germany and the regional platforms (Regions) are combined at Corporate Headquarters. The structure of Corporate Headquarters comprises three corporate centers aligned to the three action areas performance, portfolio and people. The various central functions are allocated to the corporate centers. The Regions unit comprises four large regional platforms: APA (Asia/Pacific/Africa), North America, South America and Greater China.

Significantly lower administrative expenses at Corporate Headquarters

Adjusted EBIT at Corporate Headquarters amounted to €(154) million in fiscal year 2021 / 2022, a significant improvement on the prior-year figure. This positive trend was attributable to lower administrative expenses as well as price-driven adjustments to provisions for share-based compensation and the absence of one-time expenses for personnel measures.

### Special items

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

### Investments

No significant investments were made at Corporate Headquarters in fiscal year 2021 / 2022.

# Results of operations and financial position

For further information on the effects of the war in Ukraine in fiscal year 2021 / 2022 and the coronavirus pandemic in 2020 / 2021 and 2021 / 2022, 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

Sales from continuing operations were 21% higher than in the previous year despite the deconsolidations (stainless steel, mining and infrastructure disposal groups). This significant improvement was mainly attributable to the strong price-driven sales growth in the materials business of the Materials Services and Steel Europe segments. At the same time the cost of sales in the continuing operations increased by 20%, which was only slightly below sales growth. The main reasons for this were a faster increase in the material and energy expenses, accompanied by lower personnel expenses, mainly as a result of the reversal of provisions for restructuring, as well as a significant increase in impairment losses on non-current assets in the Steel Europe segment. Against this background, the gross sales margin improved to 13.8% (prior year: 12.8%).

The increase in selling expenses in the continuing operations mainly related to higher sales-related costs for freight, insurance and customs duties and an overall increase in impairment losses on trade accounts receivable; this was offset mainly by lower impairment losses in connection with non-current assets. Overall, general administrative expenses in the continuing operations were at the prior-year level. Here, reductions, especially in personnel expenses, including those related to restructuring measures, were mainly offset by higher impairment losses and an increase in consulting and IT expenses. The principal reasons for the rise in other income from the continuing operations were higher income in connection with insurance claims and from the hedging of operating exchange rate risks. The increase in other expenses in the continuing operations was mainly influenced by higher expenses in connection with the hedging of operating exchange rate risks. The significant improvement in other gains and losses from continuing operations was mainly due to gains from the deconsolidation of the mining business and higher overall gains from the sale of property, plant and equipment, while losses from the deconsolidation of the stainless steel and infrastructure disposal groups had an opposite effect.

The overall increase in financial income/(expense),net in the continuing operations was due, on the one hand, to a significantly bigger loss from investments accounted for using the equity method, mainly as a consequence of the impairment loss of €136 million recognized in the reporting year in connection with the Elevator investment. On the other hand, there was an improvement in the balance of finance income and finance expense in the continuing operations, although this remained negative overall. The improvement resulted principally from the increase in the interest rates applied for the measurement of other provisions, lower net interest expenses for financial debt and higher income from 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 income before tax at the continuing operations; deferred tax income from the recognition of deferred tax assets in Germany had an opposite effect.

After taking into account income taxes, the continuing operations generated a profit of €1,212 million, compared with loss of €19 million in the prior year. Accordingly, the earnings per share attributable to the shareholders of thyssenkrupp AG based on income from continuing operations improved by €1.99 , giving positive earnings per share of €1.81. The improvement in income from discontinued operations to a profit of €9 million was influenced by subsequent income in the 2nd quarter of the reporting year as a result of an agreement with the buyer of the elevator activities sold in 2019 / 2020 on offsetting mutual claims and obligations from tax guarantees. Including income from discontinued operations (net of taxes), net income of €1,220 million was generated in the reporting year, compared with a net loss of €25 million in the prior year. Accordingly, earnings per share improved by €2.01 , giving positive earnings per share of €1.82.

## thyssenkrupp group – statement of income

| million €, earnings per share in € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| Sales | 34,015 | 41,140 |
| Cost of sales | (29,659) | (35,479) |
| **Gross Margin** | **4,356** | **5,660** |
| Research and development cost | (234) | (246) |
| Selling expenses | (2,379) | (2,518) |
| General and administrative expenses | (1,540) | (1,537) |
| Other income | 323 | 375 |
| Other expenses | (114) | (191) |
| Other gains/(losses), net | 32 | 230 |
| **Income/(loss) from operations** | **443** | **1,772** |
| Income from companies accounted for using the equity method | (106) | (245) |
| Finance income | 725 | 1,291 |
| Finance expense | (962) | (1,431) |
| **Financial income/(expense), net** | **(343)** | **(385)** |
| **Income/(loss) from continuing operations before tax** | **101** | **1,387** |
| Income tax (expense)/income | (120) | (175) |
| **Income/(loss) from continuing operations (net of tax)** | **(19)** | **1,212** |
| **Income/(loss) from discontinued operations (net of tax)** | **(6)** | **9** |
| **Net income/(loss)** | **(25)** | **1,220** |
| Thereof: | | |
| **thyssenkrupp AG's shareholders** | **(115)** | **1,136** |
| Non-controlling interest | 90 | 85 |
| **Net income/(loss)** | **(25)** | **1,220** |
| **Basic and diluted earnings per share based on** | | |
| **Income/(loss) from continuing operations (attributable to thyssenkrupp AG's shareholders)** | **(0.17)** | **1.81** |
| **Net income/(loss) (attributable to thyssenkrupp AG's shareholders)** | **(0.18)** | **1.82** |

See accompanying notes to financial statements.

## Analysis of the statement of financial position

The slight increase in net assets compared with September 30, 2021 was attributable to a large extent to currency translation.

Total non-current assets were up slightly year-on-year. The increase in property, plant and equipment included in this was mainly due to currency translation and the fact that additions were slightly above depreciation and impairment losses; material impairment losses were recorded in the Steel Europe segment. The reduction in investments accounted for using the equity method related primarily to subsequent measurement of the ordinary shares (with voting rights) in Vertical Topco I S.A., Luxembourg, which relate to the Elevator investment; here, higher losses, which also included significant impairment losses in the reporting year, were mainly offset by gains from currency translation, which are not recognized in profit or loss. The increase in financial assets resulted primarily from the subsequent measurement of the interest-free loans recognized in connection with the Elevator investment and of the 15% interest in the Italian company Acciai Speciali Terni S.p.A. (AST) retained in connection with the sale of the stainless steel business. The significant increase in deferred taxes resulted principally from the recognition of deferred tax assets for tax carryforwards of interest and losses and tax-deductible temporary differences in Germany.

Current assets were at the prior-year level. The steep increase in inventories and trade accounts receivable was mainly attributable to the price-driven increases at the materials businesses of the Steel Europe and Materials Services segments and at the automotive businesses. The overall increase in contract assets related principally to the execution of construction contracts by the marine business and the plant engineering business in the Multi Tracks segment. The decrease in other financial assets resulted primarily from the recognition of commodity derivatives that qualify for hedge accounting. The increase in other non-financial assets was mainly driven by higher advance payments in the Multi Tracks segment in connection with the operating business. The sharp drop in cash and cash equivalents mainly resulted from the repayment in December 2021 of a bond and a loan note and cash outflows for investing activities for the continuing operations. This was offset in particular by the positive operating cash flow from the continuing operations and the cash inflows from the sale of the stainless steel and mining disposal groups. In addition, there was a sharp reduction in assets held for sale, mainly because the sale of the stainless steel and mining disposal groups was completed in the fiscal year.

Total equity improved very significantly year-on-year to €14,742 million as of September 30, 2022. This was mainly due to the recognition in other comprehensive income of gains from the remeasurement of pensions and similar obligations, principally as a result of the increased discount rate for pensions in Germany and the net income generated in the reporting year. Other factors were, above all, the gains from currency translation, which are also recognized in other comprehensive income. The equity ratio improved significantly to over 39%.

There were two main reasons behind the sharp reduction in non-current liabilities. Firstly, there was a sharp reduction in provisions for pensions and similar obligations, mainly due to the gains resulting from the remeasurement of pensions as a consequence of the higher pension discount rates. Secondly, there was a significant reduction in financial debt, especially as a result of the reclassification of a bond due in March 2023 to current financial liabilities.

Current liabilities were at the prior-year level. The increase in trade accounts payable mainly related to the automotive businesses. The reduction in financial debt resulted principally from the above-mentioned repayment of a bond and a loan note in December 2021; this was partly offset by the above-mentioned reclassification of a bond from non-current financial liabilities The increase in other financial liabilities related primarily to the indemnification rights of the acquirer of the mining business in connection with the execution of ongoing construction contracts. The significant rise in contract liabilities resulted in particular from the execution of construction contracts in the marine business. The increase in other provisions was mainly caused by reclassifications from current other non-financial liabilities in connection with construction contracts; by contrast, personnel-related provisions for restructuring were lower. The decrease in other non-financial liabilities was primarily due to the reclassifications to other provisions outlined above and to higher liabilities in connection with non-income taxes and higher personnel-related liabilities. The significant reduction in liabilities associated with assets held for sale mainly related to the sale in the reporting year of the stainless steel and mining disposal groups.

## thyssenkrupp group – statement of financial position

### ASSETS

| million € | Sept. 30, 2021 | Sept. 30, 2022 |
|---|---|---|
| Intangible assets | 1,892 | 1,872 |
| Property, plant and equipment (inclusive of investment property) | 6,513 | 6,748 |
| Investments accounted for using the equity method | 670 | 642 |
| Other financial assets | 718 | 863 |
| Other non-financial assets | 337 | 304 |
| Deferred tax assets | 472 | 732 |
| **Total non-current assets** | **10,602** | **11,161** |
| Inventories | 7,116 | 8,889 |
| Trade accounts receivable | 4,308 | 5,298 |
| Contract assets | 1,434 | 1,895 |
| Other financial assets | 849 | 701 |
| Other non-financial assets | 1,386 | 1,745 |
| Current income tax assets | 123 | 159 |
| Cash and cash equivalents | 8,974 | 7,638 |
| Assets held for sale | 2,019 | 8 |
| **Total current assets** | **26,209** | **26,331** |
| **Total assets** | **36,811** | **37,492** |

## EQUITY AND LIABILITIES

| million € | Sept. 30, 2021 | Sept. 30, 2022 |
|---|---|---|
| Capital stock | 1,594 | 1,594 |
| Additional paid-in capital | 6,664 | 6,664 |
| Retained earnings | 1,771 | 4,777 |
| Cumulative other comprehensive income | 372 | 1,167 |
| thereof relating to disposal groups | (34) | — |
| **Equity attributable to thyssenkrupp AG's stockholders** | **10,400** | **14,202** |
| Non-controlling interest | 445 | 540 |
| **Total equity** | **10,845** | **14,742** |
| Provisions for pensions and similar obligations | 7,896 | 5,812 |
| Provisions for other non-current employee benefits | 298 | 226 |
| Other provisions | 513 | 431 |
| Deferred tax liabilities | 60 | 53 |
| Financial debt | 3,784 | 2,786 |
| Other financial liabilities | 66 | 41 |
| Other non-financial liabilities | 1 | 15 |
| **Total non-current liabilities** | **12,619** | **9,363** |
| Provisions for current employee benefits | 176 | 168 |
| Other provisions | 1,175 | 1,268 |
| Current income tax liabilities | 151 | 150 |
| Financial debt | 1,640 | 1,195 |
| Trade accounts payable | 4,244 | 4,807 |
| Other financial liabilities | 729 | 980 |
| Contract liabilities | 2,205 | 3,098 |
| Other non-financial liabilities | 1,794 | 1,722 |
| Liabilities associated with assets held for sale | 1,232 | 0 |
| **Total current liabilities** | **13,347** | **13,387** |
| **Total liabilities** | **25,966** | **22,750** |
| **Total equity and liabilities** | **36,811** | **37,492** |

See accompanying notes to 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. 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 paper. We can also make use of committed credit facilities in various currencies and with various terms, as well as selected off-balance-sheet 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

thyssenkrupp is still solidly financed.

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. As of September 30, 2022 the group had liquid funds of €7.7 billion which, after deducting gross financial debt of €4.0 billion, results in net financial assets of €3.7 billion. As a benefit of positive effects from the successful completion of the transactions in the Multi Tracks segment, net financial assets were slightly above the prior-year level (September 30, 2021: €3.6 billion).

The group's available liquidity was €9.2 billion as of September 30, 2022. It comprised liquid funds of €7.7 billion and undrawn, committed credit lines of €1.5 billion. Consequently, there is enough scope to cover debt maturities. The gross financial debt repayable in fiscal year 2022 / 2023 amounts to €1.1 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.

**RATING**

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

The rating agencies Standard & Poor's and Moody's changed their outlook from "negative" to "stable" and from "stable" to "positive," respectively, in December 2021, with no change in their rating.

## Analysis of the statement of cash flows

The liquid funds taken into account in the statement of cash flows correspond to the item "Cash and cash equivalents and time deposits" in the statement of financial position. In the prior year the liquid funds also included cash and cash equivalents associated with the mining, stainless steel and infrastructure disposal groups, which were reclassified as held for sale.

### Operating cash flows

A positive operating cash flow was generated by the continuing operations in the reporting year. The main reason for the significant improvement compared with the previous year was the sharp rise in the net income of the continuing operations before depreciation and amortization as a result of the high profit. After adjustment for effects from changes in the scope of consolidation and other non-cash changes, this was offset principally by the overall increase in net working capital, mainly as a result of higher trade account receivable, lower trade accounts payable and a concurrent increase in contract liabilities.

### Cash flows from investing activities

The reduction in cash flows from investing activities in the continuing operations was mainly due to lower cash outflows for the acquisition of property, plant and equipment. Overall, the cash inflows from disposals of continuing operations in the reporting period were slightly higher than in the prior year. This was attributable to the cash inflows from the sale of the stainless steel and mining businesses in the reporting year, whereas the prior-year cash inflows resulted from the reduction in time deposits with an original term of 90 days in the 1st quarter.

In the reporting year capital expenditures were below the prior-year level at €1.3 billion. Investment was lower in Industrial Components, Automotive Technology, Steel Europe and Multi Tracks but higher in Materials Services and Marine Systems, partly as a result of the targeted growth initiatives.

**INVESTMENTS**

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Change in % | 4th quarter ended Sept. 30, 2021 | 4th quarter ended Sept. 30, 2022 | Change in % |
|---|---|---|---|---|---|---|
| Materials Services | 97 | 101 | 4 | 41 | 52 | 27 |
| Industrial Components | 225 | 151 | (33) | 92 | 60 | (36) |
| Automotive Technology | 268 | 230 | (14) | 110 | 97 | (11) |
| Steel Europe | 681 | 630 | (8) | 292 | 193 | (34) |
| Marine Systems | 101 | 131 | 29 | 47 | 77 | 65 |
| Multi Tracks[1] | 107 | 59 | (45) | 41 | 24 | (43) |
| Corporate Headquarters | (1) | 1 | ++ | 0 | 0 | ++ |
| Reconciliation | 7 | 1 | (86) | 1 | (2) | -- |
| **Group continuing operations[1]** | **1,485** | **1,304** | **(12)** | **624** | **502** | **(20)** |
| Discontinued elevator operations[1] | 0 | 0 | — | 0 | 0 | — |
| **Full group** | **1,485** | **1,304** | **(12)** | **624** | **502** | **(20)** |

[1] See preliminary remarks.

## Free cash flow

In the reporting year, the free cash flow from the continuing operations was clearly positive, which was a clear improvement from the negative free cash flow in 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 price-driven increase in net working capital.

## Cash flows from financing activities

Compared with the prior year, the cash flows from financing activities in the continuing operations were lower than the prior year, mainly as a result of higher cash outflows for the repayment of bonds.

### RECONCILIATION TO FREE CASH FLOW BEFORE M&A

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Change | 4th quarter ended Sept. 30, 2021 | 4th quarter ended Sept. 30, 2022 | Change |
|---|---|---|---|---|---|---|
| Operating cash flows – continuing operations (consolidated statement of cash flows) | 94 | 618 | 523 | 314 | 1,884 | 1,570 |
| Cash flow from investing activities – continuing operations (consolidated statement of cash flows) | (510) | (277) | 233 | (622) | (68) | 554 |
| **Free cash flow – continuing operations (FCF)[1]** | **(416)** | **341** | **756** | **(308)** | **1,816** | **2,124** |
| –/+ Cash inflow/cash outflow resulting from material M&A transactions | 121 | (699) | (820) | 42 | (209) | (251) |
| Adjustment due to IFRS 16 | (128) | (118) | 10 | (55) | (42) | 13 |
| Adjustment due to time deposits | (850) | 0 | 850 | 0 | 0 | 0 |
| **Free cash flow before M&A – continuing operations (FCF before M&A)[1]** | **(1,273)** | **(476)** | **797** | **(321)** | **1,565** | **1,886** |
| Discontinued elevator operations[1] | 0 | 0 | 0 | 0 | 0 | 0 |
| **Free cash flow before M&A – group (FCF before M&A)** | **(1,273)** | **(476)** | **797** | **(321)** | **1,565** | **1,886** |

[1] See preliminary remarks.

## THYSSENKRUPP GROUP – STATEMENT OF CASH FLOWS

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| **Net income/(loss)** | **(25)** | **1,220** |
| Adjustments to reconcile net income/(loss) to operating cash flows: | | |
| Income/(loss) from discontinued operations (net of tax) | 6 | (9) |
| Deferred income taxes, net | (67) | (184) |
| Depreciation, amortization and impairment of non-current assets | 1,064 | 1,421 |
| Reversals of impairment losses of non-current assets | (159) | (72) |
| Income/(loss) from companies accounted for using the equity method, net of dividends received | 106 | 245 |
| (Gain)/loss on disposal of non-current assets | (45) | (243) |
| Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes | | |
| – Inventories | (1,816) | (1,570) |
| – Trade accounts receivable | (35) | (767) |
| – Contract assets | 62 | (330) |
| – Provisions for pensions and similar obligations | (132) | (268) |
| – Other provisions | 116 | (330) |
| – Trade accounts payable | 1,400 | 408 |
| – Contract liabilities | (358) | 694 |
| – Other assets/liabilities not related to investing or financing activities | (24) | 403 |
| **Operating cash flows – continuing operations** | **94** | **618** |
| Operating cash flows – discontinued operations | (3) | 0 |
| **Operating cash flows** | **92** | **617** |
| Purchase of investments accounted for using the equity method and non-current financial assets | (1) | (7) |
| Expenditures for acquisitions of consolidated companies net of cash acquired | (36) | (1) |
| Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property | (1,404) | (1,247) |
| Capital expenditures for intangible assets (inclusive of advance payments) | (44) | (49) |
| Proceeds from disposals of previously consolidated companies net of cash disposed | 1 | 855 |
| Proceeds from disposals of property, plant and equipment and investment property | 122 | 171 |
| Proceeds from disposals of intangible assets | 1 | 0 |
| Proceeds from disposals of time deposits | 850 | 0 |
| **Cash flows from investing activities – continuing operations** | **(510)** | **(277)** |
| Cash flows from investing activities – discontinued operations | 0 | 0 |
| **Cash flows from investing activities** | **(510)** | **(277)** |

## THYSSENKRUPP GROUP – STATEMENT OF CASH FLOWS

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| Repayments of bonds | (850) | (1,250) |
| Proceeds from liabilities to financial institutions | 222 | 186 |
| Repayments of liabilities to financial institutions | (264) | (136) |
| Lease liabilities | (148) | (141) |
| Proceeds from/(repayments on) loan notes and other loans | (140) | (196) |
| Profit attributable to non-controlling interest | (44) | (40) |
| Expenditures for acquisitions of shares of already consolidated companies | (3) | (40) |
| Financing of discontinued operations | (3) | 0 |
| Other financial activities | (52) | (174) |
| **Cash flows from financing activities – continuing operations** | **(1,283)** | **(1,792)** |
| Cash flows from financing activities – discontinued operations | 3 | 0 |
| **Cash flows from financing activities** | **(1,280)** | **(1,791)** |
| Net increase/(decrease) in cash and cash equivalents | (1,698) | (1,451) |
| Effect of exchange rate changes on cash and cash equivalents | 18 | 72 |
| Cash and cash equivalents at beginning of year | 10,697 | 9,017 |
| **Cash and cash equivalents at end of year** | **9,017** | **7,638** |
| thereof cash and cash equivalents within the disposal groups | 42 | — |
| | | |
| Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows of continuing operations: | | |
| Interest received | 10 | 29 |
| Interest paid | (159) | (131) |
| Dividends received | 17 | 35 |
| Income taxes (paid)/received | (177) | (381) |

See accompanying notes to financial statements.

## Off-balance-sheet financing instruments

Our off-balance-sheet 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 as of the closing date (prior year: €0.6 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 2021 / 2022

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 2022 / 2023 with material opportunities and risks

The expected development of thyssenkrupp AG in fiscal year 2022 / 2023 depends mainly on the development of the group as a whole and its opportunity and risk position. This is outlined in 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.

In fiscal year 2021 / 2022 the net income of thyssenkrupp AG was €2,103 million. The company therefore significantly exceeded its expectation of net income in the low to medium three-digit euro range. This was mainly due to investment income of €2,862 million, which contained the distribution by thyssenkrupp Nederland Holding B.V., Netherlands, and income from profit and loss transfer agreements, especially from thyssenkrupp Technologies Beteiligungen GmbH, Essen.

As the parent company of the group, thyssenkrupp AG receives income in particular from its subsidiaries. Income from investments comprises profits and losses transferred from domestic subsidiaries as well as dividends distributed, principally by foreign subsidiaries. Accordingly, the expectations for the group’s business performance in 2022 / 2023 should also be reflected in the income of thyssenkrupp AG. Overall we are expecting net income for 2022 / 2023 in the low three-digit million euro range and thus significantly worse earnings than in fiscal year 2021 / 2022.

## Results of operations

thyssenkrupp AG reported net income of €2,103 million in fiscal year 2021 / 2022, compared with a net loss of €651 million a year earlier.

Sales mainly included income of €243 million from amounts charged on in accordance with the corporate design, company naming and trademark policy for the groupwide mark (prior year: €98 million). The year-on-year increase was mainly attributable to the improvement in the data used to calculate license fees. Furthermore, sales included fees of €18 million for licenses, software and central IT security services and rents of €17 million.

General administrative expenses fell by €15 million to €326 million. The background to this included lower consulting expenses for M&A transactions.

Other operating income of €157 million (prior year: €605 million) chiefly consisted of a write-up of €59 million on the carrying amount of the interest in thyssenkrupp Steel Europe AG, Duisburg. This was attributable to the positive business development. In addition, this item contained income of €21 million from the reversal of provisions. In the prior year, write-ups of the carrying amounts of shares in investments amounted to €524 million.

Other operating expenses increased by €169 million to €430 million. In particular, they contained an individual write-down of €341 million on overnight account receivables from thyssenkrupp Presta Aktiengesellschaft, Liechtenstein, as a result of agreed restructuring contributions. In addition, expenses of €14 million were incurred for maintenance and other services relating to non-operating real estate.

Income from investments increased by €3,524 million to €2,862 million. In the prior year, it was €(662) million.

Investment income of €1,425 million was recorded. This mainly comprised the dividend from thyssenkrupp Nederland Holding B.V., Netherlands, in the amount of €1,424 million, which included distribution of the income from the sale of Elevator Technology in fiscal year 2019 / 2020. No dividends were distributed to thyssenkrupp AG in fiscal year 2020 / 2021.

Income from profit transfers increased by €1,412 million to €1,459 million. In particular, thyssenkrupp Technologies Beteiligungen GmbH, Essen, posted a profit of €1,066 million compared with a loss of €686 million in the prior year. The improvement in income was mainly due to profits received by this company from profit transfer agreements. thyssenkrupp Materials Services GmbH, Essen, increased its profit by €355 million to €379 million.

**€1,459 million**

Income from profit transfers

Impairment losses increased by €241 million in fiscal year 2021 / 2022 due to an impairment of financial assets that is expected to be permanent. This comprised €173 million on shares in thyssenkrupp Materials Services GmbH, Essen, €88 million on shares in Vertical Topco I S.A., Luxembourg, €34 million on shares in thyssenkrupp Regional Investment GmbH, Essen, and total of €17 million on shares in six further 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. The significant rise in tax payments compared with the previous year resulted from the high positive taxable earnings in fiscal year 2021 / 2022. 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 declined by €7,624 million year-on-year to €24,239 million, mainly due to a capital repayment by thyssenkrupp Nederland Holding B.V., Netherlands, through the distribution of paid-in capital and retained earnings. As of September 30, 2022, the share of fixed assets in total assets decreased from 59% to 51%.

Fixed assets declined by €6,385 million to €12,314 million. Shares in affiliates decreased by €6,333 million to €10,680 million. This reduction was mainly due to thyssenkrupp Nederland Holding B.V., Netherlands, as its carrying amount dropped by €6,176 million. The background to this was the capital repayment through the distribution of paid-in capital and retained earnings mentioned above. The carrying amount of the investment in thyssenkrupp Automotive Body Solutions GmbH, Essen, increased by €9 million following a payment into other paid-in capital.

When it sold the Elevator Technology business in fiscal year 2019 / 2020 thyssenkrupp AG received an equity investment and an interest-free loan as part of the total purchase price. An impairment loss of €88 million was recognized for shares in this investment: therefore the carrying amount of the investment on the reporting date was €569 million. The loan was recognized at its amortized cost of €738 million.

Write-ups of €59 million and further impairment losses totaling €321 million on the carrying amounts of investments are described in more detail in the section “Results of operations.”

Receivables and liabilities from/to affiliates 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.

As of September 30, 2022 receivables from affiliated companies increased by €562 million to €5,084 million. This was mainly due to receivables from profit and loss transfer agreements. This was offset by the individual loss allowance of €341 million on the receivables from thyssenkrupp Presta Aktiengesellschaft, Liechtenstein.

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 other assets, decreased by €13 million in the past fiscal year to €202 million. This was recognized under pension obligations accordingly.

Cash on hand and cash at banks fell by €1,832 million to €6,561 million as of September 30, 2022. This was mainly due to expenses of €1,250 million for repayment of a bond, €100 million for repayment of a loan note, and €100 million for repayment of a private placement.

Total equity increased by €2,102 million to €7,940 million as of September 30, 2022. Following an unappropriated loss of €940 million in the prior year, the change in total equity resulted from the unappropriated profit of €581 million and the allocation by the Executive Board and Supervisory Board of €581 million of the net income after offsetting the loss carry forward to other retained earnings. The equity ratio therefore increased to 33% (prior year: 18%).

33%

Equity ratio

The €29 million increase in provisions for pensions and similar obligations was mainly due to the addition of €71 million to pension provisions and accrued interest of €16 million. This was offset by utilization of provisions in the amount of €44 million and the change of €13 million in pension obligations transferred internally as outlined above. Within other provisions, the provision for share-based compensation decreased by €21 million and the provision for outstanding invoices by €16 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 affiliated companies declined by €8,312 million year-on-year to €11,656 million, mainly because liabilities on overnight accounts decreased. The main reason for this was the dividend distribution and capital repayment from thyssenkrupp Nederland Holding B.V., Netherlands. Liabilities due to loss transfers under profit and loss transfer agreements decreased by €687 million to €22 million. More information on the financial position of thyssenkrupp AG is contained in the Notes to the parent-company financial statements.

## Unappropriated profit and proposal for appropriation of the profit

The legal basis for distribution of a dividend is the unappropriated profit of thyssenkrupp AG determined in accordance with German GAAP. This comprises the net income of thyssenkrupp AG in the amount of €2,103 million calculated in accordance with the German Commercial Code (HGB) less the loss carried forward from the previous year and less the allocation of €581 million to other retained earnings resolved by the Executive Board and Supervisory Board in accordance with § 58 (2) sentence 1 AktG. The financial statements therefore show an unappropriated profit of €581 million.

€581 million

Unappropriated profit

The Executive Board and Supervisory Board will propose to the Annual General Meeting that the unappropriated profit for fiscal year 2021 / 2022 in the amount of €581 million be used as follows: for the distribution of a dividend of €0.15 per no-par share entitled to the dividend, with the remaining amount being carried forward to the new account.

# Statement of financial position of thyssenkrupp AG

## ASSETS

| million € | Sept. 30, 2021 | Sept. 30, 2022 |
|---|---|---|
| **Fixed assets** | | |
| Intangible assets | 6 | 4 |
| Property, plant and equipment | 134 | 124 |
| Financial assets | 18,559 | 12,185 |
| | **18,699** | **12,314** |
| **Operating assets** | | |
| Receivables and other assets | 4,753 | 5,355 |
| Cash on hand and cash at banks | 8,393 | 6,561 |
| | **13,146** | **11,915** |
| **Prepaid expenses and deferred charges** | **19** | **10** |
| **Total assets** | **31,863** | **24,239** |

## EQUITY AND LIABILITIES

| million € | Sept. 30, 2021 | Sept. 30, 2022 |
|---|---|---|
| **Total equity** | | |
| Capital stock | 1,594 | 1,594 |
| Additional paid-in capital | 2,703 | 2,703 |
| Other retained earnings | 2,480 | 3,062 |
| Unappropriated loss/profit | (940) | 581 |
| | **5,838** | **7,940** |
| **Provisions** | | |
| Provisions for pensions and similar obligations | 1,054 | 1,083 |
| Other provisions | 166 | 124 |
| | **1,220** | **1,207** |
| **Liabilities** | | |
| Bonds | 4,350 | 3,100 |
| Liabilities to financial institutions | 100 | 21 |
| Liabilities to affiliated companies | 19,968 | 11,656 |
| Other liabilities | 387 | 314 |
| | **24,805** | **15,092** |
| **Deferred income** | **0** | **0** |
| **Total equity and liabilities** | **31,863** | **24,239** |

## STATEMENT OF INCOME

| million € | 2020/2021 | 2021/2022 |
|---|---|---|
| Net sales | 171 | 280 |
| Cost of sales | (71) | (46) |
| **Gross profit** | **100** | **234** |
| General administrative expenses | (341) | (326) |
| Other operating income | 605 | 157 |
| Other operating expense | (261) | (430) |
| Income from investments | (662) | 2,862 |
| Net interest | (29) | 3 |
| Write-downs of financial assets and securities classed as operating assets | (71) | (312) |
| Income taxes | 8 | (85) |
| **Earnings after taxes/Net loss/income** | **(651)** | **2,103** |
| | | |
| **Profit appropriation** | | |
| Net loss/income | (651) | 2,103 |
| Loss carried forward | (289) | (940) |
| Transfer to other retained earnings | 0 | 581 |
| **Unappropriated loss/profit** | **(940)** | **581** |

# Climate, energy and environment

www.thyssenkrupp.com > Company > Sustainability > Environment and energy

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 our sustainability approach and thus our corporate strategy – and also a basis for sustainable success in our markets.

## thyssenkrupp Climate Action Program for Sustainable Solutions (CAPS)

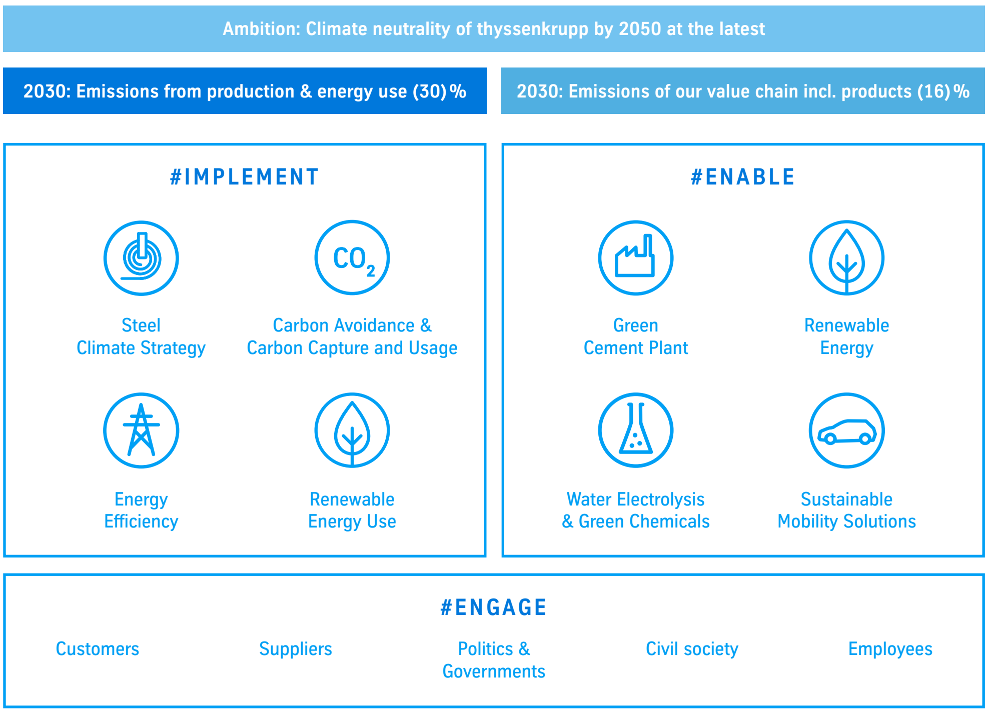
Ambitious climate targets for 2030 and 2050 in line with the Paris climate agreement

thyssenkrupp has set itself ambitious targets on the path to greenhouse gas neutrality. Our long-term target is to be climate-neutral by 2050 and far earlier in some businesses and countries. 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 our supply chain and the use of our products by our customers, 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 have developed roadmaps and action plans for meeting these targets. In view of the current climate debate and German Climate Change Act, which specifies that Germany should be climate-neutral by 2045, we are reviewing whether we can become climate-neutral at an earlier date and are already moving towards even faster reduction in our emissions en route to this. Future success in meeting thyssenkrupp's climate targets was integrated into long-term compensation for the Executive Board and top-level management in fiscal year 2021 / 2022. Further information can be found in the "Compensation report" and in the section "Fundamental information about the group" in the subsection "Targets" under "Sustainability and Indirect Financial Targets."

Work towards achieving our group climate targets is continuing in the context of the thyssenkrupp CAPS program (Climate Action Program for Sustainable Solutions). 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 are developing a process that is currently unique: we are combining 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 scientists from RWTH Aachen. This innovation 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 $CO_2$ 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 electrolysis plants as part of the ramp-up of a sustainable hydrogen economy, as well as various innovative solutions for sustainable mobility. Following the introduction of Product Carbon Footprints, we are determining the emissions of initial products along the entire value chain, so we can identify key approaches to reducing them that extend beyond our own production process and include indirect emissions. Further information on our innovative solutions can be found in the "Technology & innovations" section, in subsection "Strategy" in the section "Fundamental information about the group", in subsection "Segment review" in the "Report on the economic position" 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 nearly 22 million tons.

CDP listing for outstanding climate performance for the sixth year in succession

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 parties. In 2021 thyssenkrupp was included on the "A" list compiled by the non-profit organization CDP (formerly Carbon Disclosure Project) for the sixth year in succession; according to CDP that makes us an international leader with regard to climate transparency and management.

## Environmental management at our sites

Internationally acknowledged standards for environmental management implemented globally

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 as well as specific environmental targets at their individual sites.

Activities regarded as environmentally relevant are defined in a group regulation. Since fiscal year 2019 / 2020 all environmentally relevant group companies within the meaning of this regulation have had an environmental management system certified in accordance with ISO 14001. In the reporting period around 73% of thyssenkrupp 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

Significant increase in energy efficiency thanks to the global energy program GEEP

The group's energy consumption came to around 66 terawatt hours (TWh) in fiscal year 2021 / 2022.

Energy efficiency has always played an important role at thyssenkrupp. Launched eight 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 and lighting systems. In the reporting year we set ourselves the target of increasing energy efficiency in the group by 110 GWh. We exceeded this target with around 255 GWh. Mathematically, these efficiency gains enabled us to avoid around 85,000 tons of greenhouse gas emissions. The goal for fiscal year 2022 / 2023 is to achieve efficiency gains of at least 85 GWh. Since fiscal year 2019 / 2020 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 specific energy targets for each relevant group company, measuring energy consumption and optimizing organizational and technical processes. In terms of groupwide energy consumption this means around 99% of energy management activities at thyssenkrupp met the ISO 50001 standard in fiscal year 2021 / 2022.

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

www.thyssenkrupp.com > Company > Sustainability > Sustainability strategy and targets

# Technology and innovations

## Innovation strategy

With their experience and know-how, the companies in the thyssenkrupp group can develop solutions for the major challenges of the future. The focal areas are technologies to address climate change and the energy transition, the digitalization of industry and the future of mobility.

www.thyssenkrupp.com > Company > Innovation

Our global research and development network includes about 75 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 1,500 new patents and utility models. As a result our patent portfolio now contains some 17,370 patents and utility models. The trademark portfolio comprises around 9,860 property rights.

Total spending on research and development by the thyssenkrupp group came to €624 million in the reporting year, an increase of 4% compared with the previous year (€600 million). The adjusted R&D intensity was 2.4% (prior year: 2.6%) and refers to R&D costs as a proportion of sales, without trading and distribution and was below the corporate target of around 3.0%, mainly due to the price-driving rise in sales.

In fiscal year 2021 / 2022, we capitalized development costs of €13 million for the continuing operations (prior year: €12 million). The capitalization ratio – capitalized costs as a proportion of overall R&D costs – was unchanged year-on-year at 5%.

### RESEARCH AND DEVELOPMENT

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Change in % |
|---|---|---|---|
| Research and development cost | 234 | 246 | 5 |
| Amortization of capitalized development costs | 13 | 11 | (15) |
| Order-related development costs | 353 | 367 | 4 |
| **Group continuing operations[1]** | **600** | **624** | **4** |

[1] See preliminary remarks.

## Climate protection and energy transition

$CO_2$-reduced steel now being produced

thyssenkrupp Steel Europe has begun producing steel with carbon intensity reduced by up to 70%. The product is known as bluemint® pure and is produced using purchased hot briquetted iron (HBI), which has already been reduced. Consequently, less carbon is required for the reduction process in the blast furnace.

The $CO_2$ avoided in this way is allocated to production at the Duisburg site and therefore neutralizes the direct emissions from bluemint® pure in Duisburg. Indirect emissions from the supply chain (scope 3) remain unchanged. These are all emissions released in production and transportation of the starting materials. In this way, the $CO_2$-intensity per ton is reduced by 1.5 tons to 0.6 tons. The internationally recognized technical consulting firm DNV has verified this method of reducing $CO_2$ emissions from the blast furnace.

Using metallic iron, which reduces the amount of iron ore and carbon carriers required to produce the same amount of steel, is the principle behind the second $CO_2$-reduced product, bluemint® recycled. Here, $CO_2$ emissions are reduced by using a specially prepared scrap product in the blast furnace. Compared with conventional production in a blast furnace, this process reduces the net $CO_2$ intensity recorded from 2.1 tons to 0.75 tons. The reduction in $CO_2$ emissions achieved with this high-quality recycling process has been certified by TÜV SÜD.

bluemint® Steel can be processed into attractive products that can be labeled as $CO_2$-reduced. By using bluemint® pure and bluemint® recycled, thyssenkrupp Electrical Steel can therefore offer the bluemint® powercore brand of products with 50% lower $CO_2$ intensity. This product in an electrical steel for the construction of transformers.

Thyssenkrupp Uhde, cement producer Holcim and Berlin Technical University are jointly investigating the use of the latest amine scrubbing technology for carbon capture in cement production. The goal is to considerably reduce $CO_2$ emissions from existing cement plants and at the same time utilize the captured $CO_2$ for other applications. This includes the development of new mass transfer process equipment for more efficient carbon capture that is more resilient to contamination. This project is funded by the Federal Ministry of Economic Affairs and Climate Action.

The performance and efficiency of the new equipment are being tested using exhaust gas at Holcim's cement works in Beckum. In addition, various possibilities for chemical processing of the $CO_2$ captured are being explored, for example methanol or sustainable fuels.

## Digitalization of industry

Materials trading is developing a model to calculate the carbon footprint

thyssenkrupp Materials Services has developed a calculation model that is currently unique on the market to create climate-protection transparency for its entire product portfolio and its customers: the Product Carbon Footprint (PCF) calculator determines the exact emissions of $CO_2$ equivalents ($CO_2e$) for every product from production to delivery.

The Product Carbon Footprint is calculated using specific data on warehouse locations, delivery and shipment, and all supplier and material data. This cradle-to-gate approach therefore includes all data along the entire supply chain up to the customer. Based on the requirements of the Greenhouse Gas Protocol – the globally recognized standard for the measurement of greenhouse gas emissions – these data are allocated to individual order items at thyssenkrupp Materials Services. External experts assist the company in evaluating the corresponding greenhouse gas effects. In this way, the greenhouse gas impact of all steps from production through supply, storage and processing up to delivery to customers can be presented transparently for each article.

Thyssenkrupp Materials Processing Europe has extended its range of services to include a "Control Tower", a coordination solution for its entire supply chain. At its core is a data dashboard that offers a continuous overview of planning and call-off data from the customer and its various suppliers.

In this way the company is addressing the increasingly complex networking of production sites around the world on the one hand and the finely balanced supplier relations on the other. The Control Tower processes a wide range of customer information such as call-off data and contingents at supplier plants. The platform also enhances supply chain transparency with regard to aspects such as delivery deadlines, quality assurance, and the call-off patterns and forecasting of various plants and suppliers.

Control Tower allows dynamic and intelligent collaboration with customers and other partners in a network, strengthens the resilience and adaptability of the supply chain and reduces supply chain risks. This platform is a further element in the strategic development of "Materials as a Service" which thyssenkrupp Materials Services is using to expand its supply chain service business.

Another element of the "Materials as a Service" strategy is the Pacemaker software developed by thyssenkrupp Materials Processing Europe, which is based on artificial intelligence (AI). The aim is to increase supply security in materials trading, reduce customer inventories and thus increase output. The algorithm is already being used by some automotive suppliers in the Autoeuropa industrial park in Portugal. The software captures real-time production data from the automotive producer, recognizes planning deviations from samples and visualizes the data. Pacemaker recognizes the customer's actual demand earlier than the previous supply chain process so the supplier can alter material flows accordingly. A study conducted by the Nova School of Science and Technology in Lisbon tested the performance and accuracy of Pacemaker forecasts and confirms that Pacemaker can in many situations exceed the accuracy of customer forecasts.

## Mobility of the future

Body shop specialist thyssenkrupp Automotive Body Solutions is investing in cap-on GmbH, a start-up in Elchingen, Germany, that specializes in pay-per-use services. Together, the two companies aim to establish new financing and digital usage concepts in the capital-intensive plant and industrial goods business in the future. Thyssenkrupp is contributing its knowledge of complex machine and plant control, while cap-on is providing the expertise for new financing models and digital billing systems.

The “pay-per-use” or “equipment-as-a-service” solutions are based on the fact that industrial companies no longer have to finance and purchase their production equipment themselves, but instead purchase specific production and labor services from a service provider. The industrial customer thereby benefits from less risk in long-term investment decisions, lower commitment of funds, shifting from capital expenditures to operating costs, and greater flexibility in production control.

One long-term research focus in the automotive business is the ongoing development of highly automated 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.

The powertrain components business unit (thyssenkrupp Dynamic Components) is driving forward the transformation towards e-mobility. This company specializes in the production of rotor shafts for electric engines. On this basis it has started to develop complete rotors for electric engines. Further projects to develop new products are under way in the field of thermal management for battery-electric vehicles.

# 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.

www.thyssenkrupp.com > Company > Procurement

## Materials expense

Materials expense comprises the group's total spend (continuing operations) on products and services. Compared to the prior fiscal year, it increased by 25% to €28 billion due to price increases for some starting materials. Materials expense as a percentage of sales came to 69% (prior year: 67%). Depending on the business model, the percentages of the individual businesses ranged between 49% (Marine Systems) and 82% (Materials Services). The following table shows the materials expense of each individual business in absolute figures:

69%

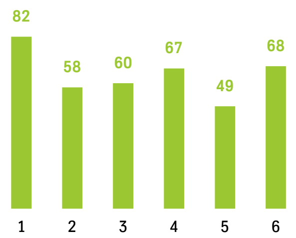
Materials expense in relation to sales

### MATERIALS EXPENSE

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Change in % |
|---|---|---|---|
| Materials Services | 9,694 | 13,561 | 40 |
| Industrial Components | 1,282 | 1,609 | 26 |
| Automotive Technology | 2,570 | 2,887 | 12 |
| Steel Europe | 5,961 | 8,873 | 49 |
| Marine Systems | 979 | 900 | (8) |
| Multi Tracks[1] | 4,261 | 2,788 | (35) |
| Corporate Headquarters | 7 | 1 | (80) |
| Reconciliation | (2,027) | (2,128) | (5) |
| **Group continuing operations[1]** | **22,727** | **28,490** | **25** |
| Discontinued elevator operations[1] | 0 | 0 | — |
| **Full group** | **22,727** | **28,490** | **25** |

[1] See preliminary remarks.

### Materials expense of the segments
as % of sales 2021/2022




| | | |
|---|---|---|
| 1 | Materials Services | 82 % |
| 2 | Industrial Components | 58 % |
| 3 | Automotive Technology | 60% |
| 4 | Steel Europe | 67 % |
| 5 | Marine Systems | 49 % |
| 6 | Multi Tracks | 68 % |

In the period under report, the purchasing departments of our companies, on the whole, have ensured a reliable supply of materials and services for our operations and projects in the required scope – despite limited availabilities within some commodities as well as substantial logistics challenges affecting transport by road, rail, ocean and air. More information is provided in the "Opportunity and risk report" under "Procurement risks."

## 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. Therefore, we include our suppliers directly in our sustainability strategy.

In the past fiscal year we executed a groupwide interdisciplinary sustainability project to meet the requirements of the German Act on Corporate Due Diligence in Supply Chains, which comes into effect on January 1, 2023. This comprises implementing a risk management system for specific human rights and environment-related risks and establishing a catalog of effective preventive measures. In supplier relationships, our established instruments such as risk analysis, sustainability audits and Supplier Code of Conduct continue to be of great importance.

We expect all our suppliers to comply with the requirements that are set out in our Supplier Code of Conduct and that we have also defined for the thyssenkrupp group itself. The Supplier Code Conduct addresses possible risks and negative impacts along the supply chain and requires our suppliers in particular to safeguard human rights, ensure fair working conditions, actively protect the environment and avoid violations of human rights through environmental harm, combat corruption and make the origin of conflict minerals transparent.

One established element of strategic supplier management at our companies is the annual selection of suppliers for our sustainability audits. In these audits the suppliers are visited on site to verify that they adhere to the principles and so meet sustainability-based requirements. Special attention is paid to respecting human rights, for example, with regard to working conditions, and to environmental protection, for example in the disposal of waste and wastewater and measurement of pollutants. The suppliers to be audited are normally selected on the basis of country or risk criteria or on an events-driven basis, for example, if we become aware of potential risk issues. Where necessary, improvement measures are agreed with suppliers during the audit and their implementation and effectiveness are monitored. In this way we support supplier development while reducing potential sustainability-related risks along our supply chain.

More than 100 sustainability audits were carried out in fiscal year 2021 / 2022. Key topics for potential improvements highlighted by the audits were working hours and occupational safety.

# Employees

## Employees in figures

On September 30, 2022 thyssenkrupp employed 96,494 people worldwide, a reduction of 4,781 or 4.7% compared with September 30, 2021.

www.thyssenkrupp.com > Company > Sustainability > Employees at thyssenkrupp

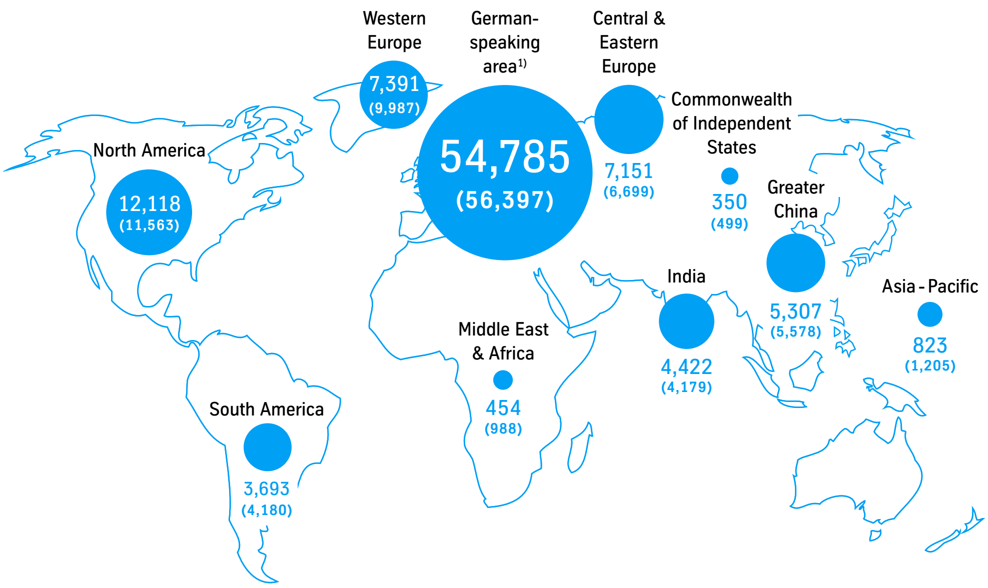
### EMPLOYEES

| | Sept. 30, 2021 | Sept. 30, 2022 | Change in % |
|---|---|---|---|
| Materials Services | 15,296 | 15,914 | 4 |
| Industrial Components | 12,812 | 12,019 | (6) |
| Automotive Technology | 19,723 | 20,266 | 3 |
| Steel Europe | 26,303 | 26,304 | 0 |
| Marine Systems | 6,534 | 6,943 | 6 |
| Multi Tracks[1] | 18,360 | 12,892 | (30) |
| Corporate Headquarters | 634 | 615 | (3) |
| Reconciliation | 1,613 | 1,541 | (4) |
| **Full group** | **101,275** | **96,494** | **(5)** |
| Germany | 53,278 | 51,649 | (3) |
| Other countries | 47,997 | 44,845 | (7) |

[1] See preliminary remarks.

### EMPLOYEES BY REGION

(prior-year figures in brackets)




[1] Germany, Austria, Switzerland, Liechtenstein combined; in Germany 51,649 (53,278)

## Focus of HR work in fiscal year 2021 / 2022

In the past fiscal year HR work at thyssenkrupp was dominated by three main challenges: The first was to continue to introduce, adapt and cease HR measures to comply with local regulations in connection with the ongoing coronavirus pandemic. The second was to continue to provide close support for HR measures to drive forward the transformation of the thyssenkrupp businesses. That included further implementation of the current restructuring measures. Thirdly, the outbreak of war in Ukraine at the end of February impacted both our overarching and our local HR work. In this context, our agenda included organizing the arrival and initial support for refugees, especially at locations close to the border, and providing relief supplies. In addition, further HR measures were introduced to enable us to respond flexibly to the economic impact of sanctions and supply bottlenecks.

### #bettertogether: Working together to improve occupational health and safety

Crisis management remained a central issue at thyssenkrupp in fiscal year 2021 / 2022 to help contain the coronavirus pandemic. The collaboration between the central expert board, which brings together health and safety experts, and the crisis units from the business and regions continued. In this way, it was possible to make sure that all information chains were retained and to ensure a rapid response.

More than 3 million self-testing kits distributed to staff since the beginning of the pandemic

In-house vaccination and testing programs were also maintained in the past fiscal year. In Germany, around 12,000 additional vaccinations were administered at thyssenkrupp sites in fiscal year 2021 / 2022 and more than 2.2 million self-testing kits were distributed to employees. Since the start of the pandemic, thyssenkrupp has performed more than 35,000 vaccinations and made more than 3 million testing kits available, thus making an important contribution to containing the pandemic. The mental health impact of the coronavirus pandemic was and still is a focus of attention. In the reporting period 84% of the workforce had access to an Employee Assistance Program – confidential counseling by external psychologists, medics and educational specialists. While demand surged from 1.6% to 3.1% in fiscal year 2020 / 2021 following the start of the pandemic, the usage rate in Germany was 2.4% in fiscal year 2021 / 2022. Moreover, in fiscal year 2021 / 2022, we developed occupational health and safety concepts for the period after the pandemic, paying special attention to the resilience of employees and managers. Resilience has been defined as a groupwide focus topic in the area of health and safety at work, initially for three years. To strengthen team resilience the “we care Days” in 2022 focused on solidarity and team spirit under the motto #bettertogether. The period of contact restrictions made it especially clear how important social contact is – including at work. Every year the “we care award” is presented to teams that undertake specific measures to ensure particularly good collaboration. In the reporting year, three winners were selected from a total of 69 submissions from 19 countries.

thyssenkrupp considers occupational health and safety to be a management task and sees leadership as an effective route to a resilient workforce. “leaders care” is the motto of an online platform providing managers assistance in improving their leadership skills in this area.

thyssenkrupp also promotes the individual health of its employees. Topics include nutrition, exercise, stress management, health screening, preventing addiction avoiding other non-work-related health risks. In line with our focus on resilience, we will be paying special attention to stress management in the future. 75% of employees currently have access to stress management offers.

For many years thyssenkrupp has exceeded its own target of 10% for first aiders in the workforce. Currently 15.8% of employees are trained in first aid. We aim to maintain this high level.

The accident frequency rate at thyssenkrupp dropped to 2.3 in the fiscal year – the lowest level ever.

Occupational safety still is a top priority at thyssenkrupp, even at the highest level of the company: Accidents in the group are discussed regularly at Executive Board meetings. The key indicator in this context is the accident frequency rate, which is reported monthly by all units worldwide. In the past fiscal year, it dropped to 2.3. That was well below the target of 2.5 set for fiscal year 2023 / 2024, so thyssenkrupp has exceeded the target ahead of schedule. The targets previously set for the group in the planning period have therefore been reduced by 0.2. The number of fatal accidents at work was reduced to 0: Following the death of one employee in fiscal year 2020 / 2021, there were no fatalities in the reporting period. This positive trend is attributable to the extensive measures implemented or initiated in the past fiscal year. One example is the new focus dialog conducted with the three segments with a comparatively high accident frequency; this resulted in targeted action plans to prevent accidents.

In the area of occupational safety thyssenkrupp also keeps an eye on the subcontractors working for the group. The declared aim is to apply the defined standards at partner firms as well. To foster good and trustful cooperation, an internal competition was held for the first time in the past fiscal year. The aim was to identify and honor the best – meaning the safest – partner firms. In connection with #bettertogether, all group companies were asked to nominate partner firms they perceived to provide exemplary occupational safety in the execution of a specific contract.

### HR measures in connection with the transformation

HR measures were again geared primarily to operational implementation of measures to refocus the group's portfolio.

Another focus of HR work in fiscal year 2021 / 2022 was on the advancement and operational implementation of measures to refocus the group's portfolio and the extensive restructuring of group companies that started in fiscal year 2019 / 2020. Based on our planning, a total of nearly 13,000 job reductions will be necessary. By September 30, 2022 thyssenkrupp had implemented around 80% of the planned headcount reductions as scheduled; that was around 9,950 employees. Most of the measures in the past fiscal year concerned the Multi Tracks, Materials Services and Steel Europe segments. The regional focus was once again on Germany, which accounted for around 68%.

As part of the refocusing of the portfolio, splitting the former thyssenkrupp System Engineering into Automotive Body Solutions and Automation Engineering was successfully completed as of April 30, 2022. The extensive worldwide activities to carve out the mining business from thyssenkrupp Industrial Solutions AG in connection with the disposal to FLSmidth resulted in successful closing of this transaction on August 31, 2022. In this context, HR policy instruments such as voluntary programs, severance agreements and other redundancy arrangements for employees were used. Other tools included partial retirement – in accordance with collective bargaining agreements – and making use of natural fluctuation by not filling vacancies. A network made up of experts from different businesses and functions was available to advise and help find sustainable solutions in the interest of the company and the employees.

The coronavirus pandemic, the war in Ukraine and difficulties with the supply of goods from China adversely affected both procurement and sales markets. To address the associated economic challenges, thyssenkrupp continues to use tools such as short-time working and other government aid in accordance with the legislation in place in individual countries. There was a further sharp drop in the proportion of employees working short time compared with the prior year. At the peak in fiscal year 2021 / 2022, only 1,900 employees were affected by short-time working or comparable measures (prior year: 2,600).

## Future-oriented working and leadership culture

As part of the transformation and the steadily changing leadership requirements, we are helping our managers implement a future-oriented working and leadership culture. The six leadership competencies (Business Excellence, Inspirational Leadership, Courage, Thrive on Change, Ensure Accountability and Strategic Orientation) act as a guide for our managers and are also integrated into the "lead2perform" annual appraisal process. The thyssenkrupp Academy facilitates the implementation of our leadership culture. The regular "Backstage" dialog format supports penetration of this understanding of leadership and the expectations placed in the managers of the businesses; the Executive Board of thyssenkrupp AG and representatives of the top management of the segments take part. Leadership talents for top management positions also have an opportunity to deepen their understanding of leadership at thyssenkrupp in various modules of the Top Potential program. The credibility of the management of thyssenkrupp as a whole and at the companies is monitored through our annual groupwide employee survey "Employee Pulse Check." The "Lean & Agile" and "New Ways of Working" programs (see below) also provide impetus to support the implementation of a future-oriented working culture.

### Strengthening the performance culture

New in the reporting period: the "lead2perform" compensation and development system

The alignment of the short- and long-term variable compensation systems for managers to the success factors of the individual businesses in fiscal year 2021 / 2022 was systematically continued and implemented in the reporting period. At the same time, we completed "lead2perform," an overarching HR performance management process which combines the previous separate annual bonus and development rounds. In the future, the performance culture should permeate the group of companies even more intensively. Therefore, the businesses are being given the opportunity to integrate the annual review of compensation components ("salary round") into the overarching HR performance management process and to align it even more strongly than in the past to individual performance as a basis for compensation adjustments. In addition, the target group for this overarching approach was extended so that in future talents can be included in parts of the process. The underlying processes and IT solutions were designed in the reporting period and implementation will start in fiscal year 2022 / 2023. As well as increasing performance orientation, these measures are intended to establish efficient, IT-based HR processes.

### thyssenkrupp Academy: a reliable partner for the present challenges

In fiscal year 2021 / 2022 the thyssenkrupp Academy remained a strong partner for learning and transformation for all employees in the group, offering a curriculum of 129 openly bookable programs and 127 customer-specific programs and courses for a total of 3,999 participants. The quality of the offerings and program landscape is reflected in the high recommendation rate of 4.6 out of 5 (participants' assessments: 1 = disagree / 5 = fully agree) and was also recognized by neutral auditors in the context of TÜV ISO 29993 certification in the past fiscal year. The products and courses of the thyssenkrupp Academy therefore meet the highest international standards of training and continuing professional development outside a formal education setting.

Contentwise a particular focus of the thyssenkrupp Academy in the reporting period was on continuing to accompany the group towards the "new normal" resulting from the pandemic-driven changes in the work environment. In total, 1,039 employees and managers took part in the 71 offerings on virtual and hybrid working and leadership.

Another focus in the reporting period was on transitioning the companies in the thyssenkrupp group to agile organizational and leadership structures, including the goal of strengthening the performance culture in the businesses. Support ranged from virtual impetus through designing a program landscape on "leadership in a dynamic and complex world" ("Dynexity") to the concrete implementation of agile organizational and leadership elements at various companies. Overall, 33 offerings in different formats reached 692 employees.

In the fiscal year, the focus of the thyssenkrupp Academy's digital offerings was an overarching sustainability project. This included producing a sustainability learning offering comprising videos and podcasts as part of the groupwide #moreorless campaign. Further information can be found in the section "Fundamental information on the group" and under "Targets" in "Sustainability and Indirect Financial Targets."

### Employee Pulse Check: employee survey shows improvements

In fiscal year 2021 / 2022 the second groupwide Employee Pulse Check was conducted at thyssenkrupp. This is a short survey on employee satisfaction and the success factors for change, such as leadership, culture and communication. The survey was open to all employees of thyssenkrupp who work in a company that participates in the survey. This time it included around 85% of the companies in the thyssenkrupp group worldwide – so around 86,000 employees had an opportunity to give an assessment. The results of this survey showed overall improvements in the Employee Net Promoter Score and employees' confidence in the future of the company and, in particular, in questions relating to continuous improvement, management credibility and communication.

86,000 employees worldwide had an opportunity to take part in the Employee Pulse Check.

### New ways of working: continuing along the path to a new world of work

In the past fiscal year, thyssenkrupp adopted a groupwide policy on hybrid working: the group enables employees to switch between remote and office-based work to the extent permitted by the operating requirements of the particular job. The businesses were responsible for the business-specific details and implementation and local works agreements were concluded in Germany. Going forward, implementation at the German locations takes into account both the pandemic and possible statutory and regulatory rules; it is being accompanied by extensive training offerings on hybrid working and virtual collaboration. In addition, at thyssenkrupp's headquarters in Essen, concepts for rooms aligned to the new way of working were developed and piloted. Since experience of hybrid working by the group and its employees has so far been positive, thyssenkrupp will be promoting this type of working in the future as part of flexible employment and worktime models.

thyssenkrupp promotes hybrid working as part of its flexible employment and worktime models.

### Establishing lean and agile working methods

Since the start of fiscal year 2020 / 2021 the segments and Corporate have been working together on a common continuous improvements process. At its heart are cross-segment Lean & Agile projects which are highly focused in terms of content and timing. One special feature of these projects is the broad involvement of employees: they can submit their ideas for continuous improvements via the internal online platform "i2d – ideation to delivery" and present them personally to a cross-business, cross-hierarchy body. Furthermore, the platform offers all employees complete transparency about the status of the ideas submitted; a project marketplace enables anyone who is interested to actively participate in implementing the projects.

Apart from directly improving workflows, the aims are to establish Lean & Agile working methods in the group of companies and foster positive experience for employees through successful cross-functional collaboration. The most important success factors in this are the visible support of the members of the Executive Board of thyssenkrupp AG and the segments. The process is managed by a central Lean & Agile team and agile coaches provide professional support for all projects.

Between October 2020 and September 2022 a total of 28 cross-functional Lean & Agile projects were performed with the involvement of employees from all businesses. The project spectrum in the past fiscal year ranged from an applicant pipeline for industrial apprentices through sustainable mobility for employees and the creation of an open community on digitalization to sustainability roadmaps for thyssenkrupp sites.

## Moving forward: fostering innovation, growth and sustainability

Fostering innovation, growth and sustainability is an integral part of HR work at thyssenkrupp. In the following sections we summarize the focal aspects of the past fiscal year.

## Diversity & inclusion

Openness, equality of opportunity and mutual respect are central values of our corporate culture. One element in our diverse working environment comprises different worktime models, including various part-time working models and, for example, part-time vocational training. The hybrid working concept outlined above, which combines remote and office-based work, also has a firm place in our flexible employment and worktime models.

In addition, thyssenkrupp supports its employees in childcare. We use gender-neutral language, encourage internal networks (the wow! Women's network, women@MX, LGBTI network, tk Turkish Community) and have developed a wide range of formats (e.g., Diversity Day events, klar:text female edition) to raise awareness of these topics internally and externally. 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, in 2011 thyssenkrupp set itself a voluntary target to increase the proportion of women in management positions. The increase from 8% in 2011 to 13.1% as of September 30, 2022 shows a clear improvement at thyssenkrupp. Although significant challenges remain and structural changes lie ahead, thyssenkrupp is aiming to fill 16% of leadership positions worldwide with women and wants to achieve this target by the end of fiscal year 2024 / 2025. This ambitious goal reflects the proportion of women in the workforce as a whole and is one of the targets for the Long-Term Incentive plan. To take account of the importance of this issue, increasing the proportion of women in management positions to 17% by fiscal year 2025 / 2026 has once again been integrated into the Long-Term Incentive plan.

The proportion of women in management positions increased from 12.2% in the prior year to 13.1% as of September 30, 2022.

Moreover, the German subsidiaries in the thyssenkrupp group that are subject to codetermination law once again set targets for the proportion of women on supervisory boards, management boards and the two management levels below the management boards in accordance with the second German Act on Women in Leadership Positions (FüPoG II); these targets are to be met by June 30, 2027. As with the voluntary global target for the proportion of women in leaderships positions in the group, implementation of this law at thyssenkrupp goes beyond the statutory requirements. For example, when setting the targets, "zero" targets were no longer accepted especially for top management and the levels below top management.

In May 2022, thyssenkrupp made a clear signal in favor of women in leadership positions with the "her.summit", a new initiative introduced with Initiativkreis Ruhr. The aim is to establish another viable network for female managers in the region – to encourage more women to take on leadership roles and key positions, support them along the way and increase their visibility. At the first event in this series, around 140 female leaders from the Rhine-Ruhr region met up at thyssenkrupp in Essen for the first "her.summit." This new format will bring together female pioneers from the region at regular intervals to discuss relevant industrial policy issues in order to set impetus. The motto of the first event was the future-oriented topic: "The Ruhr region and hydrogen – a region pioneering the green transformation." The participants came from industry, science, industry associations, the media and medicine.

### Positioning thyssenkrupp as a tech and innovation company

To address the increasingly dynamic labor markets, thyssenkrupp is driving forward its positioning as an attractive employer, especially for IT and engineering specialists and for the next generation of industrial and administrative employees. For example, the Tech@tk initiative has implemented formats to recruit and retain apprentices, university graduates and specialists. In addition, thyssenkrupp has positioned itself with IT specialists in particular through a special recruitment campaign “Our generation needs ...”

### Development platforms and networking formats for talents

In the past challenging years, the established talent management system, “tk Talents” and the related development measures have been systematically aligned to successfully identify and develop talents at thyssenkrupp – currently more than 1,500 employees worldwide – despite remote working and hybrid working models. “tk Talents” is designed to retain promising young staff in the thyssenkrupp group. At the same time, our companies have transparent talent pipelines to fill key positions both during and after the crisis.

A particular focus in the reporting period was on identifying talent employees in technical job families such as IT and engineering and offering them access to cross-business information and networking formats. Another positive factor in our view was the renewed rise in female talents to 24.6%. This was partly due to activities such as the first “her.summit” and continuous measures to raise the awareness of our managers.

### Apprentice training – still a central element for securing skilled employees

Number of apprentices: 2,500

Number of occupations: 62

Training young people in specialist skills has always been a central element of HR work at thyssenkrupp. Altogether our group of companies had over 2,500 apprentices in the reporting year (prior year: more than 2,600) across 62 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 constant at 5.0% (prior year: 5.0%). thyssenkrupp offers apprentices the option of a classic apprenticeship or an integrated degree course. Collective agreements ensure consistently high quality standards for apprenticeships and integrated degree courses. Despite severe restrictions in the reporting period as a result of the ongoing coronavirus pandemic, the quality of training was by and large maintained. Particularly for industrial apprenticeships, in the first half of the fiscal year the trainers made a great effort to ensure that the course content could be taught despite the reduced presence of the apprentices in the plants. The situation stabilized in the summer and apprentices were able to undergo training without restrictions.

Since the number of applications for industrial apprenticeships is declining, a Lean & Agile project has been initiated to ensure a pipeline of industrial apprentices. The aim is to reverse this trend and highlight the equivalents with other training offerings and academic training at thyssenkrupp.

# 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 340 measures were documented worldwide in the reporting year.

Support for local causes and Ukraine

In the reporting period, group companies at various locations once again supported projects, non-profit associations and organizations on the basis of the opportunities and needs on the ground. For example, thyssenkrupp Forged Technologies again made it possible to hold several theater and choral workshops for children, young people and adults in Campo Limpo in Brazil. Steel Europe in Duisburg donated mobile solar kits to a high school, several beamers to an elementary school and 3D printers to a comprehensive school. It also supported the Marxloh theater festival for integrative and intercultural youth work.

The human suffering caused by the war in Ukraine led to an outpouring of sympathy and help at thyssenkrupp. Various group companies and locations close to the border with Ukraine, for example, Materials Services, Bearings and Automotive Technology, provided initial assistance for the reception and emergency care for refugees and their subsequent integration.

Employees at two thyssenkrupp Dynamic Components sites collected a variety of relief aid and donations centrally at the Ilsenburg site. Company vehicles transported aid first to the site at Jászfényszaru in Hungary and then through close cooperation with a twin town to Ukraine to provide direct relief. Since then, the Hungarian colleagues at two sites have made apartments available to refugee families.

The Service Center in Gdansk, Poland, took the initiative in collecting food, clothing and other necessities for refugees. Employees compile information in Ukrainian on the assistance available in Poland and provide pragmatic assistance in generating and translating documents, for example to help find jobs. In addition, employees held an in-house auction to raise money for Ukrainian orphans.

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

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 anticorruption , antitrust law, data protection,  anti-money laundering, and trade compliance, compliance work in fiscal year 2021 / 2022 focused on the following main tasks:

- communication of strong values as the foundation for how we work together, even in the continued difficult economic environment,
- reiteration by the Executive Board of the entrepreneurial Compliance responsibility of our executives as tone-from-the-top and renewal of the Board's Compliance commitment,
- support for antitrust aspects of portfolio measures,
- continuous enhancement of the compliance management systems for data protection and the prevention of money laundering,
- a special focus on trade compliance in view of stricter tough international sanctions in connection with the war in Ukraine,
- supporting the ongoing further development of further compliance issues in the group of companies, especially preparations to implement the German Act on Corporate Due Diligence in Supply Chains,
- event-driven investigations following reports by whistleblowers, and proactive compliance audits.

## Embedding compliance in our corporate culture

www.thyssenkrupp.com > Company > Compliance

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 this context special responsibility is assumed by our executives, who have entrepreneurial responsibility for compliance. The Executive Board updated its resolution on entrepreneurial compliance responsibility in the reporting period. All executives in the thyssenkrupp group have a duty and a responsibility to ensure compliance with the law and internal regulations in their sphere of responsibility and to work to ensure compliance.

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 from any disadvantages arising from their notification. When clarifying such reports, we protect the legitimate interests of the people affected by the allegations.

## 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 central 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 corruption prevention, antitrust law, data protection, anti-money laundering and trade compliance.

## Focus of compliance work

Compliance work in fiscal year 2021 / 2022 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 Executive Board’s compliance commitment is an important element in reinforcing the tone-from-the-top within our group of companies. This compliance commitment reflects the clear understanding that, in line with our positive compliance mindset, we abide by the rules out of conviction. The active involvement of all managers and employees in implementing the thyssenkrupp compliance program in their area of responsibility is vital to strengthen the confidence of customers, suppliers, shareholders and society in thyssenkrupp.

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.

Further, we strengthened prevention of money laundering and the financing of terrorism by implementing measures to report suspected cases.

Foreign trade was further integrated into the compliance program. Special attention was paid to foreign trade because of the war in Ukraine: sanctions and export controls were constantly updated and had to be taken into account daily.

In addition, 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. Substantive 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. It also means that the Compliance function works with the responsible contact persons in the functions to adapt the reporting system and responsibilities for the respective topics.

In the reporting period, a special focus of the further compliance topics was supplier compliance as a cross-function and cross segment project to prepare for the German Act on Corporate Due Diligence in Supply Chains, which comes into effect on January 1, 2023. The objective of this law is to improve international compliance with human rights by defining the duty of due diligence to be respected in the area of human rights. Starting from this, it defines requirements for companies like thyssenkrupp to ensure responsible management of supply chains on the one hand and their own business areas on the other.

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. In the reporting period, more than 5,300 participants attended awareness-raising training sessions, many of which were held remotely as a result of the new forms of collaboration and in some cases because of the Covid pandemic. The training courses cover all the core topics in the thyssenkrupp compliance program. Furthermore, we have 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, almost 26,000 courses (including e-learning formats) had been completed on compliance in procurement and on data protection. The Compliance@thyssenkrupp e-learning course 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 12,000 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 on the core topics. 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 which provide employees and external persons with channels for reporting possible violations of laws or policies and regulations. A central hotline and a central email address are available for this. If required, potential breaches of the law or regulations can be submitted without disclosing the identity of the whistleblower.

- "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.

250

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

thyssenkrupp employs more than 80 full-time compliance employees worldwide, of whom around 40 also have other legal tasks. They are supported by a network of nearly 250 compliance managers, generally the managing directors of group companies who ensure operational implementation of the compliance program in their sphere of influence. Together they play a key role in permanently embedding compliance in the thyssenkrupp group of companies and are available to employees seeking advice.

# EU Taxonomy

thyssenkrupp's first EU Taxonomy report

The European Union's Taxonomy Regulation (EU Taxonomy) is a key element in the European Green Deal and the Action Plan on Financing Sustainable Growth to reach the European Union's goal of being climate neutral by 2050. The aim of the EU Taxonomy is to increasingly direct capital flows to ecologically sustainable economic activities and increase general transparency for the capital markets. Under Article 8 (1) of the EU Taxonomy, in reporting year 2021 / 2022 thyssenkrupp is required for the first time to include information on how and to what extent its activities are associated with economic activities that qualify as environmentally sustainable under the classification system of the EU Taxonomy in its non-financial statement, which is integrated into this management report. For fiscal year 2021 / 2022 thyssenkrupp has applied the simplified reporting requirements permitted by the legislator; in particular, we only report on taxonomy-eligible economic activities in connection with the environmental objectives "climate change mitigation" and "climate change adaptation." On this basis, we performed a thorough analysis of the group's economic activities and the resulting sales, capital expenditure (CapEx) and operational expenditure (OpEx) and evaluated the proportions to be classified as taxonomy-eligible. From fiscal year 2022 / 2023 thyssenkrupp is also required to report on the taxonomy alignment of the taxonomy-eligible economic activities.

There is currently some uncertainty with regard to interpretation of the regulation as some legal terms in the EU Taxonomy have not yet been clarified. Moreover, further legal acts and explanations on how to apply the published requirements have already been announced. They will address, among other things, the other environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems) and could affect the disclosures to be made in the future.

## Taxonomy-eligible economic activities

An economic activity is considered to be taxonomy-eligible if it is included in the delegated acts on the environmental objectives of the EU Taxonomy. Accordingly, activities that are not listed in the delegated acts cannot be classified as taxonomy-eligible. Following a groupwide analysis we have assigned the product portfolio of the thyssenkrupp group to the following economic activities in accordance with the EU Taxonomy:

- Manufacture of renewable energy technologies (category 3.1)
- Manufacture of equipment for the production and use of hydrogen (category 3.2)
- Manufacture of other low carbon technologies (category 3.6)
- Manufacture of iron and steel (category 3.9)
- Material recovery from non-hazardous waste (category 5.9)
- Freight transport services by road (category 6.6)

The taxonomy-eligible economic activities of the thyssenkrupp group, which we allocate to the "climate change mitigation" objective comprise in particular the steel production in the Steel Europe segment, the stainless steel production activities of the Multi Tracks segment, which were divested at the end of January 2022, the production of bearings for wind energy installations (Bearings business unit in the Industrial Components segment), the design and manufacture of electrolysis plants for the production of hydrogen (thyssenkrupp nucera in the Multi Tracks segment) as well as the logistics services and slag processing activities (Materials Services segment). The Oxygen Depolarized Cathode (ODC) technology for chlor-alkali electrolysis for the production of chlorine (also thyssenkrupp nucera) and the EnviNOx® technology to reduce nitrous and nitrogen oxide emissions (Uhde in the Multi Tracks segment) were both allocated to the economic activity "Manufacture of other low carbon technologies." Large parts of the thyssenkrupp group's portfolio are not currently affected by the EU Taxonomy and are therefore not taxonomy-eligible. This applies, for instance, to the economic activities in the Automotive Technology and Marine Systems segments and the Forged Technologies business unit in the Industrial Components segment, almost all products and services of the Materials Services segment and parts of the product portfolio of the Multi Tracks segment. In total, this applied to around 72% of the sales of the thyssenkrupp group in fiscal year 2021 / 2022.

## Determination of the EU Taxonomy key performance indicators (KPIs)

The Taxonomy KPIs and disclosure of the nature of our taxonomy-eligible economic activities is based on Article 10 (3) and Article 11 (3) of the EU Taxonomy. In the course of our groupwide analysis, together with experts from the relevant group functions and businesses, we analyzed the sales, CapEx and OpEx relating to the economic activities and the relevant posting processes and accounts in order to identify the taxonomy-eligible proportion. The data are compiled by our businesses, consolidated and checked at group level.

We avoid double-counting by allocating sales, CapEx and OpEx directly to the identified economic activities. If a direct allocation is not possible, we determine the amounts relating to the taxonomy-eligible activities using appropriate allocation methods, for example, on the basis of the sales generated with specific customer groups. Activities in reporting units that are neither fully consolidated nor included in the consolidated financial statements of the thyssenkrupp group on a pro rata basis (for example, joint ventures and associates accounted for using the equity method) are not included in the analysis in application of the option permitted by the EU Taxonomy.

### Sales

The group's total sales correspond to the sales disclosed in the consolidated income statement of the thyssenkrupp group (see "thyssenkrupp group – statement of income"). On this basis, we determine the proportion of external sales generated from contracts with customers (IFRS 15) and leases (IFRS 16) attributable to taxonomy-eligible economic activities as defined in the EU Taxonomy.

### Capital expenditure (CapEx)

The group's total capital expenditure within the meaning of the EU Taxonomy comprises additions from outside the group of property, plant and equipment (IAS 16 and additions of investment property as defined by IAS 40), intangible assets (IAS 38) and right-of-use assets from leases (IFRS 16) in the reporting period before depreciation, amortization and remeasurements, including those from impairments and the reversal of impairments (see Note 04 Intangible Assets and Note 05 Property, plant and equipment (including investment property). Furthermore, additions to the above assets due to business combinations are included. On this basis, the proportion of external capital expenditure attributable to taxonomy-eligible economic activities (taxonomy-eligible CapEx) is determined. This contains corresponding investments in connection with taxonomy-eligible economic activities, especially machinery for production processes, buildings for production and the provision of services. In addition, we include capital expenditures that are designed to expand existing taxonomy-eligible activities and individual measures to enable the economic activities to reduce $CO_2$ or avoid greenhouse gases.

### Operating expenditure (OpEx)

The group's total operating expenditure within the meaning of the EU Taxonomy comprises certain external direct expenditures that cannot be capitalized under IFRS. These include: research expenses and non-capitalized development expenses, expenditures for the renovation of buildings, expenditures in connection with non-capitalized short-term or low-value leases, expenditures in connection with regular or unplanned maintenance and repairs as well as other direct expenditures for the day-to-day servicing of assets. On this basis, the proportion of the applicable external operating expenditure attributable to taxonomy-eligible economic activities (taxonomy-eligible OpEx) is determined. In addition, we include non-capitalizable expenditures that are designed to expand taxonomy-eligible activities and individual measures to enable the economic activities to reduce $CO_2$ or avoid greenhouse gases.

## Taxonomy-eligible proportion of economic activities

In fiscal year 2021 / 2022, the sales attributable to the taxonomy-eligible economic activities outlined above amounted to €11,515 million, which was 28% of the total sales of the thyssenkrupp group. Taxonomy-eligible CapEx amounted to €641 million, which was 49% of total capital expenditure within the meaning of the EU Taxonomy. Taxonomy-eligible OpEx amounted to €907 million, which was around 65% of total operating expenditure within the meaning of the EU Taxonomy. The biggest contribution to the taxonomy-eligible KPIs came from steel production, stainless steel production, which was divested at the end of January 2022, and the production of bearings for wind energy installations.

28% of thyssenkrupp's sales are taxonomy-eligible

### TAXONOMY-ELIGIBLE PROPORTION OF ECONOMIC ACTIVITIES 2021 / 2022

| million € | Full group | Taxonomy-eligible | in % | Taxonomy-non-eligible | in % |
|---|---|---|---|---|---|
| Sales | 41,140 | 11,515 | 28 | 29,624 | 72 |
| Capital Expenditure | 1,307 | 641 | 49 | 666 | 51 |
| Operating Expenditure | 1,388 | 907 | 65 | 481 | 35 |

# 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. In fiscal year 2021 / 2022 thyssenkrupp AG was exempt for the first time from the obligation to present a non-financial statement as an individual company. The information in the non-financial statement nevertheless still applies equally to the group and thyssenkrupp AG. For the reporting period we are required for the first time to make disclosures within the framework of the EU Taxonomy. These are part of our non-financial statement and are therefore also integrated into the management report. 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 in accordance with § 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<br>Climate, energy and environment<br>Sustainability in supplier management<br>EU Taxonomy<br>Opportunity and risk report | Sustainability and Indirect Financial Targets<br>Sustainability in supplier management<br>Employees<br>Opportunity and risk report | Sustainability and Indirect Financial Targets<br>Sustainability in supplier management<br>Employees<br>Opportunity and risk report | Social responsibility | Sustainability and Indirect Financial Targets<br>Sustainability in supplier management<br>Compliance<br>Opportunity and risk report<br>Corporate governance statement |

# Forecast, opportunity and risk report

## 2022 / 2023 forecast

### Basic conditions and key assumptions

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

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

- Necessary fossil fuels (especially natural gas) and other raw materials will remain available and there will be no major restrictions on planned production as a result.

- Business development will not be held back to a significant extent by lockdowns in connection with the coronavirus pandemic.

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

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

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

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

Assuming easing on the supply side (especially semiconductors) from the 2nd half of the fiscal year, we at **Automotive Technology** see recovery potential in our market environment, including normalization of customer call-offs. This is attributable in part to the high level of orders on hand at our customers as a result of bottlenecks in the supply of starting products in the previous year. We will continue our price and efficiency measures to counter rising factor costs.

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

We assume a further increase in demand and additional business opportunities at **Marine Systems**, partly due to the "Sondervermögen Bundeswehr" (Federal Armed Forces Investment Fund) and the long-term structural increase in the German defense budget. In this context, we anticipate that positive effects will come from the new transformation and growth program. These will be supported in particular by our solid order situation for the construction of submarines and surface vessels. Moreover, we are driving forward the programs we have introduced to enhance our performance.

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

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

The forecast assumes no effects from further possible portfolio measures.

## Expectations for 2022 / 2023

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

### EXPECTATIONS FOR THE SEGMENTS AND THE GROUP

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

[1] Thereof sold disposal groups, pro forma

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

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

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

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

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

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

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

# Opportunity and risk report

## Opportunities

thyssenkrupp defines opportunities as events or developments that enable us to exceed the group's forecasts or other 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 has opportunities as a group of companies and enabler of the green transformation

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. The green transformation also provides enormous opportunities for our group of companies and potential for further growth, for example, in the areas of hydrogen, green chemicals, renewable energy and e-mobility, and we are already making a contribution to this with our products.

### Opportunity management process

In the annual planning process the segments describe bands for instance 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. Opportunities and risks are therefore discussed in the planning meetings with the Executive Board. The 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 within 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.

As a group of companies, we want 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 strengthen the entrepreneurial climate to speed up decision-making, increase efficiency, and put the customer first. That means greater entrepreneurial freedom for our businesses, but also more accountability, opening up opportunities to better utilize the potential of our businesses to create value.

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 a strong umbrella brand for our products and services, we see opportunities to help create a better and sustainable future and therefore play a part as an important enabler of the green transformation.

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. We therefore believe that we will have considerable opportunities to be part of the solution for the green transformation in the future as well. That also means that our capabilities enable sustainable corporate management not just for us but also for our customers.

The green transformation is a big opportunity for the thyssenkrupp group

Hydrogen will play a key role on the road to a more sustainable world. It is a future source of energy, so sufficient quantities must be available – that is of central importance for the success of the green transformation. thyssenkrupp sees enormous opportunities to play a part in shaping this development at key points: On the demand side our solutions for green steel production will use large amounts of hydrogen and thus make a significant contribution to reducing emissions that harm the climate. On the supply side our electrolysis business thyssenkrupp nucera is one of the few suppliers that already has technology to produce hydrogen on giga-scale. When it comes to infrastructure, our plant engineers at Uhde are experts in the construction of production plants for ammonia, the transport medium for importing green hydrogen, and our bearings play a key role in the rapid expansion of wind energy.

Information on other promising products and solutions for the success of the green transformation and further details of our corporate strategy and our worldwide research and development activities and the related opportunities can be found under "Strategy" in the section "Fundamental information about the group" and in the section "Technology and innovations."

In our initiatives and development projects we are also always guided by the group's financial scope. Unfavorable economic conditions may prevent us from fully or directly exploiting existing opportunities. More on this and on other risks can be found in the "Risks" section.

### Operational opportunities of the businesses

All businesses have operational opportunities in their specific markets.

**Materials Services –** Our "Materials as a Service" segment strategy comprises two strategic growth areas whose development goes hand in hand: smart materials distribution and the integrated supply chain service business. We are working to integrate our customers into the entire supply chain and thus shifting our role from network partner to network designer. This mirrors the requirements of our customers, who are continuing to focus on their core competencies amid the economic and geopolitical uncertainty and increasingly digitalized market environment. We are convinced that these innovative services mean higher profitability and stronger market growth for us than conventional distribution activities.

On the one hand, Materials Services has specific market and sector knowledge, access to a global customer base and is a high level of competency in both agile and conventional project management. Moreover, thanks to its global network, the segment can further standardize processes and systems for materials distribution in order to systematically expand its business. In supply chain management in particular, rising customer requirements open up significant opportunities for the segment. Examples are managing several suppliers for customers and the increasing commercialization of in-house solutions to monitor supply chains or forecast future demand. That is expressed in our segment mission statement "Connecting smarter."

The segment also aims to increase customer retention through the continuous development and implementation of tailored digital solutions. Through the omnichannel architecture, which comprises individual customer portals, interfaces for electronic data exchange, online shops and ordering apps, customers worldwide have 24 / 7 access to the segment's products and services. Materials Services is continuously driving its digital transformation along the entire value chain on the basis 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 and production processes.

At the same time, we aspire to be the sector leader in sustainability. Our BEYOND manifesto demonstrates that we go beyond established standards and aim, among other things, for our operations to be climate-neutral by 2030. A tool developed by the segment to calculate the $CO_2$ emissions of each product from production to delivery is being used for customer calculations. In addition, Materials Services is systematically extending its portfolio of products and services with the aim of using digital solutions and products intelligently to reduce the use resources and, in the long term, reduce physical goods in supply chains. Materials Services uses the available data to reduce the use of goods and transportation and thus cut $CO_2$ emissions in order to improve supply chains and thus avoid empty runs and shape transportation routes without efficiency loses. The segment sees sustainability as an opportunity to work even more closely with its customers and for further innovations.

Materials Services 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 it is continuing to enhance its project execution capability. That is being achieved, among other things, though 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 (onshore and offshore) wind energy market; these could be strengthened by the present climate targets and measures to achieve them. Despite short-term fluctuations in demand in connection with the phasing out of individual government incentive programs, the mid- to long-term growth trend remains intact or is increasing. The growth forecast for the global wind energy market up to 2030 was therefore raised in the past fiscal year, not least in light of political decarbonization initiatives and the steadily growing competitiveness of wind energy. Most of the growth is attributable to the increasing size of wind energy installations, which are increasingly being installed offshore.

We are convinced that Bearings is well-positioned for this market trend with its machinery, technical expertise and global production network. Demand for industrial applications for our bearings has recovered well from the pandemic-related downturn. We are still only predicting moderate growth here in the medium- to long-term. If major regional infrastructure programs should result in a further hike in demand for our products, our forecasts could be moderately exceeded.

A key factor for the future performance of our global Forged Technologies business is the development of the global truck market and the construction machinery sector. If market growth in these sectors is stronger than expected, our forecasts could be moderately exceeded.

**Automotive Technology –** A key determinant of the future business performance of Automotive Technology is the development of the global economy and personal mobility. Despite the rise in raw material prices, considerably higher inflation rates and considerable uncertainty about gas supply and energy prices, the new business booked points to rising demand for our products and technologies. 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 is exploring, evaluating and pursuing strategic options to develop the automotive components business in alliances and development partnerships.

We are convinced that Automotive Technology is a position to meet customers' future requirements, based on further investments, increased standardization and focusing of research and development, new products, and increasing digitalization, including at the production locations.

We operate worldwide as an engineering and production partner for components, modules and systems for the automotive industry. 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.

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 recover more quickly than expected from the downturns caused by the hike in raw material prices, high inflation, the coronavirus lockdowns in China and the threat of gas shortages in connection with the war in Ukraine, with support coming in some cases from government programs as is currently the case in China.

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; here the development depends to a large extent on 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. This 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 have launched a performance program to implement further measures in the short to medium term. This will further strengthen the company's earning power. If these measures are implemented faster than planned, the forecasts for our key performance indicators could be moderately exceeded.

The investment program is a focus of our Strategy 20-30. Over the course of the program, extensive new investments and maintenance projects will focus on the development of market potential and at the same time pave the way for cost-reducing structural measures. The core investments in this program are now all under way. Start-up of the additional walking beam furnace at hot strip mill 2 in Duisburg in early September 2022 marked the successful completion of the first element in this program. This furnace should further improve the surface quality of premium sheet products, for example, for automotive skin panels. 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, we are convinced that this investment program will significantly strengthen our market and competitive position in terms of technology and quality.

The transformation towards climate neutrality also offers good prospects. Many of our customers have shown strong interest in climate-friendly steel products. The background to this comes on the one hand from their own decarbonization targets and on the other from their end-customers' expectations of carbon-reduced products. In the past fiscal year, we successfully launched our new bluemint® Steel product family for $CO_2$-reduced steel and delivered certified $CO_2$-reduced steel to all distribution areas. Here, we were able to achieve a premium price compared with conventional products. We want to significantly increase output of bluemint® Steel in the coming years. The planned investment in a direct reduction plant with a melting unit opens up the opportunity for Steel Europe to participate in the long term in the newly growing and profitable market for green products and to play an active part in shaping it.

**Marine Systems –** This segment was able to extend its market position by acquiring a further major submarine order. Both order intake and orders on hand are above average and exceeded the planned levels. Orders on hand now cover more than seven years, bringing Marine Systems' submarine production in Kiel to its medium-term capacity limits.

At the same time the “Sondervermögen Bundeswehr” (Federal Armed Forces Investment Fund), the structural increase in Germany’s defense budget and the geopolitical situation will result in additional global sales opportunities for Marine Systems’ submarines, surface vessels, electronics and services. To be prepared for this rising demand, we completed the acquisition of the MV Werft shipyard in Wismar. This gives Marine Systems additional state-of-the-art capacity for the construction of surface vessels and commercial projects and, following adjustments, for the construction of submarines. A flexible increase in headcount aligned to order intake is planned for the Wismar site.

In parallel, thanks to its expertise and competencies Marine Systems sees substantial opportunities to gain access to commercial marine business; possibilities include unmanned vessels, fuel cell technology and underwater recovery of ordnance.

Progress is being made in implementing the concept for the Kiel site and will provide effective support in reducing the order backlog. The investment in the future of this site is accompanied by extensive sustainability activities for environmental and energy management. If we can implement these optimizations faster than planned, the forecasts for our key performance indicators could be moderately exceeded.

**Multi Tracks –** The aim of our plant engineering business is to contribute to the green transformation of industry and help shape it through technological advancements. To this end we are working on research into technologies and innovations that can significantly reduce the greenhouse gases generated in production processes. In this way, we aim to enhance and further extend our position as a leading partner for engineering, construction and services for industrial plants and systems.

In chemical plant engineering there are opportunities above all in the area of green ammonia, which is a required both as a basic infrastructure element for the hydrogen value chain and for sustainable production of fertilizers. Further opportunities may result from the ongoing expansion of our high-margin service business. We want to utilize the increasing demand for solutions for digitalization and the operation of industrial plants and develop further areas of business with corresponding service offerings.

In the past fiscal year our cement plant engineering business acquired its first order to build a $CO_2$-neutral cement plant using our patented Oxyfuel technology. This has paved the way to successfully use our solutions for reducing $CO_2$ in many projects. We see good prospects of establishing this technology for the avoidance of $CO_2$ on the market. In addition, we want to drive forward our market position in service and automation and see good opportunities for a further increase in the proportion of sales generated by high-margin services.

Thanks to our water electrolysis technologies, which are assigned to the independent unit thyssenkrupp nucera, we see good opportunities to benefit from the strong demand for production processes for green hydrogen. We want to use this upfront advantage. Our preferred option is an IPO; in this way, we want to make the value of this business unit visible and fund further growth. A decision on a potential IPO depends on the situation on the capital markets.

The forecasts for the Multi Tracks segment's key performance indicators could be moderately exceeded if the relevant market and sector situation in the various businesses, our customers' investment spending 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. By extending this perspective to include sustainability aspects, our revised holistic definition of risks now also includes possible negative impacts on non-financial aspects such as the environment and the climate.

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.

### Overall assessment by the Executive Board: no risks that threaten thyssenkrupp's ability to continue as a going concern provided that the supply of gas is maintained.

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. From the present standpoint, supported by the outcome of an analysis of risk bearing capacity at group level, there are still no risks that threaten the company's ability to continue as a going concern provided that the gas supply to our industrial facilities, especially at Steel Europe, can be maintained. In an extreme availability scenario, irreparable damage to the coking plant and other equipment cannot be completely ruled out.

### 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.

Binding principles defined for risk strategy and risk policy

Our Governance, Risk and Compliance (GRC) Policy defines basic principles for corporate governance and risk management at thyssenkrupp. The universally applicable principles of the group's risk policy as a framework for meeting the requirements of proper, consistent and proactive risk management in the group are set out in the group regulation Risk and Internal Control. The objectives of risk management at thyssenkrupp enshrined in these principles include increasing risk awareness in all group companies including thyssenkrupp AG and establishing a value-based risk culture. For this, it is important to analyze risks and opportunities in the group transparently and to systematically incorporate them into business decisions.

### 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. Our corporate governance statement outlines the interaction of the individual governance systems at thyssenkrupp on the basis of our GRC Policy. Details of individual responsibilities in the risk management process and other requirements are defined uniformly in the binding group regulation Risk and Internal Control.

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. The following graphic outlines our approaches:

### OPPORTUNITY AND RISK REPORTING AT THYSSENKRUPP

| | Operational opportunities and risks | | Event risks | | | Procedural risks |
|---|---|---|---|---|---|---|
| | **in estimation** | **in budget** | **Risk scenarios** | **Risk inventory** | **Provisions for risks** | **Internal Control System** |
| Goal/content | Identification and assessment of opportunities and risks not included in current estimation | Identification and assessment of opportunities and risks not included in budget | Analysis of macroeconomic risks based on defined common scenarios | Identification, assessment and management of risks in all operating units not included in estimation and budget planning | Analysis of main provisions for risks / measures monitoring | Self assessment as well as control documentation and testing |
| Time horizon | Current fiscal year | Following fiscal year | Scenario-dependent | Planning period | Current fiscal year | Independent of fiscal year |
| Interval | Monthly | Yearly | At least yearly | Twice yearly | Four times yearly | Yearly |

| Standard reporting | | Risk and Internal Control Committee and Audit Committee |
|---|---|---|
| Monthly reporting | Budget reporting | **Interval**<br>Four meetings yearly |

## Risk identification

The operational 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 because it highlights bands for the key performance indicators adjusted EBIT and free cash flow before M&A related to the current and the subsequent fiscal year.

Customized procedures for risk identification

As part of the planning process and on an ad hoc basis we also analyze macroeconomic 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 transparency in the local risk assessments over several years. 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 position are also the subject of standardized analyses and risk reporting, ensuring systematic control of these risks too.

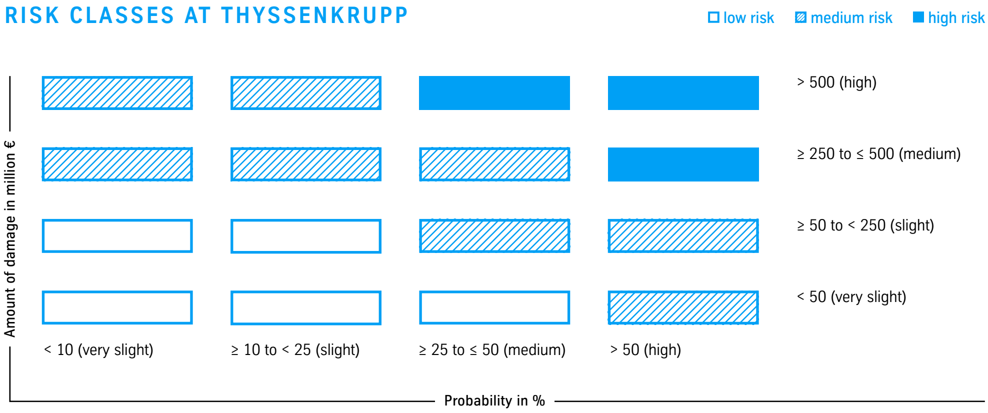
Our internal control system is designed to reduce risks in business processes. Further details can be found in the section on risk control.

### 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 classes , 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



Furthermore, we also conduct a qualitative assessment of the possible negative impacts of our own actions on non-financial aspects such as the environment and the climate, taking into account the sustainability dimension.

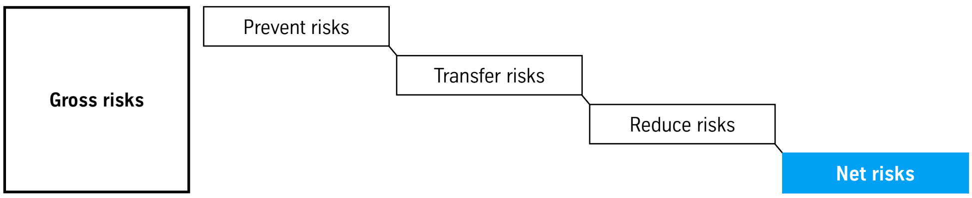
### Risk control

Risk control measures defined for all risks

All consolidated companies are required to formulate risk control measures for the individual risks, systematically track their implementation and monitor their effectiveness.

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 arising 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” and “Operational risks of the businesses.”

#### Risk transfer

The insurance department at thyssenkrupp manages the transfer of risk.

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.

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**

The internal control system reduces process-related risks.

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 structure of the internal control system at thyssenkrupp covers all material business processes and goes beyond the controls for the accounting process.

For example, various monitoring measures and controls within 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. 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.

We perform regular system backups on relevant IT systems 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.

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. In the interests of comparable groupwide transparency of the local internal control systems, the use of uniform IT software is mandatory.

To conclude the control and monitoring activities performed during the year, at the end of the fiscal year the segments confirm the correctness and completeness of the documentation of the internal control system for their sphere of responsibility through an In Control Statement.

## Roles and responsibilities

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

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 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 and the internal control system receive training on a regular basis and as required. We also use our groupwide web-based IT applications to deliver targeted information and training material.

Internal Auditing regularly checks the effectiveness of the internal control and risk management systems and is integrated in the overall process. Internal Auditing uses the results of the risk inventory, the risk-control matrix and the self-assessment process as the starting point for its risk-based audit plan. The internal audits structured on this basis are designed to contribute to the efficient monitoring of the risk management system and internal control system and to deliver insights to further improve risk management in the group.

Our standardized risk management processes are vital to ensure that the Executive Board and Supervisory Board are informed promptly and in a structured way about the group's current risk situation. Nevertheless, despite comprehensive risk analysis, the occurrence of risks cannot be entirely ruled out. For our assessment of the appropriateness and effectiveness of the risk management system and the internal control system, please refer to the information in the corporate governance statement.

### 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. Changes to individual risk assessments compared with the previous year are mainly due to the war in Ukraine and the related sanctions and to the increase in the cost of capital.

## 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 the macroeconomic development may be below the economic forecasts.

Global economic growth forecasts are exposed to extreme uncertainty due to the lack of clarity with regard to the future course of the war in Ukraine, the possibility that the conflict could spread to other geographical areas and the economic impacts of the war. Further restrictions on the supply of oil and gas, high prices for electricity, energy, raw materials and other inputs in a highly volatile environment and the related fears of further rise in inflation rates with a negative effect on the consumer and capital spending climate, as well as persistent or more severe bottlenecks in the supply of starting materials represent considerable risks for future macroeconomic development.

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

Moreover, the uncertainty about the future development of the coronavirus pandemic, especially as regards new virus mutations, and renewed lockdowns could adversely affect our business activities and greatly impair the development of a key performance indicators.

In addition, there are numerous other geopolitical uncertainties. It is still unclear what course will be taken by the current trade conflicts and many global crises. The recurrent floods and other natural catastrophes resulting from climate change are also a significant risk to growth. Further risk factors are a possible sharper and lasting slowdown in the Chinese economy in the medium term, partly due to its zero-Covid policy.

There are also risks in the financial area in general due to mushrooming debt in recent years, especially in some European countries. This situation could be exacerbated by the numerous government support measures to mitigate the reduction in purchasing power, the effects of pandemic and the uncertainty caused by volatile exchange rates and further interest rate rises.

If economic growth were weaker than forecast in our plans as a result of these risks, the current assessment of the individual economic risks for thyssenkrupp would be “high,” reflecting the persistently high uncertainty in a highly volatile environment.

We continuously monitor economic development and corresponding country-specific conditions based on wide-ranging early warning indicators. In a negative-case scenario integrated into the planning process, we simulate the impacts of continued weakening of the economy 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” in the report on the economic position. Further details on specific market risks in our businesses can be found in the section “Operational risks of the businesses.”

New legislative requirements could entail risks for our business model.

**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 still classified as “medium.”

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 on to 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

Financial risks limited by centrally controlled measures

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.

**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 subsidiaries 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 still assessed as “low.”

We recognize provisions for impairment.

**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. Due to the higher cost of capital as a result of rising interest rates, we currently consider the risks identified in this category to be “medium” and recognize provisions in the balance sheet as needed.

## Legal risks and compliance risks

Legal and compliance risks include litigation risks, compliance risks 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 our in-house counsel and where necessary external counsel.

Currently we still classify the litigation risks both 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 and also require energy. The corresponding purchase prices increased significantly in the reporting period, principally as a consequence of the war in Ukraine; they may vary considerably depending on the market situation and could have a significant impact on our cost structures in the future as well. The availability of individual energy sources (e.g., gas), preproducts (e.g., semiconductors) and transportation routes for raw materials could be restricted. Disruption to suppliers or transportation capacities could affect our production and jeopardize our ability to meet our contractual obligations to our customers. In view of the current availability risks and taking into account the higher purchasing prices included in our planning, we still consider the individual risks identified in this category to be "medium."

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

We counteract procurement risks through margin-securing measures and alternative procurement sources. The risk of rising energy prices is mitigated by structured energy procurement. In addition, in all our businesses we are working to reduce our dependence on gas, save energy and reuse residual materials. In case, despite this, energy or starting products should not be available or not be available on time, we have developed business-specific contingency plans as part of our business continuity management in order to minimize the consequences. 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 still classified as "medium."

Regular maintenance and investment in production facilities reduce the risk of production-related business interruption.

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 environmental risks relating to 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. When developments become established, 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 still 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 and differences in the interpretation of contracts cannot be ruled out. We currently still classify individual identified risks in aggregate as "medium."

In the contractual terms for new orders, we endeavor to anticipate possible risks in the project period when the order is placed so that we can respond flexibly to changes in the underlying framework. 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.

Cybersecurity remains a permanent challenge.

**Risks associated with information security –** Our IT-based business processes are exposed to various risks associated with information security, which are still classified as "medium" – based on our key performance indicators adjusted EBIT and free cash flow before M&A. 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.

The number of attacks on the IT infrastructure of German companies, including 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 in the early identification of risks; the number of experts is steadily being increased. In addition, the thyssenkrupp Cyber Defense Center regularly verifies 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 conduct internal communication and training drives and are working to ensure that the confidentiality of information is ensured through the corresponding 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 or specialists with the necessary qualifications 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 natural catastrophes, terrorist attacks and serious accidents could also cause the loss of employees. Overall, we still consider the extent of these individual personnel risks to be "low."

thyssenkrupp continues to position itself on the highly dynamic labor markets as an attractive employer and promotes the long-term retention of employees in the group. That includes systematic management development, career prospects and attractive incentive systems, including fringe benefits and modern working conditions. 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. This influences the segment's earnings situation and net working capital. This was what occurred in the reporting period: Materials Services benefited from the economic cycle until the middle of the third quarter of fiscal year 2021 / 2022; however, since then the effects have reversed, i.e., the market has increasingly cooled.

Materials Services is stepping up its strategic partnership with suppliers.

In addition, supply chain disruption is becoming increasingly frequent and widespread – whether due to the war in Ukraine, sanctions, market foreclosure, climate change or still due to the coronavirus pandemic. That demonstrates even more clearly how vital strategic partnerships with our suppliers are for the stability of procurement processes: thanks to its multi-sourcing strategy Materials Services can respond to possible disruption in the supply chain at short notice. Fastest possible delivery with minimum capital employed remains a key success factor for its business model. Therefore, the segment works continually to optimize and digitalize logistics processes and the entire supply chain.

A possible shortage of gas on the European market in the winter months of 2022 / 2023 would only have a marginal effect on processes at Materials Services itself. However, it would indirectly affect our business through lower demand from our customers. A similar impact could come from further waves of the coronavirus pandemic from the fall. We address such risks through our broad international customer base – in terms not just of the total number of customers but also their business sectors – and by our significant diversification: Materials Services can therefore cushion both production stoppages by individual customers and sector-specific downturns in demand. Overall that results in significant diversification of risks.

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. In view of the increasing economic risks, the significance of these instruments remains high.

**Industrial Components –** The main risks for our Bearings business result from the increased economic volatility as a consequence of political crises. In the future, factor costs, for example for starting materials and energy, could rise even faster than already expected, and this could have a negative effect on margins. A possible shortage of gas and energy, especially in Germany, could result in production stoppages, short-time working and higher costs for the procurement of substitute materials and components for production. Supply chain disruption due to other factors such as coronavirus lockdowns could also adversely affect both procurement and demand.

In the wind energy sector, moreover, there are demand risks as a result of some dependence on national incentive programs for renewable energies or delays in the implementation of decarbonization initiatives. Intense competition and the auctioning of projects may impact prices in the relevant sales markets. Any disruption of the global investment climate, in particular in the areas of infrastructure and general machinery manufacture, could also jeopardize our targets in these markets. Wherever we mitigate counter market, price and cost risks through continuous improvements, efficiency enhancements and increased flexibilization of our processes. We are also investing in extending our technology leadership and optimizing our global production network.

Sales and earnings in our Forged Technologies business are exposed to translation and transaction risks relating to exchange rates, especially for the US dollar and Brazilian real. Significantly faster electrification of cars and trucks than anticipated in the segment planning could represent a temporary risk for individual sites. As well as taking a new line for forged front axles into operation, we are working on the extension and localization of our combustion-unrelated industrial business and the development of new products.

Ultimately, both the transition to an energy system dominated by renewables and the development of electricity and gas prices are major challenges for the whole energy-intensive industry and thus to our forgings locations in Germany and Italy.

**Automotive Technology –** The performance of Automotive Technology is directly linked to the performance of the automotive markets around the world. Although the automotive sector increasingly recovered from the economic effects of the coronavirus pandemic in the past fiscal year, supply bottlenecks in starting materials and products and the lockdowns in China had a sharp impact on the market.

The supply bottlenecks caused by the war and the pandemic, especially the continued shortage of semiconductors, are resulting in massive delivery delays. Moreover, the war in Ukraine, the sanctions against Russia and restrictions in China as a result of its zero-Covid policy are contributing to increases in the price of raw materials and intermediates.

Ways of minimizing these risks are increased localization on both the supply side and the production side, further diversification of suppliers and distribution channels, establishing direct strategic and long-term relationships with chip products and increasing inventories.

Further diversification of Automotive Technology's suppliers and distribution channels.

As a consequence of the tense supply-chain situation in the automotive industry, there is a threat of sudden cuts in the volume of orders called off by our customers, which could lead to production stoppages at 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 international presence.

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 long-term 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 endeavor to 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 starting materials and components such as gas and 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 outlined above, we endeavor to include force majeure clauses in our 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. Furthermore, there is a risk of organizational weaknesses in newly implemented or modified processes. 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.

In view of the shift in the automotive industry to e-mobility and digitalization, Automotive Technology is exposed to the risk of a growing labor and skills shortage. We mitigate this through systematic training and continuing professional development of our employees and employee retention programs. As well as systematic succession planning and talent development models, this involves, first and foremost, training enough young people. In addition, we continuously enhance our attractiveness as an employer as market conditions change, for example, we have introduced far-reaching hybrid working models. An internal group job portal and modern recruiting processes help us fill vacancies.

The digitalization of the automotive sector is increasing vulnerability to cyber attacks. We endeavor to prevent third parties gaining unauthorized access to our IT systems by means of our internal "Accelerate IT Security" program, the introduction of a special information security regulation tailored to the specific requirements of Automotive Technology, extensive certification in compliance with the TISAX standard and systematic progress with a defined action.

**Steel Europe –** Our steel business is particularly exposed to the risk of fluctuating demand caused by disruption in our customers' supply chains (e.g., as a result of the semiconductor crisis and the war in Ukraine). Price rises are putting additional pressure on our entire production chain. Steel Europe is addressing these risks to sales volumes through distribution activities (e.g., adjustment of contract periods), cost optimizations in all areas and by concentrating on demanding market segments that are less dependent on cyclical demand.

Steel Europe counters the increased competitive intensity on the market for premium flat steel products with its technology expertise. The aim is to develop innovative products and customers solutions and bring them to the market quickly. In addition, a quality management system geared to the ever increasing requirements of the market should ensure steady improvements in product quality and help secure a competitive market position.

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

Steel Europe counters the risk of rising raw material prices through risk-reducing procurement strategies and measures to secure margins. It has a wide range of compensation measures to reduce the risks to the supply of starting products as a result of increasing extreme weather conditions, which could affect all modes of transportation. Examples are shifting some goods to transportation routes that are not affected or using additional equipment when loading and unloading. There is still a risk that the pandemic could interrupt global supply chains.

Given the possible shortage of natural gas and the fact that it is not possible to switch production processes to oil or coal, there is a heightened risk of production restrictions and, if the procurement of gas falls below a minimum level, a risk of shutdowns or technical damage to our equipment. In particular in view of the continuous optimization of our production processes, which includes the use of energy, there is little additional potential to reduce the use of natural gas. These risks can only be countered to limited extent.

A minimum supply of natural gas required to uphold production at Steel Europe.

The risk of rising wholesale electricity prices is being countered by the extensive supply of electricity produced in-house. In response to the rising risk of higher natural gas prices, the group is pursuing a centrally managed price hedging strategy.

The cost risk resulting from the increase in the price of emissions allowances will continue in the 4th trading period (2021 to 2030), for example due to the mechanisms introduced to reduce allowances and the implementation of the EU's climate targets by 2030. We use our hedging strategy to address this risk. To achieve a significant reduction in the risks arising from the expected adjustments to EU emissions trading, especially the allocation of free allowances in the second half of the decade, accompanied by the introduction of a carbon border adjustment mechanism, we are speeding up the transformation – to name only one measure – by dimensioning our first direct reduction plant larger than originally planned.

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 for the supply of gas and electricity in Germany is creating major additional challenges and costs for energy-intensive industries in general and the steel sector in particular. For its green transformation the steel industry needs to be able to rely on the availability of sufficient quantities of electricity from renewable resources at competitive prices at all times. The proposal for an industrial electricity price to provide energy-intensive industries with sufficient electricity from renewable resources for the transformation could be a suitable way of minimizing any risks on the road to $CO_2$-neutral steel production. We are actively following this discussion.

Furthermore, in this context we face the challenge that temporary crisis-driven production restrictions as a result of the threat of gas shortages or changes in the technical framework may mean that the applicable relief mechanisms (e.g., the allocation of free $CO_2$ allowances) no longer fully apply in the future. We are also actively monitoring this development as part of the current reform of EU emissions trading.

**Marine Systems –** Marine Systems uses structured technical mitigation measures and systematic supplier and risk management to counter technical and timing risks relating to existing contracts which often result from the development of new systems and components.

In the export business, possible political developments in customer countries or surrounding regions entail a risk that export approvals might not be granted for our projects. With regard to the customer base served and the present geostrategic situation, Marine Systems currently sees delays in the issue of one export permit but no incidences of a general failure by the German government to issue such permits. The ongoing shortage of raw materials and components and disruption in our supply chains are increasing the risks relating to delivery deadlines and costs for existing contracts. So far, the impact of such risks has been manageable due to the very long-term nature of our projects.

Marine Systems is monitoring the price trend and possibility of bottlenecks in the supply of natural gas with concern. Although natural gas only plays a subordinate role in the production process, it cannot be ruled out that even a temporary supply stoppage could affect individual areas such as preparatory welding or the manufacture of fiberglass composite. Marine Systems has a contingency plan to address this risk.

In the export business, orders where some of the work is performed in the customer's country or currency areas outside the euro zone required more careful monitoring and management of exchange rate and inflation risks than in previous years as a result of the heightened market volatility.

Marine Systems is also noticing signs of a change in demand and supply on the market for specialists; it is addressing this by intensified and more targeted recruitment activities. So far, no significant disruption has occurred as a consequence of a skills shortage.

**Multi Tracks –** Market conditions for our plant engineering business are challenging. Alongside the volatility resulting from the pandemic, this is attributable to supply bottlenecks and to the war in Ukraine and its consequences. The services business is basically stable. Sale of the mining business has reduced the project and market risks in plant engineering.

In the plant engineering business, risks in connection with the execution long-term 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 a small proportion of “first of their kind” contracts. External consultants are used where necessary to minimize the risks of orders on hand and when acquiring major new orders.

At Springs & Stabilizers there is continued uncertainty with regard to future offtake volumes as a result of the ongoing semiconductor crisis in the automotive industry and the Covid lockdowns in China, which are causing production problems for our customers. The situation is exacerbated by supply bottlenecks and the war in Ukraine. Risks also stem from the recent dynamic material and energy price rises.

Extensive restructuring has been undertaken at Automation Engineering to adjust capacity. The powertrain assembly market is still exposed to uncertainty. Operational development remains dependent on stable order processing and supply chains.

# Takeover-related disclosures

The following information, valid September 30, 2022, 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 shareholdings exceeding 10% of the voting rights

According to a voluntary notification submitted in September 2022, there was a 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, 2022.

## 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 Annual General Meeting extended § 5 of the Articles of Association and adopted a resolution on the creation of authorized and conditional capital with the option of excluding subscription rights.

## Authorization of the Executive Board to issue or buy back shares

By resolution of the Annual General Meeting of thyssenkrupp AG on February 4, 2022, the Executive Board is authorized until February 3, 2027

- to increase the company's capital stock once or several times in installments, including simultaneously in different tranches by, up to €300 million by issuing up to 117,187,500 no-par bearer shares in exchange for cash and/or contributions in kind (Authorized Capital). The shareholders are in principle entitled to subscription rights. However, with the approval of the Supervisory Board, the Executive Board is authorized to exclude shareholder subscription rights in certain circumstances and within defined limits, for example, in the event of capital increases in exchange for contributions in kind or cash if the issue price is not significantly lower than the stock market price of already listed shares.

  The pro rata amount of the shares issued under this authorization with the exclusion of shareholders' subscription rights may not exceed 10% of the total capital stock. If (i) use is made of other authorizations to issue or sell shares with the exclusion of subscription rights during the term of this authorization or (ii) shares are issued or to be issued to service rights arising from other authorizations that confer a right or obligation to purchase shares, these shares are counted towards this limit.

- with the approval of the Supervisory Board, to issue once or several times in installments, including simultaneously in different tranches, bearer or registered warrant and/or convertible bonds, participation rights and/or participating bonds and combinations of these instruments with a total par value of up to €2 billion with or without limited terms and, in the case of warrant and/or convertible bonds, to grant or impose on their holders or creditors option or conversion rights or option or conversion obligations for no-par bearer shares of thyssenkrupp AG with a total share of the capital stock of up to €250 million in accordance with the conditions of these bonds. The bonds can be issued in exchange for cash and/or contributions in kind. The Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholder subscription rights in certain circumstances and within defined limits, for example, if the bonds are issued in exchange for contributions in kind or cash if the issue price of the bonds is not significantly lower than their theoretical fair value.

  The pro rata amount of the shares to be issued in accordance with this authorization with the exclusion of shareholder subscription rights on the basis of option or conversions rights or option or conversion obligations may not exceed 10% of the total capital stock. If (i) use is made of other authorizations to issue or sell shares with the exclusion of subscription rights during the term of this authorization or (ii) shares are issued or to be issued to service rights arising from other authorizations that confer a right or obligation to purchase shares, these shares are counted towards this limit.

  Furthermore, the Executive Board is authorized to conditionally increase the capital stock by up to €250 million by issuing up to 97,656,250 no-par bearer shares (Conditional Capital). The Conditional Capital may only be used to the extent that the holders or creditors of warrant and/or convertible bonds, participation rights, participating bonds and combinations of these instruments issued by thyssenkrupp AG or a group company up to February 3, 2027 use their conversion and/or option rights or if the company exercises an option to grant no-par shares of thyssenkrupp AG in whole or in part instead of payment of the cash price.

- to purchase and use treasury shares representing a pro rata amount of up 10% of the total capital stock existing at the time of the resolution or, if this value is lower, at the time the authorization is exercised, for all purposes explicitly permitted by the resolution and all legally permitted purposes. The Executive Board was authorized in certain cases to exclude tender rights when purchasing treasury shares and shareholder subscription rights in the use of treasury shares. The resolution also includes an authorization to use derivatives (put options, call options, forward purchase agreements or combinations thereof) when undertaking purchases of treasury shares and to exclude tender and subscription rights. The Executive Board is authorized to use shares in the company, for example, to sell them, with the approval of the Supervisory Board, in exchange for cash if the selling prices is not significantly lower than the stock market price for the shares at the time of sale and the arithmetic share of the capital stock of the shares used in this way does not exceed 10% of the capital stock.

## 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 €3.2 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

At thyssenkrupp corporate governance stands for responsible corporate management and control geared to long-term value creation. Good corporate governance embraces all areas of our group of companies. Both national regulations such as the recommendations of the Government Commission on the German Corporate Governance Code and other common standards are taken into account. 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.

## 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, 2022:

www.thyssenkrupp.com > Company > Management > Corporate governance

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

1. thyssenkrupp AG complies with all the recommendations of the German Corporate Governance Code as amended on April 28, 2022 and published by the Federal Ministry of Justice in the official section of the Federal Gazette ("Bundesanzeiger") on June 27, 2022 and will continue to comply with these recommendations in the future.

2. Furthermore, since issuing its last declaration of conformity on October 1, 2021, thyssenkrupp AG has also complied with all recommendations of the version of the German Corporate Governance Code dated December 16, 2019 published by the Federal Ministry of Justice in the official section of the Federal Gazette on March 20, 2020 and, since their publication in the Federal Gazette, in the version dated April 28, 2022.

Duisburg/Essen, October 1, 2022

| For the Supervisory Board | For the Executive Board |
|---|---|
| – Russwurm – | – Merz – |

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, 2022.

## Compensation system and compensation of Executive Board members

The current compensation system for members of the Executive Board, which was approved by the Annual General Meeting on February 5, 2021 with a majority of 96.70% of the capital represented and the compensation reports for the previous years, including in each case the associated audit opinion and the last resolutions of the Annual General Meeting on the compensation system and compensation report are available on our website. The compensation report in accordance with § 162 (1) AktG for fiscal year 2021 / 2022 can be found in the corresponding section of this Annual Report.

www.thyssenkrupp.com > Company > Management > Corporate governance > Compensation System / Compensation Report

## 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. Detailed information on our sustainability agenda is contained in the sustainability report, which is integrated into the Annual Report. An overview of the non-financial disclosures can be found on the section headed "Overview of non-financial disclosures," under "Targets" in the section "Fundamental information about the group," in the "EU Taxonomy" section and on our website.

www.thyssenkrupp.com > Company > Sustainability > Sustainability strategy and targets

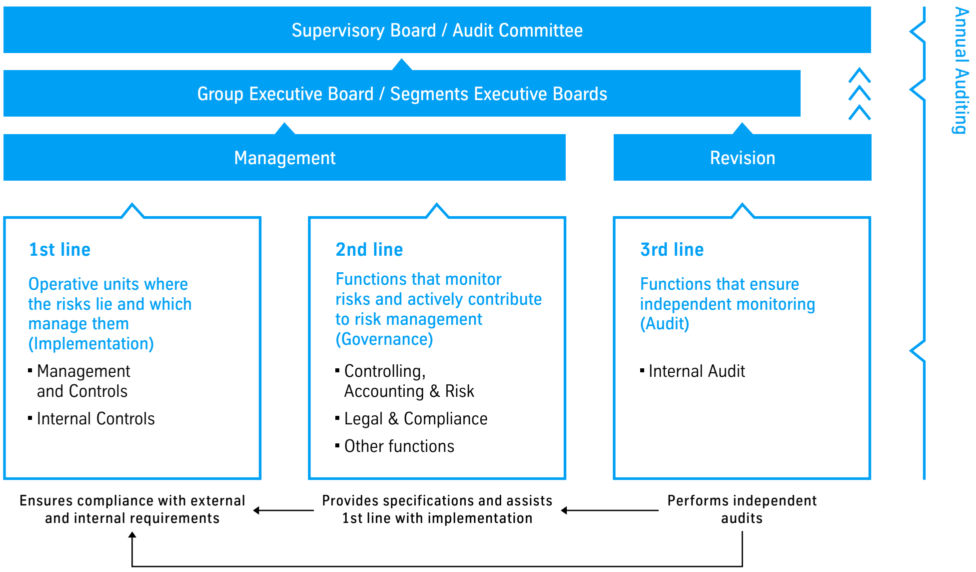
## Integrated governance, risk and compliance model

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.

The organizational framework for the integrated GRC model at thyssenkrupp is the three lines model. This shows which line is responsible for risk management in the broadest sense within the group of companies. It helps to identify organizations, structures and processes that facilitate strong governance and strong risk management.

### MODEL OF THE 3 LINES ESTABLISHED AT THYSSENKRUPP




In the first line, activities (including risk management) and the use of resources are managed and directed where they are required, taking into consideration external and internal regulations. The aim is to avoid or identify and mitigate risks where they may arise, i.e., at the operational level within the businesses.

To this end, the local risk and control officers apply specific risk management and compliance measures and implement the requirements of the internal control system. All employees in the first line are required to take a responsible and risk-aware approach within their area of competence, in compliance with the law and binding internal regulations issued by thyssenkrupp to ensure that risks are managed appropriately. Constant dialog is maintained with the Executive Board of thyssenkrupp AG through the management of the segments on planned, actual and expected outcomes related to the targets of the organization and on risks.

The second line structures governance for the thyssenkrupp group of companies and defines corresponding minimum requirements for systems and processes for use by the first line.

It sets the framework for collaboration within the thyssenkrupp group of companies and defines groupwide requirements for the structure of the internal control system, the risk management system and compliance, for example, through binding internal regulations. The specific features of governance are risk-oriented and decided at the discretion of the Executive Board.

Management responsibility for achieving the organizational objectives covers both first and second-line roles.

Close integration of the internal control system, risk management system and compliance aims to maximize the efficiency of risk prevention and management.

Key features of our 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.

As the third line, the Group Function Internal Auditing conducts independent audits to monitor the correctness, reliability, appropriateness and efficacy of the processes implemented, the internal controls and the risk management. It supports executive management in the performance of its oversight function and reports directly and independently to the Executive Board of thyssenkrupp AG and, where necessary, to the Supervisory Board. The independence of Internal Auditing ensures that it can plan and perform its work without hindrance and prejudice and has unrestricted access to the necessary persons, resources and information. 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.

In the area of accounting, the three lines model is supplemented by the work of the external financial statement auditors.

Through the integrated governance, risk and compliance approach, the Executive Board has devised and implemented a framework for the management of thyssenkrupp to provide an appropriate and effective internal control and risk management system. The measures implemented within this framework are also geared to the effectiveness and appropriateness of the internal control and risk management system and are outlined in more detail in the opportunity and risk report. To establish the three lines model and statutory framework, it is accompanied by independent oversight and audits, especially the audits conducted by the Internal Auditing function and its reports to the Executive Board and the Audit Committee of the Supervisory Board and by other external audits.[1)]

From its examination of the internal control and risk management system and the reports of the Internal Auditing function, the Executive Board is not aware of any circumstances that undermine the appropriateness and efficacy of these systems.[1)]

# Description of the method of operation of the Executive Board and Supervisory Board and the composition and method of operation of their committees

## 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. 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 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 centers and a representative of the regions. As part of the transformation into a high-performance group of

www.thyssenkrupp.com > Company > Management > Management

[1)] The disclosures in this paragraph are outside the scope of the audit of the management report as explained in the preliminary remarks to this management report.

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.

## 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 2021 / 2022 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 the 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.

www.thyssenkrupp.com > Company > Management > Corporate governance > Compensation system / 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.

www.thyssenkrupp.com > Company > Management > 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. Dr.-Ing. E. h. Siegfried Russwurm (chair 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. Dr.-Ing. E. h. Siegfried Russwurm [Chair], Dr. Bernhard Günther, Jürgen Kerner and Dirk Sievers). The Audit Committee is composed of six members: (Dr. Verena Volpert [Chair], Dr. Bernhard Günther, Friederike Helfer, Tanja Jacquemin, Daniela Jansen and Dirk Sievers) and the Strategy, Finance and Investment Committee has eight members (Prof. Dr.-Ing. Dr.-Ing. E. h. 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. Dr.-Ing. E. h. 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. Previous transactions reported in fiscal year 2021 / 2022 were published and are available for viewing on the Company's website. At September 30, 2022 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, election of the financial-statement auditors and approval of the compensation report. 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 by anyone, 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. Furthermore, the website makes a wide range of information available to shareholders about their company during the year.

www.thyssenkrupp.com > Investors > Annual General Meeting

Once a year, the Chair of the Supervisory Board talks to institutional investors in a structured governance dialog about topics relating to the Supervisory Board and its work. The presentation prepared for this purpose is also available for download from the website as one element of the extensive ESG information for the capital market.

www.thyssenkrupp.com > Investors > ESG information for Capital Markets

Due to the coronavirus pandemic, the Executive Board decided, with the approval of the Supervisory Board, that the 2022 Annual General Meeting would also be held 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"). As in the past, shareholders and their proxies could exercise their rights in writing via the InvestorPortal on the thyssenkrupp website. The Annual General Meeting was streamed in full on the company's website and in parallel 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 with the Covid Act, an additional function was to allow questions to be submitted electronically via the InvestorPortal until one day before the Annual General Meeting. All the submitted questions were categorized by topic and answered by the company. In addition shareholders could submit opinions in text or video form; these were also made available on the company's website.

# 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).

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

In accordance with the statutory provisions the auditor is elected each year by the Annual General Meeting for a period of one year. In line with the proposal submitted by the Supervisory Board, the Annual General Meeting on February 4, 2022 elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) as the auditor for fiscal year 2021 / 2022 and to perform the auditors' review of the interim financial reports for fiscal year 2021 / 2022.

PwC has audited 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. As recommended by the Supervisory Board, the Annual General Meeting on February 4, 2022 therefore elected KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (KPMG) to perform any review of the financial information for fiscal year 2022 / 2023 to be undertaken before the 2023 Annual General Meeting. The proposal of the Supervisory Board for the election was preceded by a corresponding recommendation by the Audit Committee in the wake of a statutory bidding and selection procedure for auditors. Further information on this can be found in the invitation to the Annual General Meeting and 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 as of September 30, 2022 are Michael Preiß as the responsible auditor (main signatory) and Philip Meyer zu Spradow (second signatory). The statutory requirements and obligation to rotate auditors were fulfilled.

# 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. As of September 30, 2022, the shareholder representatives on the Supervisory Board included five female members and the employee representatives included three female members, so the proportion of women on the Supervisory Board was 40%.

For the proportion of women on the Executive Board, in May 2017 the Supervisory Board set a target of 20%, to be achieved by June 30, 2022. Since the appointment of Martina Merz to the Executive Board of thyssenkrupp AG, the proportion of women on the Executive Board comes to 33%. In its resolution of May 19, 2022, the Supervisory Board set a target for the proportion of women on the Executive Board of thyssenkrupp AG of 33% (one person), to be achieved by June 30, 2027.

In April 2017 the Executive Board of thyssenkrupp AG determined to raise 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. As of June 30, 2022, the proportion of women was 20% at the first management level below the Executive Board and 19% at the second management level below the Executive Board. The target for the first management level was exceeded; the target for the second management level below the Executive Board was not achieved as of June 30, 2022. When the targets were set in 2017, the restructuring of several corporate companies, including thyssenkrupp AG, due to the transformation to a group of companies with greater decentralized responsibilities and the associated personnel changes had not been foreseeable.

The Executive Board of thyssenkrupp AG aims to increase female representation in management in the future. In its resolution of June 23, 2022, it therefore set a target of 33% (five persons) for the first management level below the Executive Board and 30% (fourteen persons) for the second management level below the Executive Board, to be achieved by June 30, 2027. 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 at two management levels below, set a deadline for implementation and published both in accordance with statutory provisions.

## 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 for the Executive Board and Supervisory Board as set out in particular in the Stock Corporation Act, the German Corporate Governance Code (GCGC) and the applicable accounting standards. Their differing requirements for the composition of the Executive Board and Supervisory Board 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. The Supervisory Board extended her appointment in May 2022, taking into account the diversity concept and the interests of the company.

## 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 comprises 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. She had previously been appointed to the Supervisory Board by the district court. In the opinion of the Supervisory Board, the present composition of the board meets the professional and personal qualifications set out in the profile of skills and expertise:

## STATUS OF IMPLEMENTATION OF THE COMPETENCY PROFILE – SHAREHOLDER REPRESENTATIVES

| | Russwurm | Behrendt | Buchner | Colberg | Gather | Gifford | Günther | Helfer | Luge | Volpert |
|---|---|---|---|---|---|---|---|---|---|---|
| **Length of service** | | | | | | | | | | |
| Member since | 2019 | 2020 | 2021 | 2018 | 2018 | 2019 | 2020 | 2020 | 2019 | 2020 |
| **Diversity** | | | | | | | | | | |
| Year of birth | 1963 | 1959 | 1960 | 1959 | 1953 | 1965 | 1967 | 1976 | 1957 | 1960 |
| Gender | m | f | m | m | f | f | m | f | m | f |
| Nationality | German | German | German | German | German | German | German | Austrian | German | German |
| Professional background | Engineer | Business administrator | Industrial engineer | Business administrator /business information systems expert | Mathematician/business administrator | Banking administrator | Economist | Engineer | Lawyer | Business administrator |
| **Professional expertise** | | | | | | | | | | |
| Corporate management and control[1] | X | X | X | X | X | X | X | X | X | – |
| HR[2] | X | – | – | X | X | – | X | – | X | – |
| Finance and the capital market | – | – | – | X | – | – | X | X | – | X |
| Sustainability | X | X | X | – | X | X | X | – | – | X |
| Digitalization and IT | X | – | – | X | X | X | – | – | – | – |
| Accounting and auditing | – | – | – | X | – | – | X | – | X | X |
| Law/compliance/ corporate governance | X | X | – | – | X | X | X | – | X | – |
| **Knowledge of the business areas** | | | | | | | | | | |
| Steel Europe | X | X | X | X | X | – | X | – | – | – |
| Materials Services | – | X | – | – | – | X | X | – | X | – |
| Industrial Components | X | X | X | X | – | – | – | – | X | – |
| Automotive Technologies | X | X | X | X | – | X | – | – | – | – |
| Marine Systems | – | – | – | X | – | – | – | – | – | – |

[1] Corporate management and control comprises the area of corporate management, management of companies subject to codetermination legislation, corporate development, organization and structuring, corporate strategy, management of affiliated companies (portfolio management) and operational excellence.
[2] HR comprises the areas of personnel leadership, people development and HR work.

## STATUS OF IMPLEMENTATION OF THE COMPETENCY PROFILE – EMPLOYEE REPRESENTATIVES

| | Hass | Jacquemin | Jansen | Julius | Kerner | Koch | Nasikkol | Remmler | Sievers | Würz |
|---|---|---|---|---|---|---|---|---|---|---|
| **Length of service** | | | | | | | | | | |
| Member since | 2017 | 2016 | 2021 | 2022 | 2020 | 2022 | 2020 | 2009 | 2018 | 2015 |
| **Diversity** | | | | | | | | | | |
| Year of birth | 1965 | 1972 | 1977 | 1968 | 1969 | 1977 | 1968 | 1958 | 1971 | 1959 |
| Gender | m | f | f | m | m | m | m | m | m | f |
| Nationality | German | German | German | German | German | German | German | German | German | German |
| Professional background | Power electronics technician | Business administrator | Political scientist | Locksmith | Information systems engineer | Toolmaker | Business administrator | Wholesale and foreign trade clerk | Industrial mechanic | Lawyer |
| **Professional expertise** | | | | | | | | | | |
| Corporate management and control[1] | X | – | – | – | X | X | X | – | X | – |
| HR[2] | X | – | – | – | X | X | X | X | X | – |
| Finance and the capital market | – | – | – | – | X | – | X | – | – | X |
| Sustainability | X | X | X | – | X | – | – | X | – | X |
| Digitalization and IT | – | – | – | – | – | – | – | X | – | – |
| Accounting and auditing | – | X | – | X | – | – | – | – | X | X |
| Law/compliance/ corporate governance | X | – | – | – | X | – | X | – | – | X |
| **Knowledge of the business areas** | | | | | | | | | | |
| Steel Europe | X | – | X | – | – | – | X | – | X | X |
| Materials Services | X | – | – | – | – | – | – | X | – | X |
| Industrial Components | X | – | X | X | – | – | – | – | – | X |
| Automotive Technologies | X | – | X | X | – | X | – | – | – | X |
| Marine Systems | X | – | – | | – | – | – | – | – | X |

[1] Corporate management and control comprises the area of corporate management, management of companies subject to codetermination legislation, corporate development, organization and structuring, corporate strategy, management of affiliated companies (portfolio management) and operational excellence.
[2] HR comprises the areas of personnel leadership, people development and HR work.

In the assessment of the shareholder representatives on the Supervisory Board, the defined criteria for independence are met by all of the shareholder representatives, 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. Dr.-Ing. E. h. Siegfried Russwurm and Dr. Verena Volpert.

Having held the position of CFO at listed companies for many years, Dr. Bernhard Günther in particular can be regarded as a member of the Audit Committee with professional expertise of accounting. Having held management roles in the Finance function at listed companies and seats on the supervisory boards of joint stock companies for many years, as well as working as tax accountant, Dr. Verena Volpert (Chair of the Audit Committee) has professional expertise in the field of auditing. This expertise also extends to the non-financial statement integrated into the management report and the audit thereof. 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, 2021 | Sept. 30, 2022 |
|---|---|---|---|
| Intangible assets | 04 | 1,892 | 1,872 |
| Property, plant and equipment (inclusive of investment property) | 05 | 6,513 | 6,748 |
| Investments accounted for using the equity method | 06 | 670 | 642 |
| Other financial assets | 11 | 718 | 863 |
| Other non-financial assets | 12 | 337 | 304 |
| Deferred tax assets | 31 | 472 | 732 |
| **Total non-current assets** | | **10,602** | **11,161** |
| Inventories | 08 | 7,116 | 8,889 |
| Trade accounts receivable | 09 | 4,308 | 5,298 |
| Contract assets | 10 | 1,434 | 1,895 |
| Other financial assets | 11 | 849 | 701 |
| Other non-financial assets | 12 | 1,386 | 1,745 |
| Current income tax assets | | 123 | 159 |
| Cash and cash equivalents | 34 | 8,974 | 7,638 |
| Assets held for sale | 03 | 2,019 | 8 |
| **Total current assets** | | **26,209** | **26,331** |
| **Total assets** | | **36,811** | **37,492** |

See accompanying notes to consolidated financial statements.

## EQUITY AND LIABILITIES

| million € | Note | Sept. 30, 2021 | Sept. 30, 2022 |
|---|---|---|---|
| Capital stock | | 1,594 | 1,594 |
| Additional paid-in capital | | 6,664 | 6,664 |
| Retained earnings | | 1,771 | 4,777 |
| Cumulative other comprehensive income | | 372 | 1,167 |
| thereof relating to disposal groups | | (34) | — |
| **Equity attributable to thyssenkrupp AG's stockholders** | | **10,400** | **14,202** |
| Non-controlling interest | | 445 | 540 |
| **Total equity** | **13** | **10,845** | **14,742** |
| Provisions for pensions and similar obligations | 15 | 7,896 | 5,812 |
| Provisions for other non-current employee benefits | 16 | 298 | 226 |
| Other provisions | 16 | 513 | 431 |
| Deferred tax liabilities | 31 | 60 | 53 |
| Financial debt | 17 | 3,784 | 2,786 |
| Other financial liabilities | 19 | 66 | 41 |
| Other non-financial liabilities | 20 | 1 | 15 |
| **Total non-current liabilities** | | **12,619** | **9,363** |
| Provisions for current employee benefits | 16 | 176 | 168 |
| Other provisions | 16 | 1,175 | 1,268 |
| Current income tax liabilities | | 151 | 150 |
| Financial debt | 17 | 1,640 | 1,195 |
| Trade accounts payable | 18 | 4,244 | 4,807 |
| Other financial liabilities | 19 | 729 | 980 |
| Contract liabilities | 10 | 2,205 | 3,098 |
| Other non-financial liabilities | 20 | 1,794 | 1,722 |
| Liabilities associated with assets held for sale | 03 | 1,232 | 0 |
| **Total current liabilities** | | **13,347** | **13,387** |
| **Total liabilities** | | **25,966** | **22,750** |
| **Total equity and liabilities** | | **36,811** | **37,492** |

See accompanying notes to consolidated financial statements.

# thyssenkrupp group – statement of income

| million €, earnings per share in € | Note | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|---|
| Sales | 24, 25 | 34,015 | 41,140 |
| Cost of sales | 04, 05 | (29,659) | (35,479) |
| **Gross Margin** | | **4,356** | **5,660** |
| Research and development cost | | (234) | (246) |
| Selling expenses | | (2,379) | (2,518) |
| General and administrative expenses | | (1,540) | (1,537) |
| Other income | 26 | 323 | 375 |
| Other expenses | 27 | (114) | (191) |
| Other gains/(losses), net | 28 | 32 | 230 |
| **Income/(loss) from operations** | | **443** | **1,772** |
| Income from companies accounted for using the equity method | 06 | (106) | (245) |
| Finance income | | 725 | 1,291 |
| Finance expense | | (962) | (1,431) |
| **Financial income/(expense), net** | **29** | **(343)** | **(385)** |
| **Income/(loss) from continuing operations before tax** | | **101** | **1,387** |
| Income tax (expense)/income | 31 | (120) | (175) |
| **Income/(loss) from continuing operations (net of tax)** | | **(19)** | **1,212** |
| **Income/(loss) from discontinued operations (net of tax)** | **03** | **(6)** | **9** |
| **Net income/(loss)** | | **(25)** | **1,220** |
| | | | |
| Thereof: | | | |
| **thyssenkrupp AG's shareholders** | | **(115)** | **1,136** |
| Non-controlling interest | | 90 | 85 |
| **Net income/(loss)** | | **(25)** | **1,220** |
| | | | |
| **Basic and diluted earnings per share based on** | **32** | | |
| **Income/(loss) from continuing operations (attributable to thyssenkrupp AG's shareholders)** | | **(0.17)** | **1.81** |
| **Net income/(loss) (attributable to thyssenkrupp AG's shareholders)** | | **(0.18)** | **1.82** |

See accompanying notes to consolidated financial statements.

# thyssenkrupp group – statement of comprehensive income

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| **Net income/(loss)** | **(25)** | **1,220** |
| **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 | 455 | 1,847 |
| Tax effect | (23) | 31 |
| Other comprehensive income from remeasurements of pensions and similar obligations, net | 432 | 1,878 |
| Unrealized gains/(losses) from fair value measurement of equity instruments | | |
| Change in unrealized gains/(losses), net | 6 | 0 |
| Tax effect | 0 | 0 |
| Net unrealized (gains)/losses | 6 | 0 |
| Share of unrealized gains/(losses) of investments accounted for using the equity-method | 3 | 11 |
| **Subtotals of items of other comprehensive income that will not be reclassified to profit or loss in future periods** | **440** | **1,889** |
| **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 | 127 | 532 |
| Net realized (gains)/losses | 1 | 14 |
| Net unrealized (gains)/losses | 128 | 545 |
| Unrealized gains/(losses) from fair value measurement of debt instruments | | |
| Change in unrealized gains/(losses), net | 9 | 10 |
| Net realized (gains)/losses | 0 | 0 |
| Tax effect | (1) | 0 |
| Net unrealized (gains)/losses | 8 | 10 |
| Unrealized gains/(losses) from impairment of financial instruments | | |
| Change in unrealized gains/(losses), net | (20) | (5) |
| Net realized (gains)/losses | 7 | 59 |
| Tax effect | 4 | (8) |
| Net unrealized (gains)/losses | (9) | 47 |
| Unrealized gains/(losses) on cash flow hedges | | |
| Change in unrealized gains/(losses), net | 48 | (41) |
| Net realized (gains)/losses | 46 | 66 |
| Tax effect | (3) | (19) |
| Net unrealized (gains)/losses | 90 | 6 |
| Share of unrealized gains/(losses) of investments accounted for using the equity-method | 83 | 229 |
| **Subtotals of items of other comprehensive income that could be reclassified to profit or loss in future periods** | **300** | **837** |

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| **Net income/(loss)** | **(25)** | **1,220** |
| **Other comprehensive income** | **740** | **2,726** |
| **Total comprehensive income** | **715** | **3,946** |
| **Thereof:** | | |
| thyssenkrupp AG's shareholders | 611 | 3,811 |
| Non-controlling interest | 105 | 135 |
| **Total comprehensive income attributable to thyssenkrupp AG's stockholders refers to:** | | |
| Continuing operations | 617 | 3,803 |
| Discontinued operations | (6) | 9 |

See accompanying notes to consolidated financial statements.

# thyssenkrupp group – statement of changes in equity

| million €, (except number of shares) | Equity attributable to thyssenkrupp AG's stockholders Number of shares outstanding | Capital stock | Additional paid-in capital | Retained earnings |
|---|---|---|---|---|
| **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** |
| Net income/(loss) | | | | 1,136 |
| Other comprehensive income | | | | 1,880 |
| **Total comprehensive income** | | | | **3,016** |
| Profit attributable to non-controlling interest | | | | |
| Other changes | | | | (9) |
| **Balance as of Sept. 30, 2022** | **622,531,741** | **1,594** | **6,664** | **4,777** |

See accompanying notes to consolidated financial statements.

| | Equity attributable to thyssenkrupp AG's stockholders | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cumulative other comprehensive income | | | | | | | | | |
| | | | | | Cash flow hedges | | | | | |
| | Foreign currency translation adjustment | Fair value measurement of debt instruments | Fair value measurement of equity instruments | Impairment of financial instruments | Designated risk component | Hedging costs | Share of investments accounted for using the equity method | **Total** | Non-controlling interest | **Total equity** |
| | **(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** |
| | | | | | | | | 1,136 | 85 | 1,220 |
| | 505 | 5 | 0 | 46 | (2) | 11 | 229 | 2,676 | 50 | 2,726 |
| | **505** | **5** | **0** | **46** | **(2)** | **11** | **229** | **3,811** | **135** | **3,946** |
| | | | | | | | | 0 | (40) | (40) |
| | | | | | | | | (9) | 0 | (9) |
| | **524** | **15** | **7** | **79** | **215** | **(26)** | **352** | **14,202** | **540** | **14,742** |

# thyssenkrupp group – statement of cash flows

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| **Net income/(loss)** | **(25)** | **1,220** |
| Adjustments to reconcile net income/(loss) to operating cash flows: | | |
| Income/(loss) from discontinued operations (net of tax) | 6 | (9) |
| Deferred income taxes, net | (67) | (184) |
| Depreciation, amortization and impairment of non-current assets | 1,064 | 1,421 |
| Reversals of impairment losses of non-current assets | (159) | (72) |
| Income/(loss) from companies accounted for using the equity method, net of dividends received | 106 | 245 |
| (Gain)/loss on disposal of non-current assets | (45) | (243) |
| Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes | | |
| – Inventories | (1,816) | (1,570) |
| – Trade accounts receivable | (35) | (767) |
| – Contract assets | 62 | (330) |
| – Provisions for pensions and similar obligations | (132) | (268) |
| – Other provisions | 116 | (330) |
| – Trade accounts payable | 1,400 | 408 |
| – Contract liabilities | (358) | 694 |
| – Other assets/liabilities not related to investing or financing activities | (24) | 403 |
| **Operating cash flows – continuing operations** | **94** | **618** |
| Operating cash flows – discontinued operations | (3) | 0 |
| **Operating cash flows** | **92** | **617** |

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| Purchase of investments accounted for using the equity method and non-current financial assets | (1) | (7) |
| Expenditures for acquisitions of consolidated companies net of cash acquired | (36) | (1) |
| Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property | (1,404) | (1,247) |
| Capital expenditures for intangible assets (inclusive of advance payments) | (44) | (49) |
| Proceeds from disposals of previously consolidated companies net of cash disposed | 1 | 855 |
| Proceeds from disposals of property, plant and equipment and investment property | 122 | 171 |
| Proceeds from disposals of intangible assets | 1 | 0 |
| Proceeds from disposals of time deposits | 850 | 0 |
| **Cash flows from investing activities – continuing operations** | **(510)** | **(277)** |
| Cash flows from investing activities – discontinued operations | 0 | 0 |
| **Cash flows from investing activities** | **(510)** | **(277)** |
| Repayments of bonds | (850) | (1,250) |
| Proceeds from liabilities to financial institutions | 222 | 186 |
| Repayments of liabilities to financial institutions | (264) | (136) |
| Lease liabilities | (148) | (141) |
| Proceeds from/(repayments on) loan notes and other loans | (140) | (196) |
| Profit attributable to non-controlling interest | (44) | (40) |
| Expenditures for acquisitions of shares of already consolidated companies | (3) | (40) |
| Financing of discontinued operations | (3) | 0 |
| Other financial activities | (52) | (174) |
| **Cash flows from financing activities – continuing operations** | **(1,283)** | **(1,792)** |
| Cash flows from financing activities – discontinued operations | 3 | 0 |
| **Cash flows from financing activities** | **(1,280)** | **(1,791)** |
| Net increase/(decrease) in cash and cash equivalents | (1,698) | (1,451) |
| Effect of exchange rate changes on cash and cash equivalents | 18 | 72 |
| Cash and cash equivalents at beginning of year | 10,697 | 9,017 |
| **Cash and cash equivalents at end of year** | **9,017** | **7,638** |
| thereof cash and cash equivalents within the disposal groups | 42 | — |
| | | |
| Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows of continuing operations: | | |
| Interest received | 10 | 29 |
| Interest paid | (159) | (131) |
| Dividends received | 17 | 35 |
| Income taxes (paid)/received | (177) | (381) |

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 company is registered with the registration court in Duisburg, HR B 9092 and in Essen, HR B 15364. The consolidated financial statements of thyssenkrupp AG and its subsidiaries, collectively the “group”, for the year ended September 30, 2022, were authorized for issuance in accordance with a resolution of the Executive Board on November 8, 2022.

### 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 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, 2021 | Sept. 30, 2022 | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
| US Dollar | 1.16 | 0.97 | 1.20 | 1.09 |
| Chinese Renminbi Yuan | 7.48 | 6.94 | 7.78 | 7.10 |
| Swiss Franc | 1.08 | 0.96 | 1.09 | 1.02 |
| Polish Zloty | 4.62 | 4.85 | 4.54 | 4.66 |

### 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 income/(expense), net. 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, 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 a model to determine the expected credit loss, in particular to determine the expected default rates for trade accounts receivable. The expected default rates are determined mainly on the basis of external credit information and ratings for each counterparty. If no rating information is available at counterparty level, an assessment is made based on the average probability of default for each segment plus an appropriate risk premium.

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.

### Provisions for pensions 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 of disposal 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 of disposal 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 statement of financial position 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 war in the Ukraine, the current global coronavirus pandemic and the climate change. 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 statement of financial position. 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 of disposal 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 of disposal 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.

At each balance sheet date, the expected credit losses are determined with a model developed by thyssenkrupp, 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. Furthermore, 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.

### 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 of disposal. The determination of fair value less costs of disposal 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 Marine Systems and Multi Tracks, 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 war in the Ukraine and the worldwide coronavirus pandemic

In particular against the background of the war in the Ukraine and 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), investments (cf. Note 06), deferred tax assets (cf. Note 31), trade accounts receivable and contract assets (cf. Note 09 and 10).

The uncertainty in assessing the effects of the continuing global coronavirus pandemic on current business performance, including the earnings outlook, persisted unchanged in this reporting period, especially with regard to new mutations of the virus and renewed lockdown measures. Since the outbreak of the war in Ukraine in February 2022, a variety of geopolitical and economic turmoil has been apparent.

The further developments and the impact on business performance, such as ongoing rises in electricity, energy, materials and commodity prices, possible further constraints on oil and gas deliveries and associated fears of persistently high or even increasing rates of inflation with negative effects on propensity to consume and invest, including as a result of further rises in interest rates, continuing or more severe bottlenecks in the supply of production inputs in industry, local lockdown measures or the zero-covid strategy in China and the increasing level of debt in several European countries, are subject to considerable uncertainty from today's perspective; for further details, see also in addition the detailed description of the macro and sector environment in the Report on the economic position in the management report.

### Effects of climate change

In general, as one of the largest $CO_2$ emitters, the steel industry will face major structural challenges in the future in order to make its contribution to climate protection. In the previous two reporting years, the social and political discussion about necessary or intensified climate protection measures gained dynamic. In this context, at the beginning of September 2022, investment in the construction of the first direct reduction plant at the Duisburg site was approved, paving the way for the start of the green transformation.

### Recently adopted accounting standards

In fiscal year 2021 / 2022 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 4 "Insurance Contracts – deferral of IFRS 9", issued in June 2020
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2", issued in August 2020 / 2022

### Issued accounting standards that have not been adopted in fiscal year 2021 / 2022

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 and amendments of standards will not have a material impact on the presentation of the consolidated financial statements:

- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures (2011)": "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture", issued in September 2014, initial application deferred indefinitely
- IFRS 17 "Insurance Contracts", issued in May 2017, including Amendments to IFRS 17 "Amendments to IFRS 17", issued in June 2020, initial application in fiscal year 2023 / 2024
- Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current", issued in January 2020 and October 2022, respectively, not yet endorsed, expected initial application in fiscal year 2024 / 2025
- Amendments to 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 IAS 1 "Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies", issued in February 2021, initial application in fiscal year 2023 / 2024
- Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates", issued in February 2021, initial application in fiscal year 2023 / 2024
- Amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction", issued in May 2021, initial application in fiscal year 2023 / 2024

- Amendments to IFRS 17 “Insurance Contracts. Initial Application of IFRS 17 and IFRS 9 – Comparative Information”, issued in December 2021, initial application in fiscal year 2023 / 2024
- Amendments to IFRS 16 “Leases: Lease Liability in a Sale and Leaseback”, issued in September 2022, not yet endorsed, expected initial application in fiscal year 2024 / 2025

## 02 Consolidated companies and equity interests

### Composition of the scope of consolidation

The changes in the scope of consolidation in fiscal years 2020 / 2021 und 2021 / 2022, respectively are presented in the table below:

#### ACQUISITIONS/DIVESTITURES OF BUSINESSES

| Number of consolidated companies | Germany | Abroad | Total |
|---|---|---|---|
| **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** |
| Additions | 5 | 15 | 20 |
| Disposals | (7) | (36) | (43) |
| **Balance as of Sept. 30, 2022** | **92** | **220** | **312** |

The additions in 2021 / 2022 mainly result from incorporations, while the disposals mainly result from disposals. To further details see “acquisitions and disposals” in this Note and “discontinued operation, disposal groups and single assets held for sale“ 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 0.005%, their income/(loss) before tax amounts to 0.004% and their total equity amounts to 0.008% of the group’s respective balances.

The group has 8 (prior year: 11) associated companies and 11 (prior year: 11) joint ventures that are accounted for using the equity method of accounting. Another 5 (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 0.199% and their total equity to 0.069% 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 3 (prior year: 4) 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 two 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 2021 / 2022

In fiscal year 2021 / 2022 the group only completed a minor acquisition at Marine Systems. Furthermore in this fiscal year, besides of some smaller disposals, the sale was closed of the three disposal groups Infrastructure, stainless steel business and mining (cf. Note 03); based on their values at the respective disposal dates, the transactions had the following total effect on the consolidated financial statements:

## DISPOSALS

| million € | Year ended Sept. 30, 2022 |
|---|---|
| Goodwill | 93 |
| Other intangible assets | 25 |
| Property, plant and equipment (inclusive of investment property) | 342 |
| Investments accounted for using the equity method | 17 |
| Other non-current financial assets | 7 |
| Deferred tax assets | 75 |
| Inventories | 727 |
| Trade accounts receivable | 678 |
| Contract assets | 42 |
| Other current financial assets | 35 |
| Other current non-financial assets | 53 |
| Current income tax assets | 14 |
| Cash and cash equivalents | 228 |
| **Total assets disposed of** | **2,337** |
| Provisions for pensions and similar obligations | 63 |
| Provisions for other non-current employee benefits | 5 |
| Other non-current provisions | 16 |
| Deferred tax liabilities | 19 |
| Non-current financial debt | 29 |
| Other non-current financial liabilities | 19 |
| Other non-current non-financial liabilities | 1 |
| Provisions for current employee benefits | 10 |
| Other current provisions | 41 |
| Current income tax liabilities | 12 |
| Current financial debt | 257 |
| Trade accounts payable | 773 |
| Other current financial liabilities | 54 |
| Contract liabilities | 185 |
| Other current non-financial liabilities | 129 |
| **Total liabilities disposed of** | **1,613** |
| **Net assets disposed of** | **724** |
| Cumulative other comprehensive income | 2 |
| Non-controlling interest | (3) |
| Gain/(loss) resulting from the disposals | 96 |
| **Selling price / Consideration received** | **819** |
| **Sale of day-to-day receivables** | **317** |
| **Selling price / consideration received inclusive of sale of day-to-day receivables** | **1,136** |
| Thereof: paid in cash and cash equivalents | 1,083 |
| Thereof: settled by assignment of receivables from profit and loss transfer agreement | (6) |
| Thereof: paid in debt instruments | 60 |

### 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.

## 03 Discontinued operation, disposal groups and single assets held for sale

### Discontinued Elevator operation

End of February 2020, thyssenkrupp signed an agreement with a bidding consortium led by Advent International and Cinven on the full sale of its elevator business Elevator Technology. After all the responsible authorities had approved the sale, the closing of the transaction together with the deconsolidation of Elevator Technology took place on July 31, 2020. The transaction met the criteria of IFRS 5 for presentation as a discontinued operation. It encompassed Elevator Technology and individual units from Corporate Headquarters. Irrespective of the deconsolidation already recognized, subsequent expenses and income and cash flows directly related to the sale of the elevator activities are continued to be reported separately in the statement of income and the statement of cash flows.

The table below shows the subsequent expenses incurred and subsequent income generated in the year ended September 30, 2021 and 2022, respectively arising from the mutual obligations under the agreement on the sale of the elevator operations of 2019 / 2020. In relation to the mutual claims and obligations from tax guarantees, a new agreement was entered into with the buyer in the 2nd quarter ended March 31, 2022 that specifies that claims and obligations previously recognized can be fully offset.

#### DISCONTINUED ELEVATOR OPERATION

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| Sales | 0 | 0 |
| Other income | 61 | 0 |
| Expenses | (67) | 9 |
| **Ordinary income/(loss) from discontinued operations (before tax)** | **(6)** | **9** |
| Income tax (expense)/income | 0 | 0 |
| **Ordinary income/(loss) from discontinued operations (net of tax)** | **(6)** | **9** |
| Gain/(loss) recognized on disposal of discontinued operations (before tax) | 0 | 0 |
| Income tax (expense)/income | 0 | 0 |
| **Gain/(loss) recognized on disposal of discontinued operations (net of tax)** | **0** | **0** |
| **Income/(loss) from discontinued operations (net of tax)** | **(6)** | **9** |
| Thereof: | | |
| thyssenkrupp AG's shareholders | (6) | 9 |
| Non-controlling interest | 0 | 0 |

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 met the requirements of IFRS 5 for a presentation of disposal groups, but not of discontinued operations. Therefore, expenses and income were continued to be presented as income from continuing operations until the date of disposal and the assets and liabilities of the respective disposal groups were to 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.”

#### Mining disposal group

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.

After receiving all merger control approvals and the completion of the extensive carve-out activities, the sale was closed on August 31, 2022. This resulted in a gain of €118 million, which is reported in other gains and losses in the 4th quarter ended September 31, 2022.

In connection with the sale initiated in the 4th quarter ended September 31, 2021 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 that comprised 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 as of September 30, 2021.

## MINING DISPOSAL GROUP

| million € | Sept. 30, 2021 |
|---|---|
| Intangible assets | 93 |
| Property, plant and equipment (inclusive of investment property) | 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** |
| Provisions for pensions 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** |

### Infrastructure disposal group

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.

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 were reported in cost of sales in the 4th quarter of 2020 / 2021. Following the recognized impairment losses, the carrying amount of the disposal group corresponded to fair value less costs of disposal.

After receiving all merger control approvals, the sale of Infrastructure to FMC Beteiligungs KG, with the exception of the Australian activities, was completed on November 30, 2021. This resulted in a loss of €6 million, which was reported in other gains and losses in the 1st quarter ended December 31, 2021. For the Australian activities, completion took place with the completion of the IT carve-out activities on January 31, 2022. This resulted in a loss of €0.2 million, which was reported in other gains and losses in the 2nd quarter ended March 31, 2022.

The assets and liabilities that comprised the disposal group as of September 30, 2021, are presented in the following table; €(2) million of cumulative other comprehensive income presented within equity was attributable to the disposal group as of September 30, 2021.

### INFRASTRUCTURE DISPOSAL GROUP

| 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** |
| Provisions for pensions 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** |

### Stainless steel business disposal group

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.

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. This resulted in the 1st quarter ended December 31, 2021 in impairment losses of a total of €26 million, reflecting the arrangements in the purchase agreement and changes in working capital from the measurement of the disposal group at fair value less costs of disposal.

Once all legal approvals of the merger had been obtained, the sale of the stainless steel business (stainless steel plant in Terni, Italy (AST), including the associated distribution organization in Germany, Italy, and Turkey) to the Italian Arvedi Group was closed on January 31, 2022. After finalizing the contractually agreed processes for determining the purchase price, this transaction resulted in a disposal loss of €15 million in total, which is reported in other gains and losses and of which €8 million have already been recognized in the 2nd quarter ended March 31, 2022.

As part of the sale, it was agreed that thyssenkrupp retains shares in the amount of 15% in AST in order to strengthen the already existing operating cooperation with Arvedi; thyssenkrupp accounts for these shares as debt instruments at amortized cost.

The assets and liabilities that comprised 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 was attributable to the disposal group as of September 30, 2021.

### STAINLESS STEEL BUSINESS DISPOSAL GROUP

| 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** |
| Provisions for pensions 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** |

### Single assets held for sale

As of September 30, 2022, property, plant and equipment of €8 million relating to two properties in the Dortmund area held for sale in the Steel Europe segment are reported in the line item “Assets held for sale” in the statement of financial position. Closing is expected in the 1st quarter ended December 31, 2022.

# 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, 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** |
| Currency differences | 27 | 30 | 46 | 103 |
| Acquisitions/divestitures of businesses | 0 | 0 | 0 | 0 |
| Additions | 25 | 17 | 0 | 42 |
| Transfers | 16 | 3 | 0 | 18 |
| Disposals | (22) | (373) | 0 | (395) |
| **Balance as of Sept. 30, 2022** | **1,392** | **592** | **2,630** | **4,614** |
| **Accumulated depreciation and impairment losses** | | | | |
| **Balance as of Oct. 1, 2020** | **988** | **803** | **1,219** | **3,010** |
| Currency differences | 3 | 0 | 5 | 8 |
| Acquisitions/divestitures of businesses | (22) | 0 | (6) | (28) |
| Depreciation 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** |
| Currency differences | 20 | 29 | 41 | 90 |
| Acquisitions/divestitures of businesses | 0 | 0 | (2) | (2) |
| Depreciation expense | 60 | 18 | 0 | 78 |
| Impairment losses | 2 | 8 | 0 | 11 |
| Reversals of impairment losses | 0 | 0 | 0 | 0 |
| Transfers | 1 | 3 | 0 | 5 |
| Disposals | (21) | (373) | 0 | (393) |
| **Balance as of Sept. 30, 2022** | **997** | **509** | **1,236** | **2,743** |
| **Net amounts** | | | | |
| **Balance as of Oct. 1, 2020** | **494** | **101** | **1,481** | **2,075** |
| **Balance as of Sept. 30, 2021** | **412** | **92** | **1,387** | **1,892** |
| **Balance as of Sept. 30, 2022** | **395** | **82** | **1,394** | **1,872** |

### 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. The basic planning assumption is below-average growth in 2023 due to the numerous factors currently weighing on the global economy. From 2024 onwards, economic growth is expected to normalize as the situation gradually eases. 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 1.4% (prior year: 1.3%). The weighted average cost of capital discount rate is based on a risk-free interest rate of 1.5% (prior year: 0.1%) 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, 2022 (prior year: 7 CGUs):

#### PRE-TAX DISCOUNT RATES

| | Ranges | |
|---|---|---|
| in % | Sept. 30, 2021 | Sept. 30, 2022 |
| Materials Services | n/a | n/a |
| Industrial Components | 9.8 | 12.2 |
| Automotive Technology | 9.2 | 10.1 |
| Steel Europe | n/a | n/a |
| Marine Systems | 9.3 | 9.9 |
| Multi Tracks | 10,6 – 13,3 | 13,7 – 15,1 |
| Corporate Headquarters & Others | 8.8 | 10.7 |

As of September 30, 2022 total goodwill of the thyssenkrupp group amounts to €1,394 million (prior year: €1,387 million). It mainly related to the CGUs Marine Systems and nucera (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) | 1,043 (1,041) | 75 | 9.9 (9.3) | 1.3 | – Profitable progress on order backlog portfolio<br>– Realization of planned order intake, particularly in submarine area, resulting in significant margin improvement in order backlog portfolio<br>– Efficiency increases along entire value chain based on implemented performance program<br>– Derivation of cash flow in the perpetual annuity based on assumptions regarding existing order backlog and future order intake |
| nucera (Multi Tracks) | 186 (n/a) | 13 | 14.9 (n/a) | 1.4 | – Profitable progress on contracts won<br>– Realization of planned order intake<br>– Profitable growth in the divisions “Green Hydrogen” and “Chlorine-Alkali-Electrolysis Technologies”<br>– Profit improvement resulting from economies of scale and effects of standardization effects in this promising business segment |

### Impairment of other intangible assets

Impairment losses of intangible assets other than goodwill are primarily included in cost of sales.

Impairments recognized on the other intangible assets in 2021/ 2022 are disclosed with the Steel Europe Segment in Note 02.

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.

## 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 Oct. 1, 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) | (465) |
| 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** |
| Currency differences | 108 | 432 | 31 | 56 | 0 | 44 | 672 |
| Acquisitions/divestitures of businesses | (6) | (16) | 0 | (3) | 0 | 0 | (26) |
| Additions | 72 | 298 | 91 | 120 | 0 | 683 | 1,265 |
| Transfers | 107 | 491 | 36 | (4) | 4 | (532) | 102 |
| Disposals | (55) | (461) | (79) | (36) | (18) | (3) | (651) |
| Reclassification due to the presentation as assets held for sale | (8) | 0 | 0 | 0 | 0 | 0 | (8) |
| **Balance as of Sept. 30, 2022** | **5,579** | **19,732** | **2,065** | **985** | **25** | **1,485** | **29,871** |
| **Accumulated depreciation and impairment losses** | | | | | | | |
| **Balance as of Oct. 1, 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** |
| Currency differences | 56 | 344 | 24 | 28 | 0 | 1 | 454 |
| Acquisitions/divestitures of businesses | (7) | (17) | 0 | (3) | 0 | 0 | (26) |
| Depreciation expense | 99 | 505 | 101 | 126 | 0 | 0 | 832 |
| Impairment losses | 55 | 265 | 25 | 0 | 0 | 132 | 476 |
| Reversals of impairment losses | 0 | 0 | 0 | 0 | 0 | (1) | (2) |
| Transfers | 32 | 49 | 0 | (2) | 8 | (93) | (7) |
| Disposals | (49) | (453) | (76) | (16) | (13) | (2) | (608) |
| Reclassification due to the presentation as assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Balance as of Sept. 30, 2022** | **3,693** | **17,106** | **1,752** | **424** | **12** | **136** | **23,123** |
| **Net amounts** | | | | | | | |
| **Balance as of Oct. 1, 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** |
| **Balance as of Sept. 30, 2022** | **1,886** | **2,626** | **313** | **561** | **13** | **1,349** | **6,748** |

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 2021 / 2022**

In the 1st quarter ended December 31, 2021 in the Steel Europe segment, an impairment loss of €13 million was necessary on construction in progress due to construction defects caused by the upstream supplier. At a Chinese Springs & Stabilizers plant in the Multi Tracks segment, damage caused by adverse weather resulted in impairment losses of €12 million, which largely related to technical plant and machinery as well as buildings.

After impairment losses of €6 million were recognized on technical equipment and machinery in the global electric steering product area in the Steering business unit of the Automotive Technology segment in the 2nd quarter ended March 31, 2022 due to reduced sales expectations, further impairment losses of €23 million were recognized on technical equipment and machinery in the global electric steering gear product area in this business in the 3rd quarter ended June 30, 2022, mainly due to increased materials and logistics costs and the higher cost of capital. The continuing shortage of semiconductors and the impact of the war in Ukraine are continuing to lead to reduced call-offs by customers in the automotive industry. The recoverable amount relevant for determining the impairment loss is the value in use, which amounts to a total of €565 million and for which a discount rate (after tax) of 8.40% was applied.

Due to the significant increase in the cost of capital in the 3rd quarter ended June 30, 2022 (a triggering event in accordance with IAS 36.12) all cash-generating units of the thyssenkrupp group were subject to a further impairment test in accordance with IAS 36 as of June 30, 2022; as a result an impairment loss had to be recognized in the Steel Europe segment. Applying a discount rate (after tax) of 7.67% for the future cash flows, the total carrying amount of €6,869 million as of June 30, 2022 resulted in a relevant value in use of €6,475 million. The resulting impairment loss required to be recognized at Steel Europe amounts to €390 million. Of this amount, €204 million relates to technical machinery and equipment, €109 million to construction in progress, €46 million to buildings, €21 million to other equipment, factory and office equipment, €8 million to development costs and €2 million to other intangible assets. Furthermore, this resulted in an impairment loss of €4 million on corporate assets that are assigned to Special Units. The underlying value in use is based on a range of scenarios for the future course of business. In addition to the steel-specific cyclical risks already used in previous measurements, potential temporary restrictions on gas supplies (for thyssenkrupp's own production facilities and those of customers) and the resulting temporary underutilization of Steel Europe in relation to the winter half year of 2022 / 2023 has now been taken into account as a scenario, which will burden the short-term cash flow expectations for next fiscal year. The results of the scenarios were weighted using probabilities that reflect the current management assessment. The current measurement environment continues to be affected by uncertainty about economic conditions as well as the dynamic development in the cost of capital. It can therefore not be ruled out from today's perspective that future trends will have a negative impact on the value development of the assets at Steel Europe.

The impairment loss of €4 million on assets used jointly in the thyssenkrupp group (corporate assets) was recognized in Special Units. These assets are allocated proportionately to the cash-generating units for impairment testing purposes as they do not generate independent cash inflows. The impairment loss results from the reduced viability of the corporate assets due in particular to the Steel Europe cash-generating unit in connection with the impairment losses recognized there in the 3rd quarter ended June 30, 2022.

As part of the renewed impairment tests, further impairment losses were identified in the Automotive Technology segment in the 4th quarter ended September 30, 2022. In the Steering business unit, further impairment losses of €14 million were recognized on technical equipment and machinery in the global electric steering gear product area. This was mainly due to further cost increases in the areas of raw materials, logistics and energies. The recoverable amount relevant for determining the impairment loss is the value in use, which amounts to €583 million in total and for which a discount rate (after tax) of 8.21% was applied. In addition, in the Automotive Technology segment, impairment losses of €8 million and €3 million were recognized on technical equipment and machinery and other equipment, factory and office equipment respectively in the Bilstein business unit's original equipment business in Germany in the 4th quarter ended September 30, 2022, mainly due to the loss of a follow-up order and the adjustment of the business strategy to market conditions. To determine the value in use, which amounts to €(7) million, a discount rate (after taxes) of 7.88% was applied. However, due to the lower value limit under IAS 36.105, €66 million of the impairment loss calculated in this way could not be recognized. In addition, further impairment losses were recognized in the Springs & Stabilizers business unit in the Multi Tracks segment in the 4th quarter ended September 30, 2022. At the German and Hungarian sites, impairment losses totaling €6 million were therefore required for the fiscal year 2021 /

2022 on construction in progress, technical equipment and machinery as well as other equipment, factory and office equipment. To determine the value in use, which amounts to €18 million in total, a discount rate (after taxes) of 7.48% (Germany) and 9.84% (Hungary) was applied. However, due to the lower value limit under IAS 36.105, €25 million of the impairment loss calculated in this way could not be recognized.

In the 4th quarter ended September 30, 2022, an impairment test was also carried out again in the Steel Europe segment, which did not result in any need for impairment.

In addition, impairment losses were also recognized on the disposal groups that are disclosed in Note 03.

**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 disclosed in Note 03.

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 Oct. 1, 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** |
| Currency differences | 0 | 48 | 5 | 3 | 0 | 56 |
| Acquisitions/divestitures of businesses | 0 | (3) | 0 | 0 | 0 | (3) |
| Additions | 8 | 89 | 6 | 17 | 0 | 120 |
| Transfers | 0 | (3) | 0 | 0 | 0 | (4) |
| Disposals | 0 | (27) | (1) | (8) | 0 | (36) |
| **Balance as of Sept. 30, 2022** | **164** | **667** | **56** | **98** | **1** | **985** |
| **Accumulated depreciation and impairment losses** | | | | | | |
| **Balance as of Oct. 1, 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** |
| Currency differences | 0 | 24 | 3 | 2 | 0 | 28 |
| Acquisitions/divestitures of businesses | 0 | (3) | 0 | 0 | 0 | (3) |
| Depreciation expense | 6 | 88 | 10 | 21 | 0 | 126 |
| Impairment losses | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversals of impairment losses | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | (2) | 0 | 0 | 0 | (2) |
| Disposals | 0 | (8) | (1) | (6) | 0 | (16) |
| **Balance as of Sept. 30, 2022** | **19** | **314** | **29** | **62** | **0** | **424** |
| **Net amounts** | | | | | | |
| **Balance as of Oct. 1, 2020** | **148** | **393** | **30** | **50** | **1** | **622** |
| **Balance as of Sept. 30, 2021** | **144** | **347** | **29** | **40** | **0** | **560** |
| **Balance as of Sept. 30, 2022** | **145** | **353** | **27** | **36** | **0** | **561** |

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 €89 million (prior year: €115 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, 2022, the carrying amount of thyssenkrupp's investment property amounts to €14 million (prior year: €23 million). The total fair value of this investment property is €32 million (prior year: €50 million); thereof €7 million (prior year: €13 million) are assigned to level 2 and €25 million (prior year: €37 million) are assigned to level 3 valuations methods of the fair value hierarchy. Of the fair value €11 million (prior year: €7 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 €523 million (prior year: €549 million) and of joint ventures is €119 million (prior year: €121 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 cost of the investment in Vertical Topco I S.A., Luxembourg as of July 31, 2020 was €606 million. The carrying amount of this investment as of October 1, 2021 was €544 million (prior year: €600 million). Subsequent measurement under the equity method reduced the carrying amount by €26 million to €518 million as of September 30, 2022 (prior year: €544 million).

This includes an impairment loss of €63 million recognized as of June 30, 2022, which arose as a result of the increase in the carrying amount (before impairment) of the investment and a simultaneous decrease in its fair value less costs of disposal due to changes in the discount rate and the USD to EUR exchange rate. The relevant fair value less costs of disposal used to determine this impairment loss, which was calculated using a discount rate (after taxes) of 11.48%, amounted to a total of €519 million as of June 30, 2022.

In addition, a further impairment loss of €73 million was recognized as of September 30, 2022. The increase in the carrying amount arising on subsequent measurement under the equity method, which was mainly the result of the change in the USD to EUR exchange rate, contrasted with an almost unchanged fair value less costs of disposal. The relevant fair value less costs of disposal used to determine this impairment loss amounts to a total of €518 million as of September 30, 2022. The calculation used a discount rate (after taxes) of 11.79%.

Fair value less costs of disposal was in each case determined taking into account the expected cash flows on the basis of recognized financial mathematical models and using observable and unobservable inputs available as of the balance sheet date, and is assigned to level 3 of the fair value hierarchy in accordance with IFRS 13.

The 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, 2021 2020/2021[1] | Sept. 30, 2022 2021/2022[2] |
|---|---|---|
| Total non-current assets | 20,185 | 21,745 |
| Total current assets | 3,435 | 3,574 |
| thereof: cash and cash equivalents | 587 | 467 |
| Non-current liabilities[3] | 16,513 | 17,406 |
| Total current liabilities | 4,472 | 4,692 |
| Sales | 7,827 | 8,285 |
| Income/(loss) from continuing operations (net of tax) | (633) | (646) |
| Income/(loss) from discontinued operations (net of tax) | 0 | 0 |
| Net income/(loss) | (633) | (646) |
| Other comprehensive income | 267 | 1,234 |
| **Total comprehensive income** | **(366)** | **588** |

[1] Amounts primarily based on interim financial statements as of June 30, 2021; updated to Sept. 30, 2021 based on estimation.
[2] Amounts primarily based on interim financial statements as of June 30, 2022; updated to Sept. 30, 2022 based on estimation.
[3] Adjustment as of Sept. 30, 2021 due to consideration of the financial statements as of Sept. 30, 2021 of Vertical TopCo II S.A., Luxembourg.

## RECONCILIATION TO BOOK VALUE INCLUDED IN THE BALANCE SHEET OF THE GROUP

| million € | Sept. 30, 2021 2020/2021[1] | Sept. 30, 2022 2021/2022[2] |
|---|---|---|
| **Net assets as of October 1[3]** | **2,999** | **2,633** |
| Net income/(loss) | (633) | (646) |
| Other comprehensive income (foreign currency translation adjustment) | 257 | 1,174 |
| Miscellaneous other comprehensive income | 10 | 60 |
| **Net assets as of September 30** | **2,633** | **3,221** |
| Proportion of net assets as of Sept. 30 attributable to thyssenkrupp group | 499 | 610 |
| Impairment losses | 0 | (136) |
| Other reconciliation items | 45 | 43 |
| **Carrying amount as of Sept. 30** | **544** | **518** |

[1] Amounts primarily based on interim financial statements as of June 30, 2021; updated to Sept. 30, 2021 based on estimation.
[2] Amounts primarily based on interim financial statements as of June 30, 2022; updated to Sept. 30, 2022 based on estimation.
[3] Adjustment as of Sept. 30, 2021 due to consideration of the financial statements as of Sept. 30, 2021 of Vertical TopCo II S.A., Luxembourg.

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

| | Associates | | Joint ventures | |
|---|---|---|---|---|
| million € | 2020/2021 | 2021/2022 | 2020/2021 | 2021/2022 |
| Income/(loss) from continuing operations (net of tax) | 1 | 0 | 24 | 20 |
| Income/(loss) from discontinued operations (net of tax) | 0 | 0 | 0 | 0 |
| Other comprehensive income | 0 | 0 | 7 | 9 |
| **Total comprehensive income** | **1** | **1** | **32** | **29** |

In 2021 / 2022, the unrecognized share of losses of associates and joint ventures accounted for using the equity method was €0 million (prior year: €2 million). There were cumulative unrecognized losses of €10 million (prior year: €10 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, 2021 | Sept. 30, 2022 |
|---|---|---|
| Up to one year | 7 | 8 |
| More than one year up to two years | 5 | 7 |
| More than two years up to three years | 5 | 5 |
| More than three years up to four years | 3 | 3 |
| More than four years up to five years | 2 | 2 |
| More than five years | 10 | 9 |
| **Total** | **33** | **34** |

## 08 Inventories

### INVENTORIES

| million € | Sept. 30, 2021 | Sept. 30, 2022 |
|---|---|---|
| Raw materials | 1,812 | 2,425 |
| Production supplies | 373 | 430 |
| Work in progress | 1,693 | 2,133 |
| Finished products, merchandise | 3,238 | 3,901 |
| **Total** | **7,116** | **8,889** |

Inventories of €17 million (prior year: €3 million) have a remaining term of more than one year. Inventories of €35,479 million (prior year: €29,659 million) are recognized as cost of sales during the period. Included in cost of sales are write-downs of inventories of €107 million (prior year: €7 million).

## 09 Trade accounts receivable

Trade accounts receivable in the amount of €3 million (prior year: €3 million) have a remaining term of more than one year. As of September 30, 2022 cumulative impairment losses of €240 million (prior year: €205 million) are recognized for doubtful accounts; for more details refer to the disclosures in Note 22 Financial instruments.

## 10 Assets and liabilities from contracts with customers

As of September 30, 2022, the group's current assets include contract assets in the amount of €1,895 million (prior year: €1,434 million); of these €1,252 million (prior year: €1,164 million) have a remaining term of more than one year. In the 2021 / 2022 fiscal year impairment losses on contract assets were recognized in the amount of €14 million (prior year: €0 million) under selling expenses. The increase in contract assets in the reporting year resulted in particular from a sharp rise in contract costs coupled with a smaller increase in advance payments in the marine systems business. In addition, the plant construction businesses of the Multi Tracks segment recorded a moderate increase in contract costs combined with only a slight rise in advance payments.

As of September 30, 2022, the group's current liabilities include contract liabilities in the amount of €3,098 million (prior year: €2,205 million); of these €1,879 million (prior year: €1,544 million) have a remaining term of more than one year. The significant increase in contract liabilities related mainly to the marine business, where a substantial decrease in contract costs was offset by a disproportionately low decrease in advance payments. In addition, the other plant construction businesses in the Multi Tracks segment reported an overall increase in advance payments accompanied by a disproportionately low rise in contract costs. In the course of the 2021 / 2022 fiscal year, sales in the amount of €1,810 million (prior year 1,531 million) was recognized which was included in the contract liability balance at the beginning of the fiscal year. In the 2021 / 2022 fiscal year, sales from performance obligations satisfied or partly satisfied in earlier periods amounted to €82 million (prior year: €61 million).

The total transaction price allocated to performance obligations that were unsatisfied or partially unsatisfied as of September 30, 2022, which – making use of the practical expedients under IFRS 15.121a – have an original expected duration of more than 12 months, amounted to €19,075 million (prior year: €14,594 million). The expected recognition of the corresponding sales over time is as follows:

### FUTURE SALES FROM CONTRACTS WITH CUSTOMERS SEPT. 30, 2022

| million € | |
|---|---|
| (for fiscal year) | |
| 2022/2023 | 4,414 |
| 2023/2024 – 2026/2027 | 9,581 |
| after 2026/2027 | 5,079 |
| **Total** | **19,075** |

In the prior year future sales were 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** |

## 11 Other financial assets

### OTHER FINANCIAL ASSETS

| | Sept. 30, 2021 | | Sept. 30, 2022 | |
|---|---|---|---|---|
| million € | current | non-current | current | non-current |
| Miscellaneous other financial assets | 544 | 632 | 547 | 764 |
| Equity instruments | 0 | 71 | 0 | 71 |
| Debt instruments | 9 | 16 | 11 | 27 |
| Derivatives not qualifying for hedge accounting | 75 | — | 117 | — |
| Derivatives qualifying for hedge accounting | 220 | — | 27 | — |
| **Total** | **849** | **718** | **701** | **863** |

Miscellaneous other financial assets mainly include receivables in connection with agent activities, claims from bonuses and discounts, and receivables from price adjustments.

Other financial assets in the amount of €873 million (prior year: €728 million) have a remaining term of more than one year. As of September 30, 2022 cumulative impairments amount to €4 million (prior year: €4 million) regarding current other financial assets and €18 million (prior year: €18 million) regarding non-current other financial assets.

## 12 Other non-financial assets

### OTHER NON-FINANCIAL ASSETS

| | Sept. 30, 2021 | | Sept. 30, 2022 | |
|---|---|---|---|---|
| million € | current | non-current | current | non-current |
| Advance payments on intangible assets | — | 10 | — | 14 |
| Advance payments property, plant, equipment | — | 316 | — | 275 |
| Advance payments right of use assets | — | 1 | — | 0 |
| Advance payments to suppliers of inventories and to other current non-financial assets | 662 | — | 1,015 | — |
| Prepayments | 252 | — | 234 | — |
| Miscellaneous | 472 | 10 | 497 | 15 |
| **Total** | **1,386** | **337** | **1,745** | **304** |

Other non-financial assets in the amount of €650 million (prior year: €683 million) have a remaining term of more than one year. As of September 30, 2022 cumulative impairments amount to €30 million (prior year: €48 million) regarding current other non-financial assets and €5 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, 2022 and 2021, 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, 2022 the group's equity ratio was 39.3% (prior year: 29.5%). 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 | stable |
| Moody's | B1 | Not Prime | positive |
| 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

The following authorizations were issued by the resolution of the Annual General Meeting of thyssenkrupp AG on February 4, 2022:

The Executive Board of thyssenkrupp AG was authorized, with the approval of the Supervisory Board, to increase the capital stock of the company once or several times in installments, on or before February 3, 2027 by up to €300 million by issuing up to 117,187,500 new no-par bearer shares in exchange for cash and/or contribution in kind (authorized capital). The shareholders are in principal entitled to subscription rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholder subscription rights in certain cases; the option of excluding subscription rights is limited to 10% of the capital stock.

The Executive Board was authorized, with the approval of the Supervisory Board, to issue once or several times in installments, including simultaneously in different tranches, on or before February 3, 2027 subordinated or senior bearer or registered warrant and/or convertible bonds, participation rights and/or participating bonds and combinations of these instruments in the total par value of up to €2 billion with or without limited terms and, in the case of warrant and/or convertible bonds, to grant to or impose on their holders or creditors option or conversion rights or option or conversion obligations for no-par bearer shares of thyssenkrupp AG with a total share of the capital stock of up to €250 million in accordance with the conditions of these instruments. They can be issued in exchange for cash or contributions in kind. The Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholder subscription rights in certain cases; the option of excluding subscription rights is limited to 10% of the capital stock.

Furthermore the Executive Board was authorized to conditionally increase the capital stock by up to €250 million by issue of up to 97,656,250 no-par bearer shares (conditional capital). The conditional capital increase shall be used to grant no-par bearer shares upon exercise of an option of the Company to grant no-par shares of thyssenkrupp AG in whole or in part instead of payment of the cash amount due to the holders or creditors of convertible and/or warrant bonds, participation rights, participating bonds and combinations of these instruments that are issued by thyssenkrupp AG or a Group company on or before February 3, 2027.

The Executive Board was authorized on or before February 3, 2027 to purchase 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 purpose expressly stated in the authorization resolution and for all legally permissible purposes. The Executive Board is authorized under certain circumstances to exclude shareholders' tender rights when purchasing treasury shares or subscription rights when using treasury shares. The resolution also includes authorization to use derivatives (put options, call options, forward purchase contracts or a combination thereof) in connection with the purchase of treasury shares and to exclude tender and subscription rights. The Supervisory Board of thyssenkrupp AG may determine that measures of the Executive Board under these shareholder resolutions are subject to its approval.

### Dividend

The Executive Board and Supervisory Board will propose to the Annual General Meeting that a dividend of €0.15 per dividend-bearing share be paid from the unappropriated net income of thyssenkrupp AG for fiscal year 2021 / 2022 determined in conformity with the principles of the German Commercial Code (HGB) and that the remaining amount be carried forward. This would result in a total dividend payment of €93 million. No dividends were paid for the 2020 / 2021 and 2019 / 2020 fiscal years.

## 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, 2022, 2,338,872 stock rights were issued in the 10th installment, 5,321,857 stock rights in the 11th installment and 3,700,500 stock rights in the 12th 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 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, 2022

| | 10th installment LTI | 11th installment LTI | 12th installment LTI |
|---|---|---|---|
| Maturity | 12/31/2022 | 12/31/2024 | 12/31/2025 |
| Averaging period | Oct. 1 to Dec. 31, 2022 | Aug. 20 to Sept. 30, 2024 | Aug. 20 to Sept. 30, 2025 |
| thyssenkrupp stock price as of balance sheet date | €4.39 | €4.39 | €4.39 |
| Assumed dividend payment(s) per stock until maturity | — | €0.15 on Feb. 6, 2023<br>€0.15 on Feb. 5, 2024 | €0.15 on Feb. 6, 2023<br>€0.15 an Feb. 5, 2024<br>€0.15 on Feb. 3, 2025 |
| Average dividend yield | — | 3.63% | 3.60% |
| Average interest rate (averaging period) | 1.02% | 2.83% | 2.92% |
| **Fair value as of Sept. 30, 2022** | | | |
| **– without caps** | **€4.38** | **€4.09** | **€3.95** |
| **– with caps** | **€4.38** | **€4.09** | **€3.95** |

In the 2nd quarter of 2021 / 2022, the 9th installment of the LTI was settled with a payment of €9.29 per stock right and a payment of €36.5 million in total, respectively. 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. Also in fiscal year 2021 / 2022 the 12th installment of the LTI was granted to the Executive Board and additional executive employees. In total in fiscal year 2021 / 2022 the group recorded an income of €16 million from the incentive plans (prior year: €66 million expense), mainly resulting from the decline in thyssenkrupp's share price. The liability arising from the LTI amounts to €32 million as of September 30, 2022 (prior year: €83 million). Additionally, €2 million (prior year: €4 million) is reported in equity as of September 30, 2022 for the share-based compensation of the members of the Executive Board.

The background to the recognition in equity 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.

In fiscal year 2021 / 2022, thyssenkrupp AG's Executive Board members were granted 452,539 stock rights in the 12th installment of the LTI, which break down as follows:

## 12TH INSTALLMENT LTI

| | Number of stock rights | Average weighted fair value |
|---|---|---|
| Settlement in thyssenkrupp shares (= equity settled) | 56,567 | €9.45 at grant date |
| Settlement in cash (= cash settled) | 395,972 | €3.97 € at balance sheet date |

The fair value of the 12th installment of the LTI was measured using a Monte Carlo simulation.

The assumptions relevant to the valuation of thyssenkrupp's share for the measurement of the 12th installment of the LTI at grant date on November 17, 2021 were determined on the basis of market values and are as follows:

| | |
|---|---|
| Share price | €10.20 |
| Risk free interest rate | (0.31)% |
| Expected dividend yield | 0.65% |
| Volatility | 41.00% |
| Remaining term | 3.87 years |

In the measurement, the share prices of the peer companies were simulated for the calculation of the relative total shareholder return. The assumptions used for this are contained in the following table:

| | |
|---|---|
| Volatility | 17% – 38% |
| Risk free interest rate | (0.31)% |
| Expected dividend yield | 2.10% – 26.92% |
| Correlation with the thyssenkrupp share | (75.18)% – 75.11% |

Furthermore, target achievement for the ROCE and sustainability objectives as well as the contractually defined caps on payouts were taken into account.

The portion to be settled in cash was measured using the Monte Carlo simulation based on assumptions as of the balance sheet date, which are included in the following table:

### INCENTIVE PLANS – YEAR ENDED SEPT. 30, 2022

| | 10th installment LTI | 11th installment LTI | 12th installment LTI |
|---|---|---|---|
| Share price | €4.39 | €4.39 | €4.39 |
| Risk free interest rate | 0.01% | 2.20% | 2.62% |
| Expected dividend yield | 0.00% | 1.12% | 1.86% |
| Volatility | 73.00% | 62.00% | 59.00% |
| Remaining term | 0.25 years | 2 years | 3 years |

## 15 Provisions for pensions and similar obligations

### PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

| million € | Sept. 30, 2021 | Sept. 30, 2022 |
|---|---|---|
| Pension obligations | 7,647 | 5,573 |
| Partial retirement | 290 | 206 |
| Other pension-related obligations | 34 | 33 |
| Reclassification due to the presentation as liabilities associated with assets held for sale | (75) | 0 |
| **Total** | **7,896** | **5,812** |

### Pension obligations

The thyssenkrupp group maintains defined benefit and defined contribution pension plans in numerous countries around the world.

Defined contribution plans (DC 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: 90%) 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 in respect of future service years have been replaced by DC plans. 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.

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, 2021 | | | Sept. 30, 2022 | | |
|---|---|---|---|---|---|---|
| **million €** | Germany | Other countries | Total | Germany | Other countries | Total |
| Active employees | 103,215 | 23,747 | 126,962 | 98,157 | 21,790 | 119,947 |
| Terminated employees with vested benefits | 27,397 | 3,643 | 31,040 | 29,629 | 3,367 | 32,996 |
| Pensioners | 87,292 | 8,469 | 95,761 | 83,008 | 7,642 | 90,650 |
| **Total** | **217,904** | **35,859** | **253,763** | **210,794** | **32,799** | **243,593** |

## 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

| | Sept. 30, 2021 | | | Sept. 30, 2022 | | |
|---|---|---|---|---|---|---|
| **million €** | Germany | Other countries | Total | Germany | Other countries | Total |
| **Change in defined benefit obligations (DBO):** | | | | | | |
| DBO at beginning of fiscal year | 8,013 | 2,567 | 10,580 | 7,638 | 2,324 | 9,962 |
| Service cost | 153 | 39 | 192 | 139 | 35 | 174 |
| Interest expense | 54 | 29 | 84 | 66 | 35 | 102 |
| Remeasurement: Actuarial (gains)/losses from experience adjustments | (64) | (31) | (96) | 179 | 28 | 208 |
| Remeasurement: Actuarial (gains)/losses from changes in demographic assumptions | 0 | (33) | (33) | 0 | (3) | (3) |
| Remeasurement: Actuarial (gains)/losses from changes in financial assumptions | (141) | (81) | (222) | (1,991) | (582) | (2,573) |
| Past service cost (inclusive of curtailments) | 0 | (3) | (3) | 0 | (24) | (24) |
| Settlements | 0 | (1) | (1) | 0 | 0 | 0 |
| Currency differences | 0 | 42 | 42 | 0 | 190 | 190 |
| Participant contributions | 0 | 20 | 20 | 0 | 22 | 22 |
| Benefit payments | (376) | (130) | (505) | (364) | (118) | (482) |
| Settlement payments | 0 | (94) | (94) | 0 | 0 | 0 |
| Acquisitions/divestitures of businesses | (1) | (1) | (2) | (45) | (18) | (63) |
| Others | 0 | 1 | 1 | 0 | 0 | 0 |
| **DBO at end of fiscal year** | **7,638** | **2,324** | **9,962** | **5,624** | **1,888** | **7,512** |
| **Change in plan assets:** | | | | | | |
| Fair value of plan assets at beginning of fiscal year | 203 | 2,269 | 2,472 | 242 | 2,258 | 2,500 |
| Interest income | 1 | 28 | 29 | 2 | 36 | 38 |
| Revaluation: Actuarial gains/(losses) on plan assets excluding amounts already recognized in interest income | 27 | 80 | 107 | (25) | (514) | (539) |
| Currency differences | 0 | 54 | 54 | 0 | 171 | 171 |
| Employer contributions | 5 | 28 | 33 | 6 | 28 | 34 |
| Participant contributions | 6 | 20 | 26 | 7 | 22 | 29 |
| Benefit payments | 0 | (125) | (126) | (30) | (113) | (143) |
| Settlement payments | 0 | (94) | (94) | 0 | 0 | 0 |
| Acquisitions/divestitures of businesses | 0 | 0 | 0 | (3) | 0 | (3) |
| Administration cost | 0 | (3) | (3) | 0 | (4) | (4) |
| Others | 0 | 1 | 1 | 0 | 0 | 0 |
| **Fair value of plan assets at end of fiscal year** | **242** | **2,258** | **2,500** | **200** | **1,884** | **2,084** |

Settlements payments in 2020 / 2021 refer to plans in the USA and in the Netherlands. The income from past service cost in 2021 / 2022 results from the reduction of the conversion rate for pension commitments in Liechtenstein. Hereby the Board of Trustees of the pension plan has responded to the continuing low level of interest rates and the generally observed longer life expectancy of employees.

As of the balance sheet date, defined benefit obligations of €7,512 million (prior year: €9,962 million) in total related to plans that are wholly unfunded in the amount of €4,784 million (prior year: €6,524 million) and to plans that are wholly or partly funded in the amount of €2,727 million (prior year: €3,438 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

| | Sept. 30, 2021 | | | Sept. 30, 2022 | | |
|---|---|---|---|---|---|---|
| million € | Germany | Other countries | Total | Germany | Other countries | Total |
| **Net defined benefit liability at beginning of fiscal year** | **7,811** | **337** | **8,147** | **7,396** | **115** | **7,511** |
| Service cost plus net interest income/(expense) | 206 | 41 | 247 | 203 | 35 | 238 |
| Remeasurements | (233) | (219) | (452) | (1,787) | (59) | (1,846) |
| Currency differences | 0 | (10) | (10) | 0 | 19 | 19 |
| Past service cost (inclusive of curtailments) | 0 | (3) | (3) | 0 | (24) | (24) |
| Settlements | 0 | (1) | (1) | 0 | 0 | 0 |
| Employer contributions | (5) | (28) | (33) | (6) | (28) | (34) |
| Participant contributions | (6) | 0 | (6) | (7) | 0 | (7) |
| Benefit payments | (375) | (4) | (380) | (334) | (5) | (339) |
| Acquisitions/divestitures of businesses | (1) | (1) | (2) | (42) | (18) | (61) |
| Administration cost | 0 | 3 | 3 | 0 | 4 | 4 |
| **Net defined benefit liability at end of fiscal year** | **7,396** | **115** | **7,511** | **5,424** | **38** | **5,461** |
| thereof: accrued pension liability | 7,396 | 251 | 7,647 | 5,424 | 149 | 5,573 |
| thereof: other non-financial assets | 0 | (137) | (137) | 0 | (112) | (112) |

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)

| | Sept. 30, 2021 | | | Sept. 30, 2022 | | |
|---|---|---|---|---|---|---|
| million € | Germany | Other countries | Total | Germany | Other countries | Total |
| **Net amount at beginning of fiscal year** | **0** | **39** | **39** | **0** | **49** | **49** |
| Interest expense/(income) | 0 | 1 | 1 | 0 | 1 | 1 |
| Remeasurement: Limitation of asset ceiling exclusive of amounts included in interest expense/income | 0 | 6 | 6 | 0 | (16) | (16) |
| Currency differences | 0 | 2 | 2 | 0 | 0 | 0 |
| **Net amount at end of fiscal year** | **0** | **49** | **49** | **0** | **34** | **34** |

## Net periodic pension cost

The net periodic pension cost for DB plans were as follows:

### NET PERIODIC PENSION COST

| | Year ended Sept. 30, 2021 | | | Year ended Sept. 30, 2022 | | |
|---|---|---|---|---|---|---|
| million € | Germany | Other countries | Total | Germany | Other countries | Total |
| Service cost | 153 | 39 | 192 | 139 | 35 | 174 |
| Net interest cost | 53 | 2 | 55 | 64 | 0 | 64 |
| Administration cost | 0 | 3 | 3 | 0 | 4 | 4 |
| Past service cost (inclusive of curtailments) | 0 | (3) | (3) | 0 | (24) | (24) |
| Settlement loss/(gain) | 0 | (1) | (1) | 0 | 0 | 0 |
| **Net periodic pension cost** | **206** | **40** | **246** | **203** | **14** | **218** |

The income from past service cost in 2020 / 2021 results from the reduction of the conversion rate for pension commitments in Liechtenstein. Hereby the Board of Trustees of the pension plan has responded to the continuing low level of interest rates and the generally observed longer life expectancy of employees.

## 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. In fiscal year 2020 / 2021, the underlying bond portfolio for the euro zone was optimized on the basis of available data. In addition, due to the volatile situation on the financial markets, the calculation of the yield curve was modified in the high maturity range. These slight modifications resulted in a 20 basis points higher interest rate and therefore a €117 million lower pension obligation. As of September 30, 2022, the discount rate for pension obligations in Germany was 3.7% (prior year: 0.9%). Due to strongly increased inflation expectations for Germany, the rate of pension progression was adjusted from 1.90% in the prior year to 2.20% at September 30, 2022.

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

### WEIGHTED AVERAGE ASSUMPTIONS

| | Sept. 30, 2021 | | | Sept. 30, 2022 | | |
|---|---|---|---|---|---|---|
| in % | Germany | Other countries | Total | Germany | Other countries | Total |
| Discount rate | 0.90 | 1.51 | 1.04 | 3.70 | 3.93 | 3.76 |
| Rate of compensation increase | 2.50 | 1.37 | 2.35 | 3.00 | 1.42 | 2.76 |
| Rate of pension progression | 1.90 | 2.19 | 1.92 | 2.20 | 1.66 | 2.13 |

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 CMI2021 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, 2021 | | Sept. 30, 2022 | |
|---|---|---|---|---|---|
| | | Change of defined benefit obligation (€ million) | | Change of defined benefit obligation (€ million) | |
| | | Germany | Other countries | Germany | Other countries |
| Discount rate | Increase by 0.5 percentage points | (493) | (167) | (275) | (108) |
| | Decrease by 0.5 percentage points | 542 | 184 | 297 | 119 |
| Rate of compensation increase | Increase by 0.5 percentage points | 10 | 8 | 5 | 5 |
| | Decrease by 0.5 percentage points | (10) | (8) | (5) | (5) |
| Rate of pension progression | Increase by 0.25 percentage points | 159 | 30 | 83 | 20 |
| | Decrease by 0.25 percentage points | (156) | (29) | (82) | (20) |
| Mortality probability | Decrease by 10.0 percentage points | 285 | 98 | 176 | 65 |

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, 2022 (prior year: 90%). As of the balance sheet date the portfolio of these major plan assets comprises the following asset categories:

## ASSET ALLOCATION OF MAJOR PLAN ASSETS

| | Sept. 30, 2021 | | | | Sept. 30, 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | | Fair value (€ million) | | | | Fair value (€ million) | | |
| Asset categories | Total | Quoted market price in an active market | No quoted market price in an active market | Portion of major plan assets (in %) | Total | Quoted market price in an active market | No quoted market price in an active market | Portion of major plan assets (in %) |
| Shares | 588 | 555 | 33 | 26 | 508 | 477 | 31 | 27 |
| Bonds | 967 | 959 | 8 | 43 | 982 | 970 | 12 | 53 |
| Derivatives | 5 | 5 | 0 | 0 | 6 | 6 | 0 | 0 |
| Cash, cash equivalents and time deposits | 433 | 433 | 0 | 19 | 105 | 105 | 0 | 6 |
| Others | 263 | 183 | 80 | 12 | 265 | 189 | 76 | 14 |
| **Total** | **2,256** | **2,135** | **121** | **100** | **1,866** | **1,747** | **119** | **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 2022 / 2023 is €43 million (prior year: €38 million) related to its plan assets.

### Pension benefit payments

In fiscal year 2021 / 2022, pension benefit payments for plans in Germany of €364 million (prior year: €376 million) were mainly from provisions, and pension benefit payments for non-German plans of €118 million (prior year: €130 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 € | Germany | Other countries | Total |
|---|---|---|---|
| (for fiscal year) | | | |
| 2022/2023 | 462 | 134 | 596 |
| 2023/2024 | 396 | 133 | 529 |
| 2024/2025 | 398 | 134 | 532 |
| 2025/2026 | 388 | 135 | 523 |
| 2026/2027 | 400 | 134 | 534 |
| 2027/2028 – 2031/2032 | 1,818 | 680 | 2,498 |
| **Total** | **3,860** | **1,352** | **5,212** |

The duration of defined benefit plans amounts to 10 years for Germany (prior year: 14 years) and to 12 years (prior year: 15 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 €23 million (prior year: €18 million). In addition, contributions paid to public/state pension insurance institutions amounted to €454 million (prior year: €435 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 PENSIONS

| million € | Employee benefits | Product warranties and product defects | Other contractual costs | Restructuring | Decom-missioning obligations | Others | Total |
|---|---|---|---|---|---|---|---|
| **Balance as of Sept. 30, 2021** | **474** | **225** | **285** | **336** | **288** | **554** | **2,162** |
| Currency differences | 8 | 13 | 5 | 1 | 0 | 11 | 38 |
| Acquisitions/divestitures of businesses | 10 | 0 | 15 | (1) | 0 | (4) | 20 |
| Additions | 179 | 31 | 131 | 54 | 57 | 329 | 779 |
| Accretion | 1 | 0 | 0 | (2) | (30) | (1) | (32) |
| Reclassification | 0 | 193 | 0 | 0 | 0 | 0 | 193 |
| Amounts utilized | (199) | (26) | (104) | (150) | (4) | (184) | (667) |
| Reversals | (79) | (43) | (67) | (61) | (5) | (145) | (401) |
| **Balance as of Sept. 30, 2022** | **393** | **392** | **264** | **176** | **307** | **560** | **2,092** |

As of September 30, 2022, €1,436 million (prior year: €1,351 million) of the total of provisions for employee benefits and other provisions are current, while €657 million (prior year: €811 million) are non-current. Provisions of €1,030 million (prior year: €1,149 million) have a remaining term of more than one year.

The reversals of provisions for employee benefits mainly relate to the Automotive Technology, Steel Europe and Industrial Components segments. The reversals of provisions for restructuring relate in particular to adjustments with regard to duration and cost estimates in the Steel Europe and Multi Tracks segments. The reversals of provisions for other contractual costs mainly relate to the segments Multi Tracks and Automotive Technology. The reversals for other provisions include in particular a high double-digit million amount in connection with the subsequent expenses and income resulting from the agreement on the disposal of the elevator activities (see Note 03).

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). In fiscal year 2021 / 2022, a reclassification was made from other non-financial liabilities to this provision category, in particular due to a change in the probability assessment of the underlying obligations.

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 €54 million in total consists of €16 million at Steel Europe, €16 million at Multi Tracks, €10 million at Materials Services, €3 million at Industrial Components, €2 million at Automotive Technology, €2 million at Marine Systems and €5 million at Service Units.

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. Obligations to secure incurred mining claims with a term of more than 30 years amount to €118 million as of September 30, 2022 (prior year: €98 million). The calculation was based on a discount rate of 3.9% (prior year: 4.1%) appropriate to the term. The change in the obligation is in particular the result of taking into account inflation in the reporting year.

Other provisions include provisions for litigation risks, environmental obligations and other risks from individual items not allocable to other positions. A provision for the following matter is included therein:

The transmission grid operator Amprion GmbH has filed a claim against Hüttenwerke Krupp Mannesmann (HKM) for information and payment of EEG levies and interest on account of the in-house production of electricity by thyssenkrupp Steel Europe AG plants for calendar years 2014 to 2019 by way of an action by stages, and notified thyssenkrupp Steel Europe AG of the dispute. Because of its contractual obligations, thyssenkrupp Steel Europe AG is liable to HKM for recourse in the event that Amprion wins the case. In the 3rd quarter, HKM asked the plaintiff to enter into a settlement pursuant to section 104 (5) of the German Renewable Energies Act (EEG) as of June 30, 2022. Based on the statutory provision, HKM has a right to refuse performance with regard to the EEG levy for 2014 to 2020 after the settlement has been entered into. thyssenkrupp has recognized a provision in the double-digit million range for the EEG levy to be paid in exchange for electricity purchases in 2021 and 2022.

## 17 Financial debt

### FINANCIAL DEBT

| Carrying amounts in million € | Sept. 30, 2021 | Sept. 30, 2022 |
|---|---|---|
| Bonds | 3,090 | 2,095 |
| Loan notes | 4 | 12 |
| Liabilities to financial institutions | 105 | 79 |
| Lease liabilities | 493 | 497 |
| Other loans | 94 | 104 |
| **Non-current financial debt** | **3,784** | **2,786** |
| Bonds | 1,249 | 999 |
| Loan notes | 108 | 0 |
| Liabilities to financial institutions | 44 | 57 |
| Lease liabilities | 125 | 133 |
| Other loans | 114 | 6 |
| **Current financial debt** | **1,640** | **1,195** |
| **Financial debt** | **5,424** | **3,981** |

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 €89 million (prior year: €115 million) is collateralized by real estate.

As of September 30, 2022, the financial debt reflects a total discount in the amount of €6 million (prior year: €12 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) as of September 30, 2021, 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, 2021 | Carrying amount in million € as of Sept. 30, 2022 | Notional amount as of Sept. 30, 2022 | Interest rate in % | Fair value in million € as of Sept. 30, 2022 | Maturity |
|---|---|---|---|---|---|---|
| thyssenkrupp AG bond (€600 million) 2015/2025 | 597 | 598 | 600 | 2.500 | 554 | 02/25/2025 |
| thyssenkrupp AG bond (€1,250 million) 2017/2022 (original term until 3/3/2022) | 1,249 | — | — | — | — | 12/03/2021 |
| thyssenkrupp AG bond (€1,500 million) 2019/2024 | 1,496 | 1,497 | 1,500 | 2.875 | 1,413 | 02/22/2024 |
| thyssenkrupp AG bond (€1,000 million) 2019/2023 | 997 | 999 | 1,000 | 1.875 | 984 | 03/06/2023 |
| thyssenkrupp AG loan note (€100 million) 2019/2021 | 100 | — | — | — | — | 12/14/2021 |
| thyssenkrupp AG loan note (€8 million) 2019/2022 | 8 | — | — | — | — | 06/30/2022 |
| thyssenkrupp AG loan note (€4 million) 2019/2024 | 4 | 4 | 4 | 2.300 | 3 | 12/30/2024 |
| thyssenkrupp AG loan note (€8 million) 2022/2025 | — | 8 | 8 | 2.500 | 7 | 06/30/2025 |
| **Total** | **4,451** | **3,106** | **3,112** | | **2,961** | |

The €1,250 million bond originally due on March 3, 2022 was redeemed early on December 3, 2021 in accordance with an early redemption option under the terms and conditions of issue. Furthermore, the €100 million loan note due on December 14, 2021 was repaid on schedule in the 1st quarter.

An €8 million loan note of thyssenkrupp AG was due on June 30, 2022. At the same time, a new €8 million loan note due on June 30, 2025 was issued.

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, 2022 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 |
|---|---|---|
| 2022/2023 | 1,062 | 57 |
| 2023/2024 | 1,522 | 23 |
| 2024/2025 | 628 | 18 |
| 2025/2026 | 117 | 15 |
| 2026/2027 | 8 | 8 |
| after 2026/2027 | 15 | 15 |
| **Total** | **3,352** | **136** |

Furthermore lease liabilities (without disposal groups) of €629 million (prior year: €617 million) exist.

## 18 Trade accounts payable

Trade accounts payable in the amount of €275 million (prior year: €230 million) have a remaining term of more than one year.

## 19 Other financial liabilities

### OTHER FINANCIAL LIABILITIES

| | Sept. 30, 2021 | | Sept. 30, 2022 | |
|---|---|---|---|---|
| million € | current | non-current | current | non-current |
| Financial liabilities measured at amortized cost | 469 | 66 | 724 | 41 |
| Derivatives not qualifying for hedge accounting | 114 | — | 107 | — |
| Derivatives qualifying for hedge accounting | 147 | — | 148 | — |
| **Total** | **729** | **66** | **980** | **41** |

Other financial liabilities amounting to €57 million (prior year: €74 million) have a remaining term of more than one year.

## 20 Other non-financial liabilities

### OTHER NON-FINANCIAL LIABILITIES

| | Sept. 30, 2021 | | Sept. 30, 2022 | |
|---|---|---|---|---|
| million € | current | non-current | current | non-current |
| Selling and buying market related liabilities | 505 | — | 289 | — |
| Liabilities due to put options | 33 | 0 | 0 | 15 |
| Liabilities to the employees | 730 | — | 797 | — |
| Other liabilities – social security | 63 | | 89 | |
| Deferred income | 15 | — | 11 | — |
| Other tax liabilities (w/o income taxes) | 239 | | 298 | |
| Miscellaneous | 210 | 1 | 238 | 0 |
| **Total** | **1,794** | **1** | **1,722** | **15** |

Other non-financial liabilities amounting to €17 million (prior year: €6 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

| | Maximum potential amount of future payments as of | | Provision as of | |
|---|---|---|---|---|
| million € | Sept. 30, 2021 | Sept. 30, 2022 | Sept. 30, 2021 | Sept. 30, 2022 |
| Advance payment bonds | 29 | 10 | 0 | 0 |
| Performance bonds | 50 | 385 | 0 | 1 |
| Payment guarantees | 0 | 58 | 0 | 0 |
| Other guarantees | 5 | 6 | 1 | 0 |
| **Total** | **84** | **459** | **1** | **1** |

The increase in performance bonds resulted from the sale of the mining business.

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 €21 million (prior year: €58 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. Is 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. 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 €898 million (prior year: €1,041 million) as of September 30, 2022 and relates mainly to property, plant and equipment of Steel Europe.

Other financial commitments exist in the amount of €3,357 million (prior year: €1,555 million), primarily from the purchasing commitments resulting from the group's long term electricity and gas supply contracts, whereby the sharp increase is mainly due to the valuation with the current contractually fixed prices. Furthermore, other financial obligations in 2021 / 2022 include obligations of €11 million (prior year: €10 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 December 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 €1,327 million (prior year: €2,584 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, 2021

| | | Measurement category in accordance with IFRS 9 | | | | Measurement in accordance with IFRS 16/ IFRS 15 | |
|---|---|---|---|---|---|---|---|
| million € | Carrying amount on balance sheet 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) | Amortized cost | Carrying amount as of Sept. 30, 2021 |
| 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** | | | | | | |

## FINANCIAL INSTRUMENTS AS OF SEPT. 30, 2022

| | | Measurement category in accordance with IFRS 9 | | | | Measurement in accordance with IFRS 16/ IFRS 15 | |
|---|---|---|---|---|---|---|---|
| million € | Carrying amount on balance sheet Sept. 30, 2022 | (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 | Carrying amount as of Sept. 30, 2022 |
| Trade accounts receivable (excluding finance lease) | 5,277 | 2,869 | | 2,408 | | | 5,376 |
| Contract assets | 1,895 | | | | | 1,895 | 0 |
| Finance lease receivables | 21 | | | | | 21 | 21 |
| Other financial assets | 1,563 | 1,311 | 130 | 64 | 59 | | 1,584 |
| Miscellaneous other financial assets | | 1,311 | | | | | 1,331 |
| Equity instruments | | | 13 | | 59 | | 71 |
| Debt instruments | | | | 38 | | | 38 |
| Derivatives not qualifying for hedge accounting | | | 117 | | | | 117 |
| Derivatives qualifying for hedge accounting | | | 1 | 26 | | | 27 |
| Cash, cash equivalents and time deposits | 7,638 | 7,638 | | | | | 7,638 |
| Assets held for sale | | | | | | | |
| thereof: Financial assets | | | | | | | 0 |
| **Total of financial assets** | **16,393** | | | | | | |
| | | | | | | | |
| Financial debt (excluding lease liabilities) | 3,352 | 3,352 | | | | | 3,191 |
| Lease liabilities | 629 | | | | | 629 | 629 |
| Trade accounts payable | 4,807 | 4,807 | | | | | 4,807 |
| Other financial liabilities | 1,020 | 765 | 107 | 148 | | | 1,020 |
| Miscellaneous other financial liabilities | | 765 | | | | | 765 |
| Derivatives not qualifying for hedge accounting | | | 107 | | | | 107 |
| Derivatives qualifying for hedge accounting | | | 0 | 148 | | | 148 |
| **Total of financial liabilities** | **9,808** | | | | | | |

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 carrying amount equals the fair value. Impairment losses are recognized income effective 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, 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** |

## FAIR VALUE HIERARCHY AS OF SEPT. 30, 2022

| million € | Sept. 30, 2022 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial assets at fair value** | | | | |
| **Fair value recognized in profit or loss** | | | | |
| Derivatives not qualifying for hedge accounting | 117 | 0 | 117 | 0 |
| Derivatives qualifying for hedge accounting | 1 | 0 | 1 | 0 |
| Equity instruments | 13 | 7 | 5 | 0 |
| **Fair value recognized in equity** | | | | |
| **Trade accounts receivable** | **2,408** | | | **2,408** |
| Equity instruments | 59 | | | 59 |
| Debt instruments (measured at fair value) | 38 | 38 | 0 | 0 |
| Derivatives qualifying for hedge accounting | 26 | 0 | 26 | 0 |
| **Total** | **2,661** | **45** | **149** | **2,467** |
| **Financial liabilities at fair value** | | | | |
| **Fair value recognized in profit or loss** | | | | |
| Derivatives not qualifying for hedge accounting | 107 | 0 | 107 | 0 |
| **Fair value recognized in equity** | | | | |
| Derivatives qualifying for hedge accounting | 148 | 0 | 148 | 0 |
| **Total** | **255** | **0** | **255** | **0** |

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, 2021** | **59** |
| Changes income non-effective | 0 |
| **Balance as of Sept. 30, 2022** | **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 €8,923 million (prior year: €9,585 million) have a fair value of €8,763 million (prior year: €9,673 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 €65 million (prior year: €105 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 €56 million (prior year: €65 million). Cash collateral exists in the amount of €51 million (prior year: €13 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, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| Financial assets at amortized cost | 99 | 277 |
| Financial assets / liabilities at fair value recognized in equity (with recycling) | (8) | (55) |
| Financial assets / liabilities at fair value recognized in equity (without recycling) | 0 | 0 |
| Financial assets / liabilities at fair value recognized in profit or loss | (42) | (59) |
| Financial liabilities at amortized cost | (248) | (324) |

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

The category “Financial assets/liabilities at fair value recognized in equity (with recycling)” 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 €34 million (prior year: €11 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, 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** |
| Currency differences | 252 | (2) | (6) | (8) | 244 |
| Acquisitions/divestitures of businesses | 39 | 0 | 0 | 0 | 38 |
| Additions | | (17) | (84) | (101) | (101) |
| Amounts utilized | | 1 | 35 | 36 | 36 |
| Reversals | | 11 | 65 | 76 | 76 |
| Transfer between impairment stages | | 0 | 0 | 0 | 0 |
| Other changes | 625 | 0 | 0 | 0 | 625 |
| **Balance as of Sept. 30, 2022** | **4,931** | **(31)** | **(136)** | **(167)** | **4,764** |

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, 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 | 0 | 17 | 17 |
| Other changes | (269) | 0 | 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)** |
| Currency differences | 59 | 0 | 0 | 0 |
| Acquisitions/divestitures of businesses | (7) | 0 | 0 | 0 |
| Additions | | (10) | (62) | (73) |
| Amounts utilized | | 0 | 5 | 6 |
| Reversals | | 9 | 4 | 13 |
| Transfer between impairment stages | 0 | | | 0 |
| Other changes | 464 | 0 | 0 | 0 |
| **Balance as of Sept. 30, 2022** | **2,408** | **(6)** | **(93)** | **(99)** |

For the loans from the Elevator investment received in the prior year, expected impairment losses of €37 million (prior year: €39 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 2020 / 2021 and in the 2021 / 2022 fiscal year, respectively.

The expected default rates for trade accounts receivable are mainly derived from external credit information and ratings for each counterparty, which allows more accurate calculation of the probability of default compared with the formation of rating classes. The customer risk numbers assigned by trade credit insurers and the creditworthiness information provided by credit agencies are translated into an individual probability of default per customer using a central allocation system. This individual probability of default per customer is used uniformly throughout the thyssenkrupp group. The information is updated quarterly. If no rating information is available at counterparty level, an assessment is made based on the average probability of default for each segment plus an appropriate risk premium. For the group financial statements as of September 30, 2022, the latest external credit information and ratings were used, which already take into account current expectations of the possible effects of the coronavirus pandemic and the war in the Ukraine. Therefore, no additional adjustment of impairment is necessary in this model.

The individual allowances refer in particular to insolvency cases that could not be derived from the rating information in the prior year.

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, 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 |

## IMPAIRMENTS OF TRADE ACCOUNTS RECEIVABLE AND CONTRACT ASSETS BY SEGMENTS AS OF SEPT. 30, 2022

| million € | Gross carrying amount | Expected credit loss | Individual allowances | Total of impairments | Average probability of default |
|---|---|---|---|---|---|
| Materials Services | 1,809 | (5) | (62) | (67) | 0.77 |
| Industrial Components | 651 | (6) | (9) | (16) | 0.96 |
| Automotive Technology | 1,095 | (6) | (1) | (6) | 0.35 |
| Steel Europe | 1,338 | (3) | (61) | (64) | 0.59 |
| Marine Systems | 1,453 | (3) | (20) | (23) | 1.13 |
| Multi Tracks | 972 | (14) | (73) | (87) | 2.09 |
| Corporate Headquarters | 4 | 0 | (1) | (1) | 0.70 |
| Reconciliation | 17 | 0 | (2) | (2) | 0.70 |

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 €2,984 million (prior year: €2,758 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, 2021 | Carrying amount as of Sept. 30, 2021 | Notional amount as of Sept. 30, 2022 | Carrying amount as of Sept. 30, 2022 |
|---|---|---|---|---|
| **Assets** | | | | |
| Foreign currency derivatives that do not qualify for hedge accounting | 1,633 | 34 | 1,452 | 45 |
| Foreign currency derivatives qualifying as cash flow hedges | 268 | 6 | 379 | 26 |
| Embedded derivatives | 112 | 3 | 163 | 11 |
| Interest rate derivatives that do not qualify for hedge accounting | 15 | 2 | 8 | 0 |
| Commodity derivatives that do not qualify for hedge accounting | 542 | 37 | 448 | 61 |
| Commodity derivatives qualifying as cash flow hedges | 624 | 214 | 9 | 0 |
| Commodity derivatives qualifying as fair value hedges | 0 | 0 | 40 | 1 |
| **Total** | **3,195** | **295** | **2,499** | **143** |
| **Equity and liabilities** | | | | |
| Foreign currency derivatives that do not qualify for hedge accounting | 1,547 | 38 | 1,353 | 48 |
| Foreign currency derivatives qualifying as cash flow hedges | 310 | 8 | 394 | 50 |
| Embedded derivatives | 442 | 41 | 435 | 41 |
| Interest rate derivatives that do not qualify for hedge accounting | 9 | 1 | 13 | 1 |
| Commodity derivatives that do not qualify for hedge accounting | 367 | 34 | 187 | 16 |
| Commodity derivatives qualifying as cash flow hedges | 598 | 138 | 642 | 99 |
| Commodity derivatives qualifying as fair value hedges | 0 | 0 | 3 | 0 |
| **Total** | **3,272** | **260** | **3,026** | **255** |

## 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

| | Carrying amount on balance sheet Sept. 30, 2021 | | | |
|---|---|---|---|---|
| million € | Derivative assets | Derivative liabilities | Designated part of hedging instruments | Fair value change of hedged item |
| **Hedging of foreign currency risk** | **6** | **8** | **(10)** | **10** |
| Foreign currency derivatives qualifying as cash flow hedges | 6 | 8 | (10) | 10 |
| **Hedging of interest risk**[1] | **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

## INFORMATION ON HEDGING INSTRUMENTS IN THE CONTEXT OF CASH FLOW HEDGES AND FAIR VALUE HEDGES

| | Carrying amount on balance sheet Sept. 30, 2022 | | | |
|---|---|---|---|---|
| million € | Derivative assets | Derivative liabilities | Designated part of hedging instruments | Fair value change of hedged item |
| **Hedging of foreign currency risk** | **26** | **50** | **(24)** | **24** |
| Foreign currency derivatives qualifying as cash flow hedges | 26 | 50 | (24) | 24 |
| **Hedging of interest risk**[1] | **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** | **1** | **99** | **234** | **(234)** |
| Commodity derivatives qualifying as cash flow hedges | 0 | 99 | 234 | (234) |
| Commodity derivatives qualifying as fair value hedges | 1 | 0 | 1 | (1) |

[1] Inclusive of cross currency swaps

Cash flows from future transactions are currently hedged for a maximum of 33 months.

During the current fiscal year, €(44) million (prior year: €8 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, €40 million of cumulative other comprehensive income was reclassified to decrease cost of inventories (prior year: €91 million to decrease 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 €30 million. Furthermore, €10 million of expenses will impact earnings in 2022 / 2023.

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 Oct. 1, 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** | | | |
| Net unrealized (gains)/losses on designated risk component | (56) | (88) | 0 | 32 |
| Net unrealized (gains)/losses on hedging costs | 4 | 4 | — | — |
| Net realized (gains)/losses | 77 | 64 | 0 | 13 |
| Tax effect | (19) | | | |
| **Balance as of Sept. 30, 2022** | **180** | | | |

[1] Inclusive of cross currency swaps

As of September 30, 2022, net income from the ineffective portions of derivatives classified as cash flow hedges totaled €2 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 €17 million. During the 2023 / 2024 fiscal year, earnings are expected to be impacted by income of €71 million, in the 2024 / 2024 fiscal year by income of €142 million and in the following fiscal years by income of €5 million.

The cancellation of cash flow hedges during the current fiscal year resulted in earnings of €(3) million (prior year: €0 million) due to reclassification from cumulative other comprehensive income. These fluctuations in fair value of derivatives originally recognized in equity were reclassified to profit or loss when the hedged underlying transactions in form of currency hedged sales were no longer probable to occur.

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, 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 foreign currency risk** | **1,223** | **0** | **0** | **1,223** | |
| thereof: | | | | | |
| **Iron ore forward contracts** | **784** | **0** | **0** | **784** | €128.0/ton |
| $CO_2$ forward contracts | 208 | 0 | 0 | 208 | €29.7/ton |
| Nickel forward contracts | 139 | 0 | 0 | 139 | €15,753/ton |

## HEDGING RATES AND REMAINING TERMS OF DERIVATIVES QUALIFYING FOR HEDGE ACCOUNTING AS OF SEPT. 30, 2022

| million € | Remaining term up to 1 year | Remaining term 1 to 2 years | Remaining term above 2 years | Notional amount as of Sept. 30, 2022 | Average hedging rate |
|---|---|---|---|---|---|
| **Hedging of foreign currency risk** | **751** | **18** | **3** | **772** | |
| **thereof:** | | | | | |
| Foreign currency contracts USD | 696 | 12 | 3 | 711 | USD1.11/€ |
| Foreign currency contracts GBP | 23 | 0 | 0 | 23 | GBP0.87/€ |
| Foreign currency contracts PLN | 17 | 0 | 0 | 17 | PLN4.90/€ |
| **Hedging of foreign currency risk** | **693** | **0** | **0** | **693** | |
| thereof: | | | | | |
| $CO_2$ forward contracts | 554 | 0 | 0 | 554 | €85.2/ton |
| Tin forward contracts | 97 | 0 | 0 | 97 | €29,444/ton |
| Iron ore forward contracts | 43 | 0 | 0 | 43 | €98.3/ton |

### Derivates that do not qualify for hedge accounting

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, 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 |

## FUTURE UNDISCOUNTED CASH OUTFLOWS AS OF SEPT. 30, 2022

| million € | Carrying amount Sept. 30, 2022 | Cash flows in 2022/2023 | Cash flows in 2023/2024 | Cash flows between 2024/2025 and 2026/2027 | Cash flows after 2026/2027 |
|---|---|---|---|---|---|
| Bonds | 3,094 | 1,075 | 1,558 | 615 | 0 |
| Liabilities to financial institutions | 136 | 61 | 25 | 45 | 16 |
| Lease liabilities | 629 | 155 | 113 | 197 | 318 |
| Other financial debt | 122 | 11 | 6 | 123 | 0 |
| Trade accounts payable | 4,807 | 4,532 | 255 | 13 | 7 |
| Derivative financial liabilities not qualifying for hedge accounting | 107 | 71 | 5 | 4 | 29 |
| Derivative financial liabilities qualifying for hedge accounting | 148 | 147 | 1 | 0 | 0 |
| Other financial liabilities | 765 | 709 | 57 | 0 | 0 |

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 five 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, 2022 was as follows:

If the euro had been 10% stronger against the US dollar as of September 30, 2022, the hedge reserve in equity and fair value of hedging transactions would have been €3 million (prior year: €8 million) higher and earnings resulting from the measurement as of the balance sheet date €6 million lower (prior year: €17 million higher). If the euro had been 10% weaker against the US dollar as of September 30, 2022, the hedge reserve in equity and fair value of hedging transactions would have been €3 million (prior year: €9 million) lower and earnings resulting from the measurement as of the balance sheet date €7 million higher (prior year: €22 million lower).

**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, 2021 and 2022, 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, 2022, a +100/(50) (prior year: +100/(20)) basis point parallel shift in yield curves is assumed for all currencies in interest analyses. The parallel downward shift was increased as of the current balance sheet date from (20) basis points to (50) basis points to reflect the fact that the interest rate level has risen again in the meantime. The analysis results in the opportunities (positive values) and risks (negative values) shown in the following table:

## INTEREST ANALYSIS

| | Change in all yield curves as of | | | |
|---|---|---|---|---|
| | Sept. 30, 2021 by | | Sept. 30, 2022 by | |
| million € | + 100 basis points | (20) basis points | + 100 basis points | (50) basis points |
| Cash flow risk | 79 | (16) | 69 | (35) |
| Opportunity effects | 84 | (17) | 43 | (22) |
| 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, 2022, 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 €69 million (prior year: €79 million) higher. If, as of September 30, 2022, all yield curves combined had been 50 basis points (prior year: 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 €35 million (prior year: €16 million) lower.

**Procurement risk (commodity price risk)** – To minimize risks arising from commodity price volatilities, the group also uses derivatives, especially for tin, ore, copper, nickel, zinc and aluminium.

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, 2022 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 €2 million (prior year: €(17) million), and on equity €(24) million (prior year: €(25) 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 €55 million (prior year: €16 million), and on equity €(30) million (prior year: €(145) 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 2022, the interest in thyssenkrupp AG is around 21% as of September 30, 2022. 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 2020 / 2021 and 2021 / 2022, 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

| | Net sales | | Supplies and services | | Receivables | | Total liabilities | |
|---|---|---|---|---|---|---|---|---|
| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 | Sept. 30, 2021 | Sept. 30, 2022 | Sept. 30, 2021 | Sept. 30, 2022 |
| Non-consolidated subsidiaries | 0 | 0 | 1 | 2 | 0 | 0 | 0 | 0 |
| Associates | 119 | 98 | 6 | 4 | 82 | 25 | 106 | 29 |
| Joint ventures | 14 | 11 | 3 | 3 | 2 | 2 | 0 | 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 overall volume over the entire term, which is expected to last until end of September 2023, is in the low two-digit million euro range, with early terminations and extensions of the services generally possible and key parts of the services having been terminated already 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 and 2022, respectively.

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 €9,005 thousand (prior year: €11,657 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 2021 / 2022 preliminary stock rights were granted whose fair value at grant date amounted to €326 thousand (prior year: €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 €4,276 thousand (prior year: €4,253 thousand) at grant date. The individual variable compensation was determined taking into account the requirement for appropriateness.

As of September 30, 2022, a liability of €912 thousand (prior year: €2,447 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 following the respective fiscal year-end. This fixing is based on financial (70% weighting) and performance criteria (30% weighting). There is an obligation to invest 25% of the net payout from the STI in thyssenkrupp shares until an individual investment target is achieved and to hold them for the duration of the Executive Board appointment. As of September 30, 2022, €326 thousand (prior year: €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 €6,021 thousand (prior year: €11,757 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 liability as of September 30, 2022 of €612 thousand (prior year: €612 thousand) 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, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| Short-term benefits (excluding share-based compensation) | 6,497 | 4,598 |
| Post-employment benefits | 158 | 161 |
| Share-based compensation | 11,696 | (4,564) |
| **Total** | **18,351** | **196** |

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 change in the figure for share-based compensation compared with the previous year results in particular from the share-price-related adjustment of the obligation recognized as of September 30, 2021.

As of September 30, 2021 and 2022, 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, 2022 328,000 stock rights were issued in the 10th installment for the current members of the Executive Board in the fiscal year, 728,242 stock rights in the 11th installment and 452,529 stock rights in the 12th installment (prior year: 59,356 stock rights in the 9th installment, 328,000 stock rights in the 10th installment and 728,242 stock rights in the 11th installment). The resulting provision amounts to €5,477 thousand (prior year: €9,384 thousand). In addition, €1,255 thousand (prior year: €3,128 thousand) is reported in equity as of September 30, 2022 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, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| Short-term benefits (inclusive of meeting attendance fees) | 1,739 | 1,688 |

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, 2022, there is a provision of €1,572 thousand (prior year: €1,600 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 €47 thousand in fiscal year 2021 / 2022 (prior year: €50 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, 2021 and 2022, 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 €16,965 thousand (prior year: €15,275 thousand). Under IFRS an amount of €211,095 thousand (prior year: €289,229 thousand) is accrued for pension obligations benefiting former Executive Board members and their surviving dependants; under German Commercial Code (HGB) an amount of €262,287 thousand (prior year: €248,302 thousand) is accrued for pension obligations.

## 24 Segment reporting

thyssenkrupp is organized into the segments described below, which combine the group's activities around capital goods and materials. The segments correspond to the internal organizational and reporting structure and constitute the segments according to IFRS 8.

### 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 and for which in part the disposal processes have already been initiated or completed; for details, see also the disclosures of the disposal groups in Note 03.

### 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. After the deconsolidation, the expenses still to be incurred and income still to be received directly related to the sale, which amount to a total of €9 million (prior year: €(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, 2021

| million € | Materials Services | Industrial Components | Automotive Technology | Steel Europe | Marine Systems | Multi Tracks | Corporate Headquarters | Reconciliation | Elevator Technology[1] | Group[2] |
|---|---|---|---|---|---|---|---|---|---|---|
| **Year ended Sept. 30, 2021** | | | | | | | | | | |
| External 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 |
| 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 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 operation (see Note 03).
[2] Inclusive of disposal groups
[3] It refers to expenses and income directly related to the Elevator sale (cf. Note 03) that reconcile to group EBIT.

## SEGMENT INFORMATION FOR THE YEAR ENDED SEPT. 30, 2022

| million € | Materials Services | Industrial Components | Automotive Technology | Steel Europe | Marine Systems | Multi Tracks | Corporate Headquarters | Reconciliation | Elevator Technology[1] | Group[2] |
|---|---|---|---|---|---|---|---|---|---|---|
| **Year ended Sept. 30, 2022** | | | | | | | | | | |
| External sales | 16,132 | 2,749 | 4,814 | 11,687 | 1,828 | 3,910 | 1 | 18 | 0 | 41,140 |
| Internal sales within the group | 313 | 17 | 10 | 1,469 | 3 | 190 | 5 | (2,008) | 0 | 0 |
| Sales | 16,444 | 2,766 | 4,825 | 13,156 | 1,831 | 4,101 | 6 | (1,990) | 0 | 41,140 |
| Income from companies accounted for using the equity method | 4 | 0 | 0 | 16 | (6) | (259) | 0 | 0 | 0 | (245) |
| Aggregate investment in investees accounted for using the equity method | 19 | 0 | 0 | 102 | 3 | 518 | 0 | 0 | 0 | 642 |
| EBIT | 970 | 250 | 53 | 887 | 24 | (143) | (193) | (29) | 9[3] | 1,827 |
| Adjusted EBIT | 837 | 234 | 108 | 1,200 | 32 | (173) | (154) | (22) | 0 | 2,062 |
| Average capital employed | 3,921 | 1,626 | 2,603 | 5,636 | 1,218 | 300 | (58) | 623 | 355 | 16,224 |
| Depreciation expense | 133 | 112 | 230 | 288 | 65 | 78 | 2 | 2 | 0 | 910 |
| Impairment losses of intangible assets, property, plant and equipment inclusive of investment property | 0 | 1 | 56 | 403 | 0 | 48 | 0 | 5 | 0 | 513 |
| Reversals of impairment losses of intangible assets, property, plant and equipment inclusive of investment property | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| Significant non-cash items | (46) | (39) | (1) | (160) | (71) | (92) | (3) | 65 | (104) | (450) |
| Capital expenditures (intangible assets, property, plant and equipment inclusive of investment property) | 101 | 151 | 230 | 630 | 123 | 59 | 1 | 1 | 0 | 1,296 |

[1] Discontinued operation (see Note 03).
[2] Inclusive of disposal groups
[3] 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, 2021

| million € | Service Units | Special Units | Consolidation | Reconciliation |
|---|---|---|---|---|
| **Year ended Sept. 30, 2021** | | | | |
| External sales | 37 | 5 | 0 | 42 |
| Internal sales within the group | 232 | 46 | (2,274) | (1,995) |
| 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 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 |

## BREAKDOWN RECONCILIATION FOR THE YEAR ENDED SEPT. 30, 2022

| million € | Service Units | Special Units | Consolidation | Reconciliation |
|---|---|---|---|---|
| **Year ended Sept. 30, 2022** | | | | |
| External sales | 17 | 2 | 0 | 18 |
| Internal sales within the group | 225 | 33 | (2,265) | (2,008) |
| Sales | 241 | 34 | (2,265) | (1,990) |
| 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 | 0 | (31) | 2 | (29) |
| Adjusted EBIT | 4 | (27) | 2 | (22) |
| Average capital employed | (29) | 851 | (200) | 623 |
| Depreciation expense | 13 | 14 | (25) | 2 |
| Impairment losses of intangible assets, property, plant and equipment inclusive of investment property | 0 | 5 | 0 | 5 |
| Reversals of impairment losses of intangible assets, property, plant and equipment inclusive of investment property | 0 | 0 | 0 | 0 |
| Significant non-cash items | (5) | 67 | 3 | 65 |
| Capital expenditures (intangible assets, property, plant and equipment inclusive of investment property) | 3 | 2 | (5) | 1 |

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

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

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| **Adjusted EBIT as presented in segment reporting** | **796** | **2,062** |
| Special items[1] | (346) | (235) |
| **EBIT as presented in segment reporting** | **451** | **1,827** |
| + Non-operating income/(expense) from companies accounted for using the equity method | (136) | (259) |
| + Finance income | 725 | 1,291 |
| – Finance expense | (962) | (1,431) |
| – Items of finance income assigned to EBIT based on economic classification | (2) | (4) |
| + Items of finance expense assigned to EBIT based on economic classification | 19 | (28) |
| **Income/(loss) group (net of tax)** | **95** | **1,396** |
| – Income/(loss) from discontinued operations (before tax) | 6 | (9) |
| **Income/(loss) from continuing operations before tax as presented in the statement of income** | **101** | **1,387** |

[1] Refer to the explanation of the special items in the “Report on the economic position” in “Group view” and “Segment review”, respectively.

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, 2021 | Sept. 30, 2022 |
|---|---|---|
| **Total assets** | **36,811** | **37,492** |
| Deferred tax assets | (472) | (732) |
| Current income tax assets | (123) | (159) |
| Cash, cash equivalents and time deposits | (8,974) | (7,638) |
| Adjustment due to included assets classified as non-operating items | (1,004) | (1,124) |
| Liability items reducing capital employed: | | |
| Provisions for other non-current employee benefits | (298) | (226) |
| Other provisions, non-current | (513) | (431) |
| Other non-financial liabilities, non-current | (1) | (15) |
| Provisions for current employee benefits | (176) | (168) |
| Other provisions, current | (1,175) | (1,268) |
| Trade accounts payable | (4,244) | (4,807) |
| Other financial liabilities, current | (729) | (980) |
| Contract liabilities | (2,205) | (3,098) |
| Other non-financial liabilities, current | (1,794) | (1,722) |
| Adjustments due to included liabilities classified as non-operating items | 198 | 266 |
| Adjustments of assets/liabilities due to presentation of disposal groups | (1,872) | (568) |
| **Capital employed as of balance sheet date** | **13,427** | **14,825** |
| Impact from adjusting average capital employed to capital employed as of balance sheet date | (655) | 432 |
| **Average capital employed (5-point-average)** | **12,772** | **15,258** |
| Correction factors with increasing impact on performance requirements for positive value added | 638 | 967 |
| **Average capital employed as presented in segment reporting** | **13,410** | **16,224** |

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 REGION

| million € | Germany | USA | China | Other countries | Group |
|---|---|---|---|---|---|
| **External sales (location of customer)** | | | | | |
| Year ended Sept. 30, 2021 | 11,119 | 4,315 | 2,126 | 16,455 | **34,015** |
| **Year ended Sept. 30, 2022** | 13,894 | 6,362 | 1,973 | 18,910 | **41,140** |

## NON-CURRENT ASSETS BY REGIONS[1)]

| million € | Germany | USA | China | Other countries | Group |
|---|---|---|---|---|---|
| **Non-current assets (intangible assets, property, plant and equipment inclusive of investment property and other non-financial assets) (location of assets)** | | | | | |
| Sept. 30, 2021 | 5,716 | 391 | 567 | 2,536 | **9,210** |
| **Sept. 30, 2022** | 5,638 | 470 | 612 | 2,205 | **8,924** |

[1)] Inclusive of disposal groups and single assets held for sale, respectively.

# 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, 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** |
| **Year ended Sept. 30, 2022** | | | | | | | | | |
| Sales from sale of finished products | 2,170 | 2,277 | 3,712 | 12,143 | 50 | 1,583 | 0 | (1,602) | 20,334 |
| Sales from sale of merchandise | 13,668 | 376 | 359 | 278 | 5 | 260 | 0 | (309) | 14,637 |
| Sales from rendering of services | 620 | 8 | 214 | 215 | 52 | 516 | 6 | (141) | 1,490 |
| Sales from construction contracts | 8 | 0 | 528 | 0 | 1,624 | 1,681 | 0 | (21) | 3,820 |
| Other sales from contracts with customers | 1 | 101 | 19 | 556 | 97 | 63 | 0 | (20) | 818 |
| **Subtotal sales from contracts with customers** | **16,466** | **2,763** | **4,832** | **13,192** | **1,829** | **4,103** | **6** | **(2,093)** | **41,098** |
| Other sales | (22) | 3 | (8) | (36) | 2 | (3) | 0 | 103 | 41 |
| **Total** | **16,444** | **2,766** | **4,825** | **13,156** | **1,831** | **4,101** | **6** | **(1,990)** | **41,140** |

## 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, 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** |
| **Year ended Sept. 30, 2022** | | | | | | | | | |
| Automotive | 2,026 | 1,048 | 4,515 | 3,029 | 0 | 943 | 2 | (80) | 11,482 |
| Trading | 2,328 | 253 | 273 | 3,014 | 6 | 219 | 2 | (1,165) | 4,929 |
| Engineering | 1,763 | 1,290 | 25 | 356 | 19 | 62 | 0 | (27) | 3,489 |
| Steel and related processing | 3,009 | 48 | 3 | 3,379 | 0 | 619 | 0 | (618) | 6,441 |
| Construction | 989 | 33 | 0 | 68 | 0 | 28 | 0 | (8) | 1,110 |
| Public sector | 92 | 7 | 0 | 6 | 1,783 | 0 | 0 | 0 | 1,888 |
| Packaging | 158 | 1 | 0 | 1,841 | 0 | 0 | 0 | (7) | 1,992 |
| Energy and utilities | 186 | 15 | 0 | 618 | 0 | 15 | 0 | (3) | 831 |
| Other customer groups | 5,916 | 68 | 16 | 881 | 21 | 2,218 | 2 | (185) | 8,936 |
| **Total** | **16,466** | **2,763** | **4,832** | **13,192** | **1,829** | **4,103** | **6** | **(2,093)** | **41,098** |

## 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, 2021** | | | | | | | | | |
| German-speaking area[1] | 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** |
| **Year ended Sept. 30, 2022** | | | | | | | | | |
| German-speaking area[1] | 5,688 | 590 | 1,533 | 7,605 | 477 | 629 | 3 | (1,558) | 14,967 |
| Western Europe | 2,522 | 500 | 603 | 2,731 | 257 | 932 | 0 | (260) | 7,286 |
| Central and Eastern Europe | 2,520 | 55 | 213 | 945 | 6 | 239 | 0 | (116) | 3,862 |
| Commonwealth of Independent States | 33 | 26 | 9 | 36 | 2 | 110 | 0 | (2) | 214 |
| North America | 4,552 | 743 | 1,262 | 977 | 13 | 446 | 3 | (133) | 7,862 |
| South America | 39 | 234 | 68 | 141 | 188 | 235 | 0 | (2) | 904 |
| Asia / Pacific | 719 | 68 | 54 | 55 | 373 | 300 | 0 | (5) | 1,565 |
| Greater China | 103 | 467 | 964 | 106 | 6 | 403 | 0 | (13) | 2,036 |
| India | 126 | 49 | 14 | 98 | 17 | 384 | 0 | (2) | 687 |
| Middle East & Africa | 164 | 31 | 113 | 496 | 490 | 425 | 0 | (3) | 1,716 |
| **Total** | **16,466** | **2,763** | **4,832** | **13,192** | **1,829** | **4,103** | **6** | **(2,093)** | **41,098** |

[1] Germany, Austria, Switzerland, Liechtenstein

Of the sales from contracts with customers, €5,120 million (prior year: €5,139 million) results from long-term contracts and €35,978 million (prior year: €28,731 million) from short-term contracts, €6,241 million (prior year: €6,062 million) relates to sales recognized over time, and €34,858 million (prior year: €27,808 million) to sales recognized at a point in time.

## 26 Other income

### OTHER INCOME

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| Gains from premiums and from grants | 30 | 28 |
| Insurance compensation | 27 | 67 |
| Miscellaneous | 265 | 280 |
| **Total** | **323** | **375** |

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 income from hedging operational foreign exchange risks of €38 million (prior year: €19 million) and a multitude of minor single items resulting from the 312 (prior year: 335) consolidated companies.

## 27 Other expense

### OTHER EXPENSES

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| Additions to/reversals of provisions | 26 | 40 |
| Goodwill impairment | 3 | 0 |
| Other taxes | 17 | 21 |
| Miscellaneous | 69 | 130 |
| **Total** | **114** | **191** |

Miscellaneous other expenses include expenses from hedging operational foreign exchange risks of €51 million (prior year: €7 million) and a multitude of minor single items resulting from the 312 (prior year: 335) consolidated companies.

## 28 Other gains/(losses), net

### OTHER GAINS/(LOSSES), NET

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| Gain/(loss) on disposal of intangible assets, net | (2) | 0 |
| Gain/(loss) on disposal of property, plant and equipment, net (without investment property) | 44 | 142 |
| (Gain)/loss on disposal of right-of-use assets | 0 | 1 |
| Gain/(loss) on disposal of investment property, net | 12 | 4 |
| Gain/(loss) on disposal of subsidiaries, net | (10) | 96 |
| Miscellaneous | (13) | (13) |
| **Total** | **32** | **230** |

# 29 Financial income/(expense), net

## FINANCIAL INCOME/(EXPENSE), NET

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| **Income from companies accounted for using the equity method** | **(106)** | **(245)** |
| Interest income from financial receivables | 10 | 30 |
| Income from investments | 2 | 4 |
| Other finance income | 713 | 1,257 |
| **Finance income** | **725** | **1,291** |
| Interest expense from financial debt | (137) | (113) |
| Net interest cost of pensions and similar obligations | (55) | (66) |
| Other finance expenses | (770) | (1,252) |
| **Finance expense** | **(962)** | **(1,431)** |
| **Total** | **(343)** | **(385)** |

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 €31 million (prior year: €10 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 €112 million (prior year: €136 million).

Other finance income and other finance expenses, respectively, include income or expenses from currency derivatives and exchange rate gains or losses from financial transactions in foreign currencies

Interest expense from the accretion of other non-current provisions and interest income from the adjustment of the discount rate are shown net under other finance expense. In the reporting year, an increase in the discount rate resulted in a positive interest rate change effect in the accretion of other non-current provisions.

## 30 Leases in the statement of income

The following table presents income and expenses resulting from leases:

### LEASES IN THE STATEMENT OF INCOME

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| **Other sales** | | |
| Income from operating lease | 6 | 3 |
| **Lease expense** | | |
| Expense from short-term leases | 25 | 35 |
| Expense from leases for low-value assets | 1 | 1 |
| Expense from off-balance variable lease payments | 1 | 2 |
| **Depreciation expense** | | |
| Depreciation of right-of-use assets | 139 | 126 |
| Impairment of right-of-use assets | 28 | 0 |
| **Other gains/(losses), net** | | |
| (Gain)/loss on disposal of right-of-use assets | 0 | (1) |
| **Financial income/(expense), net** | | |
| Interest expense from lease liabilities | 21 | 22 |

In both fiscal years there wasn't any income from sublease contracts. Sale and lease back transactions resulted in a gain of €89 million (prior year: €3 million) and a loss of €2 million (prior year: €0 million).

## 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, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| Current income tax expense/(benefit) | 186 | 360 |
| Deferred income tax expense/(benefit) | (67) | (184) |
| **Total** | **120** | **175** |

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

### INCOME TAXES RECOGNIZED IN TOTAL EQUITY

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| Income tax expense/(benefit) as presented on the statement of income | 120 | 175 |
| Income tax expense on discontinued operations | 0 | 0 |
| Income non-effective tax effect on other comprehensive income | | |
| Continuing operations | 23 | (3) |
| Discontinued operations | 0 | 0 |
| **Total** | **143** | **172** |

As of September 30, 2022, 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 €166 million (prior year: €846 million).

Components of the deferred tax assets and liabilities are as follows:

## INVENTORY OF DEFERRED TAX ASSETS AND LIABILITIES

| | Sept. 30, 2021 | | Year ended Sept. 30, 2022 | | Sept. 30, 2022 | |
|---|---|---|---|---|---|---|
| million € | 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 | 154 | 124 | 6 | 21 | 164 | 106 |
| Property, plant and equipment (inclusive of investment property) | 218 | 154 | 32 | 1 | 225 | 128 |
| Financial assets | 201 | 130 | (3) | 0 | 81 | 13 |
| Other assets | 1 | 91 | 16 | 0 | 1 | 75 |
| Provisions for pensions and similar obligations | 1,309 | 8 | (81) | (577) | 653 | 11 |
| Other provisions | 150 | 23 | (62) | 1 | 96 | 30 |
| Other liabilities | 80 | 478 | 103 | 5 | 88 | 377 |
| **Deferred income taxes on current items** | | | | | | |
| Inventories | 355 | 44 | 18 | 10 | 418 | 79 |
| Other assets | 611 | 965 | 160 | (17) | 711 | 922 |
| Other provisions | 65 | 283 | 63 | 5 | 60 | 210 |
| Other liabilities | 1,176 | 529 | (253) | 7 | 1,134 | 733 |
| Valuation allowance – temporary differences | (1,146) | — | 2 | 609 | (535) | — |
| **Subtotal** | **3,174** | **2,829** | **1** | **65** | **3,096** | **2,684** |
| Tax loss carried forward | 2,160 | — | (142) | 10 | 2,028 | — |
| Interest carried forward | 281 | — | (136) | 0 | 145 | — |
| Foreign tax credits | 0 | — | 3 | 0 | 3 | — |
| Valuation allowance – tax loss carried forward etc. | (2,374) | — | 474 | (8) | (1,909) | — |
| **Subtotal** | **67** | **0** | **199** | **2** | **267** | **0** |
| **Total before offsetting** | **3,241** | **2,829** | **200** | **67** | **3,363** | **2,684** |
| Offsetting | (2,769) | (2,769) | — | — | (2,631) | (2,631) |
| **Balance sheet amount** | **472** | **60** | **—** | **—** | **732** | **53** |

As of September 30, 2022, tax losses carried forward for which no deferred tax asset is recognized amount to €7,449 million (prior year: €7,927 million). According to tax legislation as of September 30, 2022, an amount of €7,333 million (prior year: €7,626 million) of these tax losses may be carried forward indefinitely and in unlimited amounts whereas an amount of €116 million (prior year: €301 million) of these tax losses carried forward will expire over the next 20 years if not utilized.

As of September 30, 2022, 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 AG €220 million (prior year: €0 million), thyssenkrupp France S.A.S. €42 million (prior year: €43 million), thyssenkrupp Components Technology de México, S.A. de C.V. €21 million (prior year: €15 million) and thyssenkrupp Presta de México S.A. de C.V. €20 million (prior year: €17 million).

As of September 30, 2022, deferred tax assets for deductible temporary differences (esp. in connection with pensions and similar obligations) in the amount of €495 million (prior year: €1,123 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 2021 / 2022, the recognition of deferred tax assets for tax losses and interest carried forward as well as deductible temporary differences in Germany resulted in deferred tax benefit in the amount of €182 million and an income non-effective tax effect on other comprehensive income that increased equity by €38 million.

The German corporate income tax law applicable for 2021 / 2022 sets a statutory income tax rate of 32.4% (prior year: 32.2%) 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, 2021 | in % | Year ended Sept. 30, 2022 | in % |
|---|---|---|---|---|
| Expected income tax expense/(benefit) | 32 | 32.2 | 449 | 32.4 |
| Tax rate differentials to the German combined income tax rate | (71) | (70.3) | (31) | (2.2) |
| Changes in tax rates or laws | 1 | 1.0 | 9 | 0.6 |
| Inventory of deferred tax assets and liabilities | 110 | 108.9 | (467) | (33.7) |
| Permanent items | 16 | 15.8 | 135 | 9.7 |
| Tax consequences of disposal of businesses | 3 | 3.0 | (32) | (2.3) |
| Income/(loss) from companies accounted for using the equity method | 34 | 33.7 | 79 | 5.7 |
| Non-creditable withholding taxes | 27 | 26.7 | 40 | 2.9 |
| Tax expense/(benefit) related to prior periods | (33) | (32.7) | (2) | (0.1) |
| Others | 0 | 0.0 | (5) | (0.4) |
| **Income tax expense/(benefit) as presented on the statement of income** | **120** | **118.8** | **175** | **12.6** |

## 32 Earnings per share

Basic earnings per share are calculated as follows:

### EARNINGS PER SHARE (EPS)

| | Year ended Sept. 30, 2021 | | Year ended Sept. 30, 2022 | |
|---|---|---|---|---|
| | Total amount in million € | Earnings per share in € | Total amount in million € | Earnings per share in € |
| Income/(loss) from continuing operations (net of tax) (attributable to thyssenkrupp AG's shareholders) | (109) | (0.17) | 1,127 | 1.81 |
| Income/(loss) from discontinued operations (net of tax) (attributable to thyssenkrupp AG's shareholders) | (6) | (0.01) | 9 | 0.01 |
| **Net income/(loss) (attributable to thyssenkrupp AG's shareholders)** | **(115)** | **(0.18)** | **1,136** | **1.82** |
| 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 EXPENSE

| million € | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| Wages and salaries | 5,285 | 5,292 |
| Social security taxes | 942 | 951 |
| Net periodic pension cost – defined benefit[1] | 191 | 153 |
| Net periodic pension costs – defined contribution | 18 | 23 |
| Net periodic postretirement benefit cost/(income) other than pensions[1] | (3) | 0 |
| Other expenses for pensions and retirements | 297 | (2) |
| Related fringe benefits | 85 | 86 |
| **Total** | **6,815** | **6,502** |

[1] Excluding net interest that is recognized as part of financial expenses.

The annual average number of employees is as follows:

### ANNUAL AVERAGE NUMBER OF EMPLOYEES

| | Year ended Sept. 30, 2021 | Year ended Sept. 30, 2022 |
|---|---|---|
| Materials Services | 15,527 | 15,638 |
| Industrial Components | 12,893 | 12,330 |
| Automotive Technology | 19,733 | 19,881 |
| Steel Europe | 26,122 | 26,058 |
| Marine Systems | 6,459 | 6,645 |
| Multi Tracks | 19,118 | 15,673 |
| Corporate Headquarters | 641 | 618 |
| Reconciliation | 1,750 | 1,553 |
| **Total** | **102,243** | **98,396** |
| Thereof: | | |
| Wage earners | 50,411 | 48,055 |
| Salary earners | 48,787 | 47,491 |
| Trainees | 3,045 | 2,850 |

The annual average number of employees in 2021 / 2022 includes 1,492 employees (prior year: 1,501 employees) of the joint operation Hüttenwerke Krupp Mannesmann GmbH (HKM).

### 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

| | Year ended Sept. 30, 2021 | | Year ended Sept. 30, 2022 | |
|---|---|---|---|---|
| million € | Total | thereof Germany | Total | thereof Germany |
| Audit fees | 14 | 8 | 15 | 10 |
| Audit-related fees | 1 | 1 | 3 | 3 |
| Tax fees | 1 | 0 | 0 | 0 |
| Fees for other services | 0 | 0 | 0 | 0 |
| **Total** | **16** | **9** | **18** | **13** |

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. As in the prior year, the audit-related fees mainly relate to services in connection with the initiated disposals of individual businesses as part of the thyssenkrupp reorganization and to services in connection with the preparation of the planned thyssenkrupp nucera IPO. 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 and cash equivalents” as following:

#### RECONCILIATION OF LIQUID FUNDS

| million € | Sept. 30, 2021 | Sept. 30, 2022 |
|---|---|---|
| Cash and cash equivalents according to the balance sheet | 8,974 | 7,638 |
| Cash and cash equivalents of disposal groups | 42 | 0 |
| Liquid funds according to statement of cash flows | 9,017 | 7,638 |

As of September 30, 2022 cash and cash equivalents of €19 million (prior year: €44 million) result from the joint operation HKM.

### Non-cash investing activities

In the year ended September 30, 2022 a non-cash addition of €120 million (prior year: €135 million) results from of right-of-use assets according to IFRS 16.

### Non-cash financing activities

In the year ended September 30, 2022 a non-cash decrease of gross financial debt of €286million (prior year: €1 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 – YEAR ENDED SEPT. 30, 2021

| | 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** |

### RECONCILIATION IN ACCORDANCE WITH IAS 7 – YEAR ENDED SEPT. 30, 2022

| | Sept. 30, 2021 | Cash flows from financing activities | Non-cash changes | | | | | Sept. 30, 2022 |
|---|---|---|---|---|---|---|---|---|
| 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 | 4,339 | (1,250) | 0 | 0 | 0 | 0 | 5 | 3,094 |
| Loan notes / other loans | 319 | (196) | (270) | 0 | 0 | 0 | 269 | 122 |
| Liabilities to financial institutions | 149 | 53 | (1) | (66) | 0 | 0 | 0 | 136 |
| Lease liabilities | 633 | (142) | (15) | 34 | 0 | 0 | 119 | 629 |
| Other financial liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Subtotal financial debt** | **5,440** | **(1,535)** | **(286)** | **(31)** | **0** | **0** | **393** | **3,981** |
| Assets/liabilities from other financing activities | 43 | (178) | (30) | 32 | 215 | 0 | 0 | 81 |
| **Total** | **5,483** | **(1,713)** | **(317)** | **1** | **215** | **0** | **393** | **4,062** |

## 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, 2022, the total cash outflows of the group as a lessee amounted to €207 million (prior year: €186 million).

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, 2021 | Sept. 30, 2022 |
|---|---|---|
| Extension and/or termination options as well as call options | (130) | (140) |
| Lease commitments | (10) | (11) |
| **Total** | **(140)** | **(151)** |

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.

# Other information

## 35 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, 2022.

The declaration of conformity of our exchange-listed subsidiary Eisen- und Hüttenwerke AG was issued on October 1, 2022 and is now publicly available to the shareholders on the company's website.

## 36 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 |
| **C** | |
| CarValoo GmbH | Essen |
| **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 | Andernach |
| Reisebüro Dr. Tigges GmbH | Essen |
| **T** | |
| Thyssen Stahl GmbH | Düsseldorf |
| thyssenkrupp Academy GmbH | Düsseldorf |
| thyssenkrupp Aerospace Germany GmbH | Essen |
| thyssenkrupp AT.Pro tec GmbH | Essen |
| thyssenkrupp Automation Engineering GmbH | Essen |
| thyssenkrupp Automotive Body Solutions 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 Dynamic Components GmbH | Ilsenburg |
| thyssenkrupp Dynamic Components Chemnitz GmbH | Chemnitz |
| thyssenkrupp Dynamic Components Ilsenburg GmbH | Ilsenburg |
| 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 Kompetenzwerkstatt GmbH | Hagen |
| thyssenkrupp Holding Germany GmbH | Essen |
| 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 DataflowWorks 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 Mülheim GmbH | Mülheim |
| thyssenkrupp Presta Schönebeck GmbH | Schönebeck |
| thyssenkrupp Projekt 1 GmbH | Essen |
| 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 Steel Business Services GmbH | Duisburg |
| thyssenkrupp Steel Europe AG | Duisburg |
| thyssenkrupp Steel Logistics GmbH | Duisburg |
| 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 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 |

## 37 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, 2022 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, 2021 to September 30, 2022, 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 to comply with §§ [Articles] 289b to 289e HGB [Handelsgesetzbuch: German Commercial Code] and §§ 315b to 315c HGB included in various parts of the group management report for the financial year from October 1, 2021 to September 30, 2022. 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, 2022, and of its financial performance for the financial year from October 1, 2021 to September 30, 2022,
- the accompanying group management report (excluding the non-financial statement included therein) 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; we do not express an audit opinion on the statement on corporate governance referred to above and
- the non-financial statement included in various parts of the group management report as described in section „Overview of non-financial disclosures" is prepared, in all material respects, in accordance with the applicable German legal and European requirements as well as with the specifying criteria disclosed by the Company's executive directors.

Pursuant to § 322 Abs. [paragraph] 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, on the group management report and on the non-financial statement included in 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, 2021 to September 30, 2022. 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 Recoverability of property, plant and equipment and other intangible assets (excluding goodwill)

③ Presentation of deferred tax assets

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 €1,394 million (9% 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, which among other things, also take into account the expected effects of geopolitical and economic upheavals on the business activities of the thyssenkrupp Group. 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, among others also against the background of the effects of geopolitical and economic upheavals. 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 addition, we assessed the executive directors' assessment of the effects of the geopolitical and economic upheavals on the business activities of the thyssenkrupp Group and understood their consideration in the determination of future cash flows. 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 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 €7,226 million (19% of total assets and 49% of Group equity) are reported. The value of the property, plant and equipment and other intangible assets (excluding goodwill) 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, which takes into account, among other things, the expected effects of geopolitical and economic upheavals on the business activities of the thyssenkrupp Group. 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 €513 million, mainly in the Steel Europe and Automotive Technology segments. This includes write-downs of €26 million on the now deconsolidated disposal group stainless steel business. 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, among others also against the background of the effects of geopolitical and economic upheavals. 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 addition, we assessed the executive directors' assessment of the effects of the geopolitical and economic upheavals on the business activities of the thyssenkrupp Group and understood their consideration in the determination of future cash flows. 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.

③ Presentation of deferred tax assets

① After set-offs and impairments, a total of €732 million in deferred tax assets (5% of Group equity) and €53 million in deferred tax liabilities (0.4% 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, which takes into account, among other things, the expected effects of geopolitical and economic upheavals on the business activities of the thyssenkrupp Group. Deferred taxes are calculated using future tax rates, to the extent they have already been enacted or substantively enacted. Of the €5,807 million in the thyssenkrupp-group's total deferred tax assets before impairments and set-offs, €2,028 million was attributable to loss carryforwards and €145 million was attributable to interest carryforwards. €1,909 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 under consideration of the expected effects of geopolitical and economic upheavals on the business activities of the thyssenkrupp Group, and have evaluated the appropriateness of the underlying budget assumptions. 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.

### 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 as an unaudited part of the group management report.

The other information comprises further

- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible
- all 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 mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with 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 executive directors are also responsible for the preparation of the non-financial statement included in the group management report in accordance with the applicable German legal and European requirements as well as with the specifying criteria disclosed by the Company's executive directors. Furthermore, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a non-financial statement that is free from material misstatement, whether due to fraud or error.

The applicable requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which authoritative comprehensive interpretations have not yet been published. Accordingly, the executive directors have disclosed their interpretations of such wording and terms in the non-financial statement in section "EU Taxonomy" of the non-financial statement. The executive directors are responsible for the defensibility of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of these interpretations is uncertain.

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 as well as of the non-financial statement included in 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, and whether the non-financial statement has been prepared, in all material respects, in accordance with the applicable German legal and European requirements and with the specifying criteria disclosed by the Company's executive directors as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements, on the group management report and on the non-financial statement.

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 control.
- 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 and of the non-financial statement included in 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.
- Evaluate the suitability of the criteria presented by the executive directors in the non-financial statement as a whole. As explained in the description of the responsibilities of the executive directors, the executive directors have interpreted the wording and terms contained in the relevant regulations; the legal conformity of these interpretations is subject to inherent uncertainties mentioned in this description. Those inherent uncertainties in the interpretation apply to our audit accordingly.

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-2022-09-30.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 20201 to 30 September 20212 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 (10.2021)) 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 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 4, 2022. We were engaged by the supervisory board on February 9, 2022. 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 converted to the ESEF format – including the versions to be filed in the company register – 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 to be used solely together with the assured ESEF documents made available in electronic form.

## German Public Auditor responsible for the Engagement

The German Public Auditor responsible for the engagement is Michael Preiß.

Essen, November 14, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Michael Preiß<br>Wirtschaftsprüfer<br>(German Public Auditor) | Philip Meyer zu Spradow<br>Wirtschaftsprüfer<br>(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 8, 2022

thyssenkrupp AG
The Executive Board

Merz

Burkhard Keysberg

# Additional information



4

# Multi-year overview

## THYSSENKRUPP GROUP

| | | Full group | | | | | | | Group – continuing operations[1] | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2021/2022 vs. 2020/2021 | | | | 2021/2022 vs. 2020/2021 | |
| | | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 | Change | in % | 2020/2021 | 2021/2022 | Change | in % |
| **Result of operations** | | | | | | | | | | | | |
| Sales | million € | 41,534 | 41,996 | 35,443 | 34,015 | 41,140 | 7,124 | 21 | 34,015 | 41,140 | 7,124 | 21 |
| Gross Margin | million € | 6,590 | 5,799 | 1,480 | 4,356 | 5,660 | 1,304 | 30 | 4,356 | 5,660 | 1,304 | 30 |
| EBITDA | million € | 2,056 | 1,525 | 14,724 | 1,416 | 3,248 | 1,833 | ++ | 1,422 | 3,240 | 1,818 | ++ |
| EBIT | million € | 937 | 272 | 10,475 | 451 | 1,827 | 1,376 | ++ | 457 | 1,819 | 1,362 | ++ |
| EBT | million € | 561 | (83) | 10,112 | 95 | 1,396 | 1,301 | ++ | 101 | 1,387 | 1,286 | ++ |
| Net income/(loss) | million € | (12) | (260) | 9,592 | (25) | 1,220 | 1,245 | ++ | (19) | 1,212 | 1,231 | ++ |
| Earnings per share (EPS) | € | (0.10) | (0.49) | 15.40 | (0.18) | 1.82 | 2.01 | ++ | (0.17) | 1.81 | 1.99 | ++ |
| Gross margin | % | 15.9 | 13.8 | 4.2 | 12.8 | 13.8 | 1.0 | 7 | 12.8 | 13.8 | 1.0 | 7 |
| EBIT margin | % | 2.3 | 0.6 | 29.6 | 1.3 | 4.4 | 3.1 | ++ | 1.3 | 4.4 | 3.1 | ++ |
| EBT margin | % | 1.4 | (0.2) | 28.5 | 0.3 | 3.4 | 3.1 | ++ | 0.3 | 3.4 | 3.1 | ++ |
| Return on equity (before taxes) | % | 17.5 | (3.7) | 99.4 | 0.9 | 9.5 | 8.6 | ++ | | | | |
| Personnel expense per employee | € | 60,140 | 62,459 | 64,113 | 66,653 | 66,080 | (573) | (1) | | | | |
| Sales per employee | € | 259,968 | 259,862 | 236,460 | 332,692 | 418,102 | 85,410 | 26 | | | | |
| **Assets/liabilities situation** | | | | | | | | | | | | |
| Total non-current assets | million € | 14,285 | 15,313 | 10,501 | 11,172 | 11,161 | (11) | 0 | | | | |
| Total current assets | million € | 20,141 | 21,162 | 25,989 | 25,639 | 26,331 | 693 | 3 | | | | |
| Total assets | million € | 34,426 | 36,475 | 36,490 | 36,811 | 37,492 | 682 | 2 | | | | |
| Total equity | million € | 3,203 | 2,220 | 10,174 | 10,845 | 14,742 | 3,897 | 36 | | | | |
| Liabilities | million € | 31,223 | 34,255 | 26,316 | 25,966 | 22,750 | (3,215) | (12) | | | | |
| Provisions for pensions and similar obligations | million € | 7,838 | 8,947 | 8,560 | 7,971 | 5,812 | (2,159) | (27) | | | | |
| Financial debt non-current | million € | 5,191 | 6,529 | 5,303 | 3,794 | 2,786 | (1,008) | (27) | | | | |
| Financial debt current | million € | 185 | 886 | 1,199 | 1,646 | 1,195 | (451) | (27) | | | | |
| Financial debt non-current/current | million € | 5,377 | 7,415 | 6,502 | 5,440 | 3,981 | (1,459) | (27) | | | | |
| Trade accounts payable | million € | 6,516 | 6,355 | 3,475 | 4,923 | 4,807 | (117) | (2) | | | | |
| Equity ratio | % | 9.3 | 6.1 | 27.9 | 29.5 | 39.3 | 9.9 | 33 | | | | |
| Gearing | % | 73.8 | 166.8 | –[2] | –[2] | –[2] | — | — | | | | |
| Inventory turnover | days | 63.8 | 66.7 | 60.2 | 82.2 | 77.8 | (4.4) | (5) | | | | |
| Average collection period | days | 44.7 | 47.0 | 49.1 | 52.0 | 46.4 | (5.6) | (11) | | | | |

[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] | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2021/2022 vs. 2020/2021 | | | | 2021/2022 vs. 2020/2021 | |
| | | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 | Change | in % | 2020/2021 | 2021/2022 | Change | in % |
| **Value management** | | | | | | | | | | | | |
| Capital employed (average) | million € | 15,739 | 16,749 | 17,526 | 13,410 | 16,224 | 2,814 | 21 | | | | |
| ROCE | % | 6.0 | 1.6 | 59.8 | 3.4 | 11.3 | 7.9 | ++ | | | | |
| 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 € | 1,184 | 72 | (3,326) | 92 | 617 | 525 | ++ | 94 | 618 | 523 | ++ |
| Cash flow for investments | million € | (1,386) | (1,443) | (2,352) | (1,485) | (1,304) | 181 | 12 | (1,485) | (1,304) | 181 | 12 |
| Free Cashflow before M&A | million € | (134) | (1,140) | (4,835) | (1,273) | (476) | 797 | 63 | (1,273) | (476) | 797 | 63 |
| Cash flow from divestments | million € | 87 | 108 | 14,766 | 975 | 1,027 | 52 | 5 | 975 | 1,027 | 52 | 5 |
| Free cash flow | million € | (115) | (1,263) | 9,088 | (418) | 340 | 759 | ++ | (416) | 341 | 756 | ++ |
| Cash flows from financing activities | million € | (2,114) | 1,926 | (1,963) | (1,280) | (1,791) | (511) | (40) | (1,283) | (1,792) | (509) | (40) |
| Cash and cash equivalents | million € | 3,012 | 3,712 | 11,555 | 9,026 | 7,648 | (1,378) | (15) | | | | |
| Net financial debt (net financial assets) | million € | 2,364 | 3,703 | (5,053) | (3,586) | (3,667) | (82) | (2) | | | | |
| Internal financing capability | | 0.9 | 0.1 | 0.3 | 0.2 | 2.2 | 2.1 | ++ | | | | |
| Debt to cash flow ratio | | 2.0 | 51.5 | 1.5 | (39.1) | (5.9) | 33.1 | 85 | | | | |
| **thyssenkrupp AG** | | | | | | | | | | | | |
| Net income/(loss) | million € | 1,579 | (1,807) | (289) | (651) | 2,103 | 2,754 | ++ | | | | |
| Dividend per share | € | 0.15 | — | — | — | 0.15 [2] | — | — | | | | |
| Dividend payout | million € | 93 | — | — | — | 93 [2] | — | — | | | | |

[1] See preliminary remarks.
[2] Proposal to the Annual General Meeting

# Compensation report 2021 / 2022

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 2021 / 2022.

In order to facilitate the ordering of the disclosures in this report and enhance understanding, the main features of the compensation systems in effect for the Executive and Supervisory Boards in fiscal year 2021 / 2022 are also outlined. Detailed information can be found on the company's website via the link in the margin.

www.thyssenkrupp.com > Company > Management > Corporate governance > Compensation system / Compensation Report

## A look back at compensation year 2021/2022

### Resolution on the approval of the compensation report for fiscal year 2020 / 2021

The report in accordance with § 162 AktG on the compensation awarded or due to present and former members of the Executive Board and Supervisory Board of thyssenkrupp AG in fiscal year 2020/2021, which was prepared on a voluntary basis in accordance with the requirements of § 162 AktG, was approved by the Annual General Meeting on February 4, 2022 with a majority of 96.87% of the capital represented in accordance with §120a (4) AktG. The Executive Board and Supervisory Board see this clear vote as a confirmation of the format used for the first time for the compensation report 2020 / 2021. Therefore this format has basically been retained in the present compensation report 2021 / 2022, with the exception of the interpretation of the term compensation awarded or due in accordance with § 162 AktG, as outlined in more detail in the sections on the Short-Term Incentive (STI) 2021 / 2022 and on the compensation of the Supervisory Board.

### Application of the Executive Board compensation system in fiscal year 2021 / 2022

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 and applied for all active Executive Board members in fiscal year 2021 / 2022. Moreover, in fiscal year 2021 / 2022 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 Executive Board members in fiscal year 2021 / 2022.

The Personnel Committee regularly reviews the appropriateness and commensurateness of Executive Board compensation and proposes adjustments to the Supervisory Board where required 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 in April 2022. In this context, the compensation of the thyssenkrupp Executive Board members was compared with 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 legal scope of consolidation of thyssenkrupp AG and its subsidiaries (subsequently referred to as 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 annual review of the appropriateness of Executive Board compensation with the group also took place in April 2022. The change in Executive Board compensation was compared with the compensation of senior management, defined as the two levels of management below the Executive Board, and compared with compensation of the workforce as a whole, defined as the average compensation of the group's full-time employees in Germany. The Personnel Committee did not identify any indications of an inappropriate development or any reasons for adjustment.

Therefore, the target compensation of the Executive Board members set by the Supervisory Board in accordance with the compensation system in effect was not adjusted year-on-year in fiscal year 2021 / 2022, nor is it planned to adjust the target compensation for fiscal year 2022 / 2023.

The target compensation of Executive Board members was unchanged from the previous year.

Further, at its meeting on September 15, 2021, the Supervisory Board set performance criteria for each Executive Board member for the performance-related, variable compensation components for fiscal year 2021 / 2022 to the extent that these do not result directly from the compensation system in effect.

The target achievement for the Short-Term Incentive (STI) determined by the Supervisory Board following the end of the fiscal year 2021 / 2022 clearly reflects the economic disruption caused by the war in Ukraine. As a result, achievement of the targets set before the start of the reporting year for the financial performance criteria in fiscal year 2021 / 2022 was only just over 40%. With regard to individual performance, overall performance of the targets set by the Supervisory Board was 90%. In addition, the installment of the Long-Term Incentive (LTI) Plan issued for fiscal year 2018 / 2019 ended in fiscal year 2021 / 2022. The resultant payout was around 117% 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.

### Personnel matters relating to the Executive Board in fiscal year 2021 / 2022

Oliver Burkhard was appointed to the Executive Board of thyssenkrupp Marine Systems GmbH as CEO effective May 1, 2022. The Personnel Committee of thyssenkrupp AG had previously acknowledged this appointment at its meeting on March 9, 2022. Oliver Burkhard has assumed this post in addition to his role as a member of the Executive Board of thyssenkrupp AG without any separate compensation therefor.

At its meeting on May 19, 2022, the Supervisory Board resolved, as proposed by the Personnel Committee, to extend the existing Executive Board service contract with Martina Merz for a further five years from April 1, 2023 to March 31, 2028. The contractual and compensation terms remain unchanged, with the exception of the Share Ownership Guidelines. From the start of the new term of office on April 1, 2023, the obligation to purchase and hold stock amounts to one annual fixed salary (gross); previously it was prorated at three-fifths of one annual fixed salary (gross).

### Application of the compensation system for the Supervisory Board in fiscal year 2021 / 2022

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 2021 / 2022

### Overview of the design of the Executive Board compensation system

The compensation system meets the requirements of the German Stock Corporation Act (AktG) and the applicable recommendations of the German Corporate Governance Code, both in the currently valid version of April 28, 2022 and in the version applicable until then dated 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.

The Executive Board compensation system meets all statutory and regulatory requirements currently in effect.

The compensation of the Executive Board members therefore 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 of compensation 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. These components and how they were actually applied in fiscal year 2021 / 2022 are explained in detail below.

# 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 allowance / company pension | 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; previous pension commitments are protected |
| **Performance-related compensation** | |
| Short-Term Incentive (STI) | Annual performance bonus<br>Basis for target achievement:<br>• **70% group's financial performance criteria:**<br>35% net income, 35% free cash flow before M&A<br>• **30% individual performance**<br>(operational and strategic targets in connection with the transformation of the group)<br>Supervisory Board sets individual performance targets for the annual financial performance criteria for each fiscal year<br>Cap: 200% of target amount |
| Long-Term Incentive (LTI) | Performance Share Plan<br>Performance period: 4 years<br>Basis for target achievement:<br>• 30% relative total shareholder return (TSR)<br>• 40% ROCE<br>• 30% non-financial sustainability targets<br>The Supervisory Board sets target and threshold values for the financial performance criteria and the sustainability targets before issuance of each new installment<br>Cap: 200% of target amount |
| **Other compensation rules** | |
| Share Ownership Guidelines (SOG) | Requirement to purchase and hold thyssenkrupp shares for the amount of one year's fixed compensation (gross)<br>Until this amount is reached, Executive Board members must invest each year at least 25% of the net amount of performance-related compensation paid as of the end of the fiscal year (STI + LTI) in thyssenkrupp shares |
| Maximum compensation | Cap on total compensation granted for one fiscal year in accordance with § 87a (1) sentence 2 no. 1 AktG:<br>• CEO: €9.0 million<br>• 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 | Malus:<br>In the event of a serious breach of applicable law or internal policies, the Supervisory Board may reduce or cancel variable compensation components (STI/LTI) for the relevant assessment period<br>Clawback:<br>Supervisory Board can demand reimbursement of variable compensation that has already been paid in the event of subsequent establishment of a malus incident or inaccurate consolidated financial statements (based on the amount of the difference) |

## 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 them. The current annual fixed compensation is €1,340,000 for the CEO 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 CEO 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 fixed annual pension allowance that can 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, 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 dependents' 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 present values of the pension entitlements for Executive Board members in post as of September 30, 2022 are as follows:

## COMPANY PENSION FOR THE EXECUTIVE BOARD 2021/2022

| | | 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 | |
| €000s | | 2020/2021 | 2021/2022 | 2020/2021 | 2021/2022 | 2020/2021 | 2021/2022 |
| Figures in accordance with IFRS | Service costs | — | — | 1 | 6 | 157 | 155 |
| | Present value of the obligation | — | — | 11,271 | 5,646 | 486 | 375 |
| Figures in accordance with HGB | Service costs | — | — | 0 | 5 | 109 | 123 |
| | Present value of the obligation | — | — | 8,428 | 9,060 | 3,178 | 3,679 |

[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) 2021 / 2022

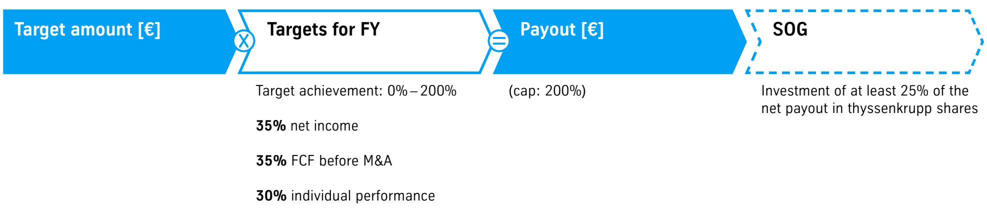
#### How it works

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; it 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 total target value. 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.

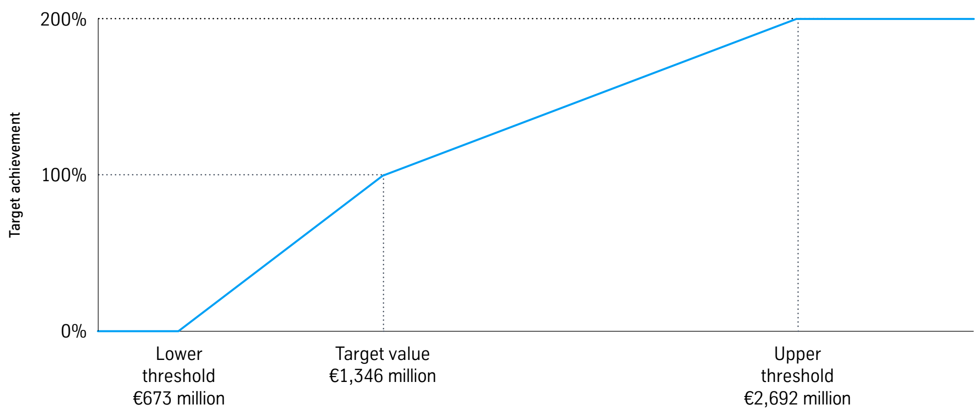
In addition, the inclusion of individual performance places emphasis on collective and individual transformation and turnaround targets, providing an even greater incentive to ensure thyssenkrupp's successful transformation.

### Financial performance criteria

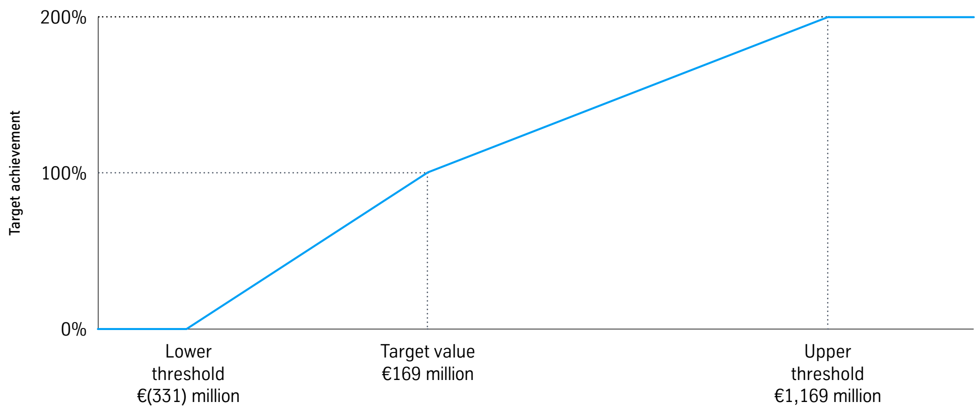
Before the beginning of the fiscal year, the Supervisory Board resolved the target and threshold values for the two financial performance criteria. The target value for each financial performance criterion is derived from the corporate planning and is equal to 100% target achievement. The lower threshold value is 0% and target achievement is capped at an upper threshold of 200%.

The target achievement curves for the financial performance criteria targets for fiscal year 2021 / 2022 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 2021 / 2022:

## STI 2021/2022 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 2021/2022 | Target achievement (%) |
|---|---|---|---|---|---|
| Net income (€ million) | 673 | 1,346 | 2,692 | 1,220.25 | 81.32 |
| Free cash flow before M&A (€ million) | (331) | 169 | 1,169 | (476.15) | 0.00 |

### Individual performance

To assess the individual performance of the Executive Board members, the Supervisory Board set the targets listed in the following table for fiscal year 2021 / 2022. 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 consciously 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%.

The Supervisory Board set shared targets for the three Executive Board members for fiscal year 2021 / 2022.

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 for the past fiscal year.

## STI 2021 / 2022 – ACHIEVEMENT OF INDIVIDUAL TARGETS

| Target | Achievement in 2021 / 2022 | Target achievement 2021 / 2022 |
|---|---|---|
| Create the necessary conditions for and prepare the basis for decision-making on a possible stand-alone solutions for Steel Europe | Preparations on schedule until end-February and carve-out process had started / Economic impact of the present situation does not currently allow any projection as to the feasibility of a potential carve-out / Clarity is also required on the green transformation; plan for a first direct reduction plant established and subsidy application submitted | 60% |
| Continue the portfolio measures, including addressing growth areas as part of the development of “Future tk” | Disposal of Automation Engineering and Springs & Stabilizers “on track.” / In the $H_2$ growth area, IPO readiness of thyssenkrupp nucera has been achieved; IPO postponed in current capital market climate / Future options for Uhde being considered / Exploring growth-oriented options for the future development of other businesses (e.g. joint venture for Steering) | 80% |
| Advancing performance – issues (among others, improving the quality of interim forecasts, continuing restructuring measures and further enhancing performance – leadership culture) | Quality of forecasting (quarterly GCF) taken into account for the segment CFOs / Restructuring on schedule with approx. 74% achievement of overall planning for the period to FY 2024 / Successful introduction of an overarching HR performance management approach that combines the agreement and achievement of individual performance and development targets in a single process with stronger alignment to the performance of the businesses | 100% |
| Continue to shape and establish a forward-looking working culture (new ways of working) and sharpen the focus on technology- and innovation-related topics in external employer communications with a view to attracting and retaining talent and high-potential individuals | Establishment of the Lean & Agile initiative (new ways of working) with cross-segment projects / Modules provided by the tk Academy to present pragmatic approaches for new and future-oriented leadership and working methods / Joint segment initiative “Tech@tk” with various new formats to improve external and internal positioning as an employee in technology-related areas / IT professionals campaign as part of #GENERATIONTK | 120% |
| | **Total** | **90%** |

### STI target achievement 2021 / 2022

For fiscal year 2021 / 2022, total target achievement for the STI is therefore as follows:

## STI 2021/2022 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 | 81.32% | 0.00% | 90.00% | 55.46% | 693,275 |
| Oliver Burkhard | 680,000 | 81.32% | 0.00% | 90.00% | 55.46% | 377,142 |
| Dr. Klaus Keysberg | 680,000 | 81.32% | 0.00% | 90.00% | 55.46% | 377,142 |

The amounts set out in the above table will be paid to the Executive Board members in December 2022.

### STI 2021 / 2022 as part of the compensation awarded or due in fiscal year 2021 / 2022

Unlike in the compensation report for fiscal year 2020 / 2021, in the disclosures on STI in this compensation report the compensation awarded or due in the fiscal year disclosed in accordance with § 162 (1) AktG is not based on the amount paid in the fiscal year for the previous fiscal year; instead the compensation for which the underlying activity was performed in full in the reporting period is disclosed. Accordingly, in the interests of a more accurate allocation to the period, the STI 2021 / 2022 is disclosed as part of the compensation awarded or due in fiscal year 2021 / 2022, even though payment is only made in December 2022 and thus in the following fiscal year (2022 /

2023). The aim of this adjustment is to further enhance the clarity and comprehensibility of the compensation report and is in line with the interpretation of the term "awarded or due" that has developed in market practice on § 162 AktG.

## A look forward to the individual targets for the STI 2022 / 2023

For fiscal year 2022 / 2023 the Supervisory Board has set the following individual targets for the STI, which again apply jointly to all Executive Board members:

- Target 1: Creating the conditions and paving the way for a spin-off of Steel Europe and Marine Systems
- Target 2 (two sub-targets):
  - Continuing the portfolio activities with a focus on the Multi Tracks segment
  - Developing a target vision for the future thyssenkrupp based on the target visions for the individual businesses
- Target 3: Driving forward the activities to attract and retain talented and high-potential individuals, especially with a technical background

## Long-Term Incentive (LTI) 2021 / 2022

### How it works

The second performance-related compensation element is the Long-Term Incentive (LTI), which has a performance period of four years. The LTI is share-based; this brings the interests of the Executive Board and those of shareholders even better into line.

The LTI is designed as a long-term incentive and has a term of four years.

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).

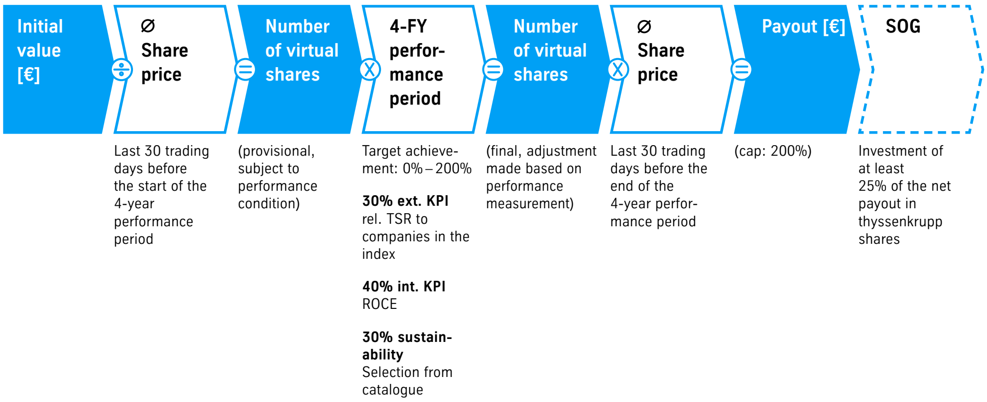
At the start of each installment, the Executive Board members are awarded a certain number of virtual shares, initially on a provisional basis. This is calculated by dividing the initial value (target amount) by the average thyssenkrupp share price, calculated as the arithmetic mean of the closing prices 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 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. The total target achievement is multiplied by the number of virtual shares provisionally awarded 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 as decided by 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 the profitable thyssenkrupp businesses that are continued. This also strengthens the performance of the group.

The inclusion of non-financial sustainability criteria in the LTI emphasizes thyssenkrupp's social and ecological responsibility as well as the goal of sustainable corporate development.

### Virtual shares awarded for the LTI installment issued in fiscal year 2021 / 2022

For the LTI installment issued in fiscal year 2021 / 2022, the Executive Board members were provisionally awarded a total of 452,539 virtual shares (stock rights):

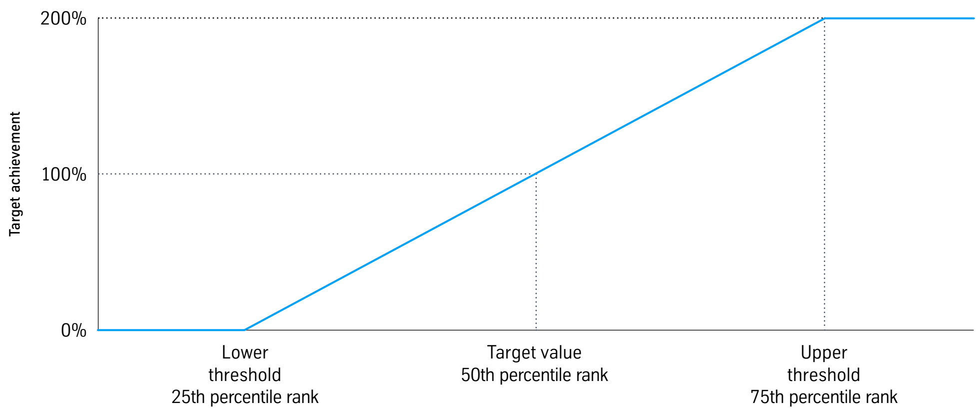
## LTI INSTALLMENT 2021/2022 – ALLOCATION

| | LTI initial value (€) | Allotment price (€) (average thyssenkrupp share price) | Provisionally granted number of virtual shares | Present value at grant date (€) | Maximum number of virtual shares (200% target achievement) |
|---|---|---|---|---|---|
| Martina Merz | 2,000,000 | 9.06 | 220,751 | 2,086,097 | 441,502 |
| Oliver Burkhard | 1,050,000 | 9.06 | 115,894 | 1,095,198 | 231,788 |
| Dr. Klaus Keysberg | 1,050,000 | 9.06 | 115,894 | 1,095,198 | 231,788 |

### Financial performance criteria for the LTI installment issued in fiscal year 2021 / 2022

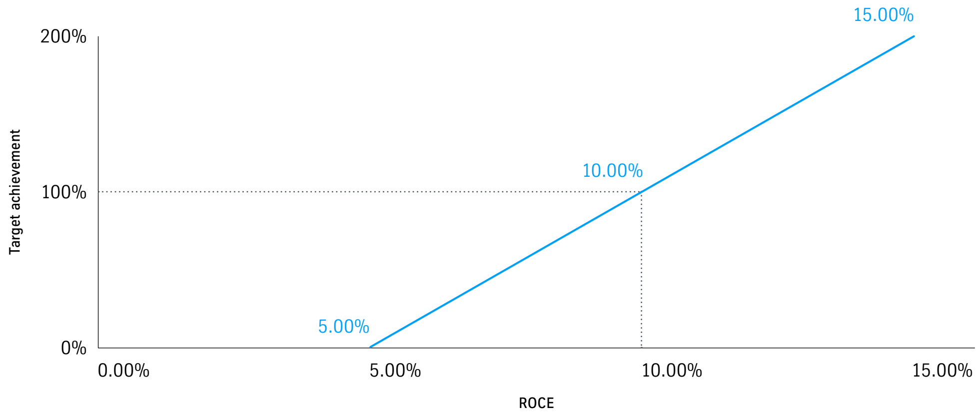
The following target and threshold values for the two performance criteria relative total shareholder return (TSR) and return on capital employed (ROCE) apply throughout the four-year term of the installment:

## 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 2021 / 2022 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 2021 / 2022

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 Indirect Financial Targets (IFTs) as part of thyssenkrupp's corporate management. Prior to the issue of installment 2021 / 2022, 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:

The Supervisory Board has selected two sustainability targets for LTI installment 2021 / 2022 to support achievement of the climate protection targets.

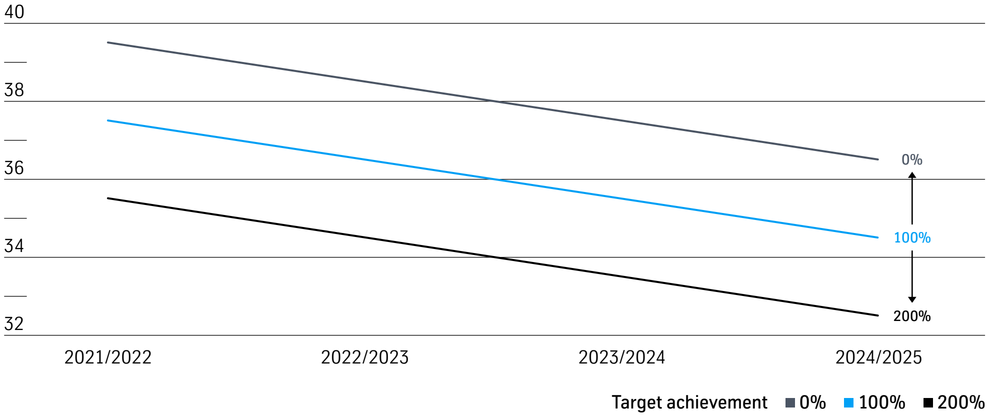
- Reduce emissions intensity annually by 1 ton $CO_2$ equivalent per €1 million sales at group level (not including Steel Europe and AST) by 2024 / 2025 (15% weighting).
- Increase the volume of net climate-neutral steel production from 20,000 tons in fiscal year 2021 / 2022 to 500,000 tons in fiscal year 2024 / 2025 (15% weighting).

These targets apply to the entire four-year term of the installment, with the proviso that the target "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 in emissions intensity will be the sole sustainability target for the remainder of the LTI installment with a 30% weighting.

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%.

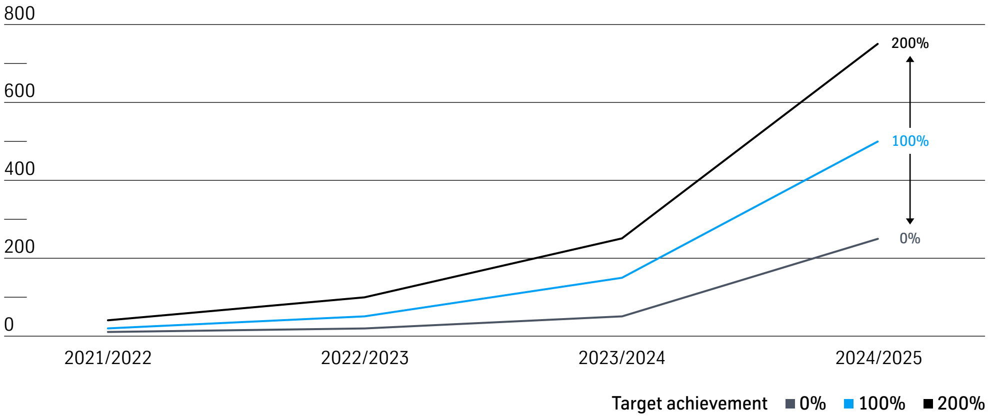
## TARGETS AND THRESHOLDS FOR THE EMISSIONS INTENSITY

in t $CO_2$ equivalent per €1 million sales




## TARGETS AND THRESHOLDS FOR THE VOLUME OF NET CLIMAT-NEUTRAL STEEL

production in kt p.a.



### Annual levels of target achievement of the performance criteria for the LTI installment issued in fiscal year 2021 / 2022

As outlined above, target achievement for the performance criteria for the LTI are determined on an annual basis and any payment is only due after the end of the four-year performance period. For fiscal year 2021 / 2022, the Supervisory Board determined the following target achievement:

#### LTI 2020/2021 – 2023/2024:[1)] TARGET ACHIEVEMENT ON ANNUAL BASIS FOR 2021/2022

| Performance criterion | Weighting | Threshold value for 0% target achievement | Target value for 100% target achievement | Threshold value for 200% target achievement | Result for 2021/2022 | Target achievement |
|---|---|---|---|---|---|---|
| Relative Total Shareholder Return (Percentile) | 30% | 25 | 50 | 75 | 13 | 0.00% |
| Return on Capital Employed (%) | 40% | 0.00 | 4.00 | 8.50 | 11.26 | 200.00% |
| Accident frequency rate per 1 million working hours | 15% | 3.30 | 2.70 | 2.30 | 2.34 | 190.00% |
| Proportion of women in leadership positions (%) | 15% | 12.00 | 13.00 | 14.00 | 13.09 | 109.00% |
| **Total** | **100%** | | | | | **124.85%** |

1) For detailed information on the targets and the target and threshold values for the LTI installment launched in fiscal year 2020 / 2021, see the Compensation Report 2020 / 2021

#### LTI 2021/2022 – 2024/2025: TARGET ACHIEVEMENT ON ANNUAL BASIS FOR 2021/2022

| Performance criterion | Weighting | Threshold value for 0% target achievement | Target value for 100% target achievement | Threshold value for 200% target achievement | Result for 2021/2022 | Target achievement |
|---|---|---|---|---|---|---|
| Relative Total Shareholder Return (Percentile) | 30% | 25 | 50 | 75 | 13 | 0.00% |
| Return on Capital Employed (%) | 40% | 5.00 | 10.00 | 15.00 | 11.26 | 125.20% |
| Emissions intensity (t $CO_2$-equivalent per €1 million sales p.a.) | 15% | 39.50 | 37.50 | 35.50 | 28.87 | 200.00% |
| Volume of net climate-neutral steel production (kt p.a.) | 15% | 10.00 | 20.00 | 40.00 | 28.09 | 140.45% |
| **Total** | **100%** | | | | | **101.15%** |

## Long-Term Incentive (LTI) 2018 / 2019

### Final target achievement for the LTI installment 2018 / 2019

The LTI installment for the fiscal year 2018 / 2019, based on the compensation system in force at that time, started on October 1, 2018 and ended on September 30, 2021. The relevant performance criteria were value generation – measured by the key performance indicator thyssenkrupp Value Added (tkVA) for the three-year performance period – and the performance of the thyssenkrupp share price in the first quarter of fiscal year 2021 / 2022 so the performance period only ended in this fiscal year. See also the detailed commentary in the compensation report for fiscal year 2018 / 2019.

The performance period for the LTI installment 2018 / 2019 ended in 2021 / 2022.

For the performance criterion tkVA, the Supervisory Board set a target value of €0. After the end of the performance period the related payout amount is therefore derived as follows:

## CALCULATION OF TARGET ACHIEVEMENT – LTI INSTALLMENT 2018 / 2019[1]

| | | |
|---|---|---|
| Performance targets | thyssenkrupp Value Added (tkVA)<br>Price performance of thyssenkrupp stock | |
| tkVA performance period | 2018 / 2019 – 2020 / 2021 | |
| Relevant share price | Average share price Q1 2021 / 2022 vs. average share price Q1 2018 / 2019 | |
| Link | Multiplication | |
| Possible target achievement | 0 – 250% | |
| No. of virtual shares provisionally awarded | Target amount: €1,050,000<br>Average share price Q1 2018 / 2019: €17.69 | 59,356 virtual shares |
| Target achievement tkVA | The average tkVA actually achieved was €2,461 million above the target tkVA, leading to an increase of 123.05% in the number of virtual shares awarded | |
| No. of virtual shares finally awarded | (100% + 123.05%) x 59,356 virtual shares = 132,394 virtual shares | |
| **Payout** | 132,394 virtual shares<br>Average share price Q1 2021 / 2022: €9.29 | €1,229,940.26 |

[1] Example for an ordinary Executive Board member based on an initial value of €1,050,000

### LTI 2018 / 2019 as part of the compensation awarded or due in fiscal year 2021 / 2022

As outlined above, the performance period for the LTI installment 2018 / 2019 ended on December 31, 2021 with the determination of the share price performance in the first quarter of fiscal year 2021 / 2022. Consequently, the performance conditions for any payout were only fulfilled as of this date. Therefore – to allow allocation to the correct period – the LTI 2018 / 2019 is presented as part of the compensation awarded or due in fiscal year 2021 / 2022 within the meaning of § 162 (1) AktG.

In January 2022, 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 2018/2019 – SUMMARY

| | | Initial value (€) | Avg. Share price Q1 FY 2018 / 2019 (€) | Provisionally granted number of virtual shares | tkVA target achievement | Finally granted number of virtual shares | Avg. Share price Q1 FY 2021 / 2022 (€) | Payout amount (€) |
|---|---|---|---|---|---|---|---|---|
| Current members of the Executive Board | Oliver Burkhard | 1,050,000 | 17.69 | 59,356 | 223.05% | 132,394 | 9.29 | 1,229,940.26 |
| Former members of the Executive Board | Johannes Dietsch | 700,000 | 17.69 | 39,570 | 223.05% | 88,261 | 9.29 | 819,944.69 |
| | Dr. Donatus Kaufmann | 950,000 | 17.69 | 53,703 | 223.05% | 119,785 | 9.29 | 1,112,802.65 |
| | Guido Kerkhoff | 2,000,000 | 17.69 | 113,058 | 223.05% | 252,176 | 9.29 | 2,342,715.04 |

Martina Merz and Dr. Klaus Keysberg were not members of the Executive Board of thyssenkrupp AG in fiscal year 2018 / 2019; therefore, 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 2022 / 2023

The Supervisory Board has selected the following sustainability targets for the LTI installment to be launched in fiscal year 2022 / 2023, which will run from 2022 / 2023 until 2025 / 2026:

- Increase in the proportion of women in leadership positions at group level to 17% by 2025 / 2026 (weighting: 15%).
- Achievement of an Employee Net Promoter Score (eNPS) of >0 at group level by 2025 / 2026 (weighting: 15%).

The Employee Net Promoter Score (eNPS) is an indicator of employee satisfaction based on the answers to the question “How likely is it that you recommend your company to a friend?” in the annual Employee Pulse Check. Detailed explanations of the calculation method and the annual targets and threshold values will be provided with the disclosure of annual target achievement in the compensation report for fiscal year 2022 / 2023.

## Other compensation rules

### Share ownership guidelines (SOG)

Share ownership guidelines have been agreed for the Executive Board members.

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 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. This corresponds to a total of €804,000. This restriction lapses at the start of her second term of office on April 1, 2023 so as from this date the share purchase requirement for Martina Merz will also be one annual fixed salary (gross), corresponding to an amount of €1,340,000.

Under the program in effect, in fiscal year 2021 / 2022 shares were purchased using the STI paid in December 2021 for fiscal year 2020 / 2021 and from the payment made in January 2022 for the LTI installment issued for fiscal year 2018 / 2019. The following table shows the investments made and the fulfillment of the requirements in fiscal year 2021 / 2022:

## SHARE OWNERSHIP GUIDELINES: INVESTMENTS AND FULFILLMENT OF THE SHARE HOLDING REQUIREMENTS IN FY 2021/2022

| | Status quo per Sept. 30, 2021 | | | Investments made in FY 2021/2022 | | Status quo per Sept. 30, 2022 | | |
|---|---|---|---|---|---|---|---|---|
| | Number of shares in deposit account | Investments made (€) | in % of SOG requirements | Number of shares | Value taken into account (€) | Number of shares in deposit account | Investments made (€) | in % of SOG requirements |
| Martina Merz | – | – | – | 26,051 | 227,624 | 26,051 | 227,624 | 28 |
| Oliver Burkhard[1] | 14,530 | 181,769 | 26 | 32,610 | 284,934 | 47,140 | 466,703 | 67 |
| Dr. Klaus Keysberg | – | – | – | 14,172 | 123,830 | 14,172 | 123,830 | 18 |

[1] The shares held by Oliver Burkhard as of September 30, 2021 were purchased in February and May 2019 under the rules of the share purchase program at that time and counted towards the requirement to hold shares at the purchase price as of the acquisition date in accordance with the rules. The higher investment in fiscal year 2021 / 2022 compared with Martina Merz and Dr. Klaus Keysberg results from the fact that Oliver Burkhard was the only current member of the Executive Board who received a payout under the LTI installment 2018 / 2019.

### 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; under the current compensation system they 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 2021 / 2022, 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 2021 / 2022.

## 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 2021/2022

| | | 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 | | |
| €000s | | Target compensation | Maximum | Payout | Target compensation | Maximum | Payout | Target compensation | Maximum | Payout |
| One-year variable compensation | STI 2021/2022 | 1,250 | 2,500 | 693 | 680 | 1,360 | 377 | 680 | 1,360 | 377 |
| Multiple-year variable compensation | LTI 2018/2019 | – | – | – | 1,050 | 2,625 | 1,230 | – | – | – |

## 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 2021/2022

| | | Johannes Dietsch | | | Dr. Donatus Kaufmann | | | Guido Kerkhoff | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Ordinary member of the executive board Feb. 1, 2019 – March 31, 2020 | | | Ordinary member of the executive board Feb. 1, 2014 – Sept. 30, 2019 | | | Ordinary member of the executive board April 1, 2011 – July 12, 2018<br>Chairman of the executive board July 13, 2018 – Sept. 30, 2019 | | |
| €000s | | Target compensation | Maximum | Payout | Target compensation | Maximum | Payout | Target compensation | Maximum | Payout |
| Multiple-year variable compensation | LTI 2018/2019 | 700 | 1,750 | 820 | 950 | 2,375 | 1,113 | 2,000 | 5,000 | 2,343 |

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 to be paid 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 CEO 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 determined. The LTI installment launched in fiscal year 2018 / 2019 ended in fiscal year 2021 / 2022 so it is only now possible to report on compliance with the maximum compensation set for fiscal year 2018 / 2019. This corresponded to the amount and definition of maximum compensation applicable in fiscal year 2021 / 2022 and was observed by all Executive Board members in office at the time, as shown by 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 2018/2019

| | | Oliver Burkhard | | | Johannes Dietsch | | | Dr. Donatus Kaufmann | | | Guido Kerkhoff | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Ordinary member of the executive board since February 1, 2013 | | | Ordinary member of the executive board Feb. 1, 2019 – March 31, 2020 | | | Ordinary member of the executive board Feb. 1, 2014 – Sept. 30, 2019 | | | Ordinary member of the executive board April 1, 2011 – July 12, 2018 Chairman of the executive board July 13, 2018 – Sept. 30, 2019 | | |
| €000s | | Target compensation | Maximum compensation | Payout | Target compensation[1] | Maximum compensation[1] | Payout | Target compensation | Maximum compensation | Payout | Target compensation | Maximum compensation | Payout |
| Performance-independent compensation | Fixed compensation 2018/2019 | 700 | 700 | 700 | 467 | 467 | 467 | 700 | 700 | 700 | 1,340 | 1,340 | 1,340 |
| | Fringe benefits 2018/2019 | 72 | 72 | 72 | 14 | 14 | 14 | 58 | 58 | 58 | 45 | 45 | 45 |
| | Pension allowance 2018/2019 | – | – | – | – | – | – | – | – | – | – | – | – |
| **Total** | | **772** | **772** | **772** | **481** | **481** | **481** | **758** | **758** | **758** | **1,385** | **1,385** | **1,385** |
| One-year variable compensation | STI 2018/2019 | 680 | 1,360 | 0 | 453 | 907 | 0 | 630 | 1,260 | 0 | 1,250 | 2,500 | 0 |
| Multiple-year variable compensation | LTI 2018/2019 | 1,050 | 2,625 | 1,230 | 700 | 1,750 | 820 | 950 | 2,375 | 1,113 | 2,000 | 5,000 | 2,343 |
| **Total** | | **2,502** | **4,757** | **2,002** | **1,634** | **3,138** | **1,301** | **2,338** | **4,393** | **1,871** | **4,635** | **8,885** | **3,728** |
| Pension | Service costs 2018/2019 | 980 | 980 | 980 | 198 | 198 | 198 | 278 | 278 | 278 | 353 | 353 | 353 |
| **Total compensation** | | **3,482** | **4,500** | **2,982** | **1,832** | **3,000** | **1,499** | **2,616** | **4,500** | **2,149** | **4,988** | **9,000** | **4,081** |

[1] Since Johannes Dietsch was appointed to the Executive Board during the year, the target and maximum compensation for fiscal year 2018 / 2019 was determined on a prorated 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 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 since October 1, 2019, 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 position on the Executive Board and in the interests of thyssenkrupp.

## Executive Board compensation disclosed for each member individually

## Compensation awarded or due to former Executive Board members in fiscal year 2021 / 2022

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 comprise the annual fixed salary paid for their services in the past fiscal year, the fringe benefits granted, the pension allowance paid for their services in the fiscal year, the STI granted for their services in fiscal year 2021 / 2022 and due in December 2022 and the payout from the LTI installment for fiscal year 2018 / 2019, for which the performance period ended in fiscal year 2021 / 2022. Current pension service costs for the present Executive Board members for their service in the fiscal year are not included in this definition but are nevertheless presented separately as voluntary additional disclosures.

### COMPENSATION OF THE CURRENT MEMBERS OF THE EXECUTIVE BOARD AWARDED OR DUE IN FY 2021/2022

| | | 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 | | | |
| | | 2020/2021[1] | | 2021/2022 | | 2020/2021[1] | | 2021/2022 | | 2020/2021[1] | | 2021/2022 | |
| | | €000s | in % | €000s | in % | €000s | in % | €000s | in % | €000s | in % | €000s | in % |
| Performance-independent compensation | Fixed Compensation | 1,340 | 37 | 1,340 | 52 | 700 | 31 | 700 | 30 | 700 | 34 | 700 | 49 |
| | Fringe benefits | 24 | 1 | 24 | 1 | 75 | 3 | 48 | 2 | 121 | 6 | 58 | 4 |
| | Pension allowance | 536 | 15 | 536 | 21 | – | – | – | – | 280 | 14 | 280 | 20 |
| **Total** | | **1,900** | **52** | **1,900** | **73** | **775** | **35** | **748** | **32** | **1,101** | **54** | **1,038** | **73** |
| One-year variable compensation | STI 2020/2021 | 1,738 | 48 | – | – | 945 | 42 | – | – | 945 | 46 | – | – |
| | STI 2021/2022 | – | – | 693 | 27 | – | – | 377 | 16 | – | – | 377 | 27 |
| Multiple-year variable compensation | LTI 2017/2018 | – | – | – | – | 508 | 23 | – | – | – | – | – | – |
| | LTI 2018/2019 | – | – | – | – | – | – | 1,230 | 52 | – | – | – | – |
| **Total** | | **3,638** | **100** | **2,593** | **100** | **2,228** | **100** | **2,355** | **100** | **2,046** | **100** | **1,415** | **100** |
| Other compensation | | – | – | – | – | – | – | – | – | – | – | – | – |
| **Total compensation according to § 162 AktG** | | **3,638** | **100** | **2,593** | **100** | **2,228** | **100** | **2,355** | **100** | **2,046** | **100** | **1,415** | **100** |
| Service costs[2] | | – | – | – | – | 1 | – | 6 | – | 157 | – | 155 | – |
| **Total compensation incl. service costs[2]** | | **3,638** | **–** | **2,593** | **–** | **2,229** | **–** | **2,361** | **–** | **2,203** | **–** | **1,570** | **–** |

[1] The adjustment in the disclosure of the STI outlined above in connection with the interpretation of the terms "awarded or due" under § 162 (1) AktG has also been applied to the prior-year disclosures, resulting in a discrepancy from the disclosures in the prior-year compensation report.
[2] Voluntary additional disclosure; based on IFRS

## Compensation awarded or due to former Executive Board members in fiscal year 2021 / 2022

The following table contains the fixed and variable compensation components awarded or due in fiscal year 2021 / 2022 to former members of the Executive Board who terminated their activity within the past ten fiscal years, including their relative share, in accordance with § 162 AktG: For fiscal year 2021 / 2022, these components comprise the payout from the LTI for fiscal year 2018 / 2019, the performance period for which ended in fiscal year 2021 / 2022, and the pension benefits drawn for the fiscal year.

### COMPENSATION OF THE FORMER MEMBERS OF THE EXECUTIVE BOARD AWARDED OR DUE IN FY 2021/2022 (1/3)

| | | Johannes Dietsch | | | | Dr. Donatus Kaufmann | | | | Guido Kerkhoff | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Ordinary member of the executive board Feb. 1, 2019 – March 31, 2020 | | | | Ordinary member of the executive board Feb. 1, 2014 – Sept. 30, 2019 | | | | Ordinary member of the executive board April 1, 2011 – July 12, 2018 Chairman of the executive board July 13, 2018 – Sept. 30, 2019 | | | |
| | | 2020/2021 | | 2021/2022 | | 2020/2021 | | 2021/2022 | | 2020/2021 | | 2021/2022 | |
| | | €000s | in % | €000s | in % | €000s | in % | €000s | in % | €000s | in % | €000s | in % |
| Multiple-year variable compensation | LTI 2017/2018 | – | – | – | – | 508 | 100 | – | – | 562 | 100 | – | – |
| | LTI 2018/2019 | – | – | 820 | 100 | – | – | 1,113 | 100 | – | – | 2,343 | 100 |
| **Total compensation according to § 162 AktG** | | **–** | **–** | **820** | **100** | **508** | **100** | **1,113** | **100** | **562** | **100** | **2,343** | **100** |

### COMPENSATION OF THE FORMER MEMBERS OF THE EXECUTIVE BOARD AWARDED OR DUE IN FY 2021/2022 (2/3)

| | | Dr. Heinrich Hiesinger | | | | Ralph Labonte | | | | Edwin Eichler | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 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 | | | |
| | | 2020/2021 | | 2021/2022 | | 2020/2021 | | 2021/2022 | | 2020/2021 | | 2021/2022 | |
| | | €000s | in % | €000s | in % | €000s | in % | €000s | in % | €000s | in % | €000s | in % |
| Multiple-year variable compensation | LTI 2017/2018 | 818 | 55 | – | – | – | – | – | – | – | – | – | – |
| | LTI 2018/2019 | – | – | – | – | – | – | – | – | – | – | – | – |
| **Total** | | **818** | **55** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| Other compensation | Pension payments | 670 | 45 | 695 | 100 | 375 | 57 | 389 | 56 | 444 | 100 | 438 | 100 |
| | Payout DC[1] | – | – | – | – | 288 | 43 | 306 | 44 | – | – | – | – |
| **Total compensation according to § 162 AktG** | | **1,488** | **100** | **695** | **100** | **663** | **100** | **695** | **100** | **444** | **100** | **438** | **100** |

[1] Deferred compensation: compensation converted into additional pension benefits.

## COMPENSATION OF THE FORMER MEMBERS OF THE EXECUTIVE BOARD AWARDED OR DUE IN FY 2021/2022 (3/3)

| | | Dr. Jürgen Claassen | | | |
|---|---|---|---|---|---|
| | | Ordinary member of the executive board Jan. 21, 2011 – Dec. 31, 2012 | | | |
| | | 2020/2021 | | 2021/2022 | |
| | | €000s | in % | €000s | in % |
| Other compensation | Pension payments | 222 | 100 | 230 | 100 |
| **Total compensation according to § 162 AktG** | | **222** | **100** | **230** | **100** |

### Target compensation and actual compensation of the current Executive Board members for the past fiscal year

As a voluntary additional disclosure compared with the compensation awarded or due for fiscal year 2021 / 2022 as defined in § 162 AktG, the following table presents the target compensation of the current Executive Board members for the fiscal year 2021 / 2022. 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.

## TARGET COMPENSATION VS. COMPENSATION AWARDED OR DUE OF THE CURRENT MEMBERS OF THE EXECUTIVE BOARD FOR FY 2021/2022

| | | 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 | | | |
| €000s | | Target compen-sation | Minimum compen-sation | Maximum compen-sation | awarded or due | Target compen-sation | Minimum compen-sation | Maximum compen-sation | awarded or due | Target compen-sation | Minimum compen-sation | Maximum compen-sation | awarded or due |
| Performance-independent compensation | Fixed Compen-sation | 1,340 | 1,340 | 1,340 | 1,340 | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 |
| | Fringe benefits | 24 | 24 | 24 | 24 | 48 | 48 | 48 | 48 | 58 | 58 | 58 | 58 |
| | Pension allowance | 536 | 536 | 536 | 536 | – | – | – | – | 280 | 280 | 280 | 280 |
| **Total** | | **1,900** | **1,900** | **1,900** | **1,900** | **748** | **748** | **748** | **748** | **1,038** | **1,038** | **1,038** | **1,038** |
| One-year variable compensation | STI 2021/2022 | 1,250 | 0 | 2,500 | 693 | 680 | 0 | 1,360 | 377 | 680 | 0 | 1,360 | 377 |
| Multiple-year variable compensation | LTI 2018/2019 | – | – | – | – | – | – | – | 1,230 | – | – | – | – |
| | LTI 2021/2022 | 2,000 | 0 | 4,000 | – | 1,050 | 0 | 2,100 | – | 1,050 | 0 | 2,100 | – |
| **Total** | | **5,150** | **1,900** | **8,400** | **2,593** | **2,478** | **748** | **4,208** | **2,355** | **2,768** | **1,038** | **4,498** | **1,415** |
| Other compensation | | – | – | – | – | – | – | – | – | – | – | – | – |
| **Total compen-sation** | | **5,150** | **1,900** | **9,000** | **2,593** | **2,478** | **748** | **4,500** | **2,355** | **2,768** | **1,038** | **4,500** | **1,415** |

## Supervisory Board compensation in fiscal year 2021 / 2022

### 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 compensation of Supervisory Board members 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 an annual base compensation component and a meeting attendance fee. The amount of compensation awarded to members of the Supervisory Board is 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 in particular to promote the independence of Supervisory Board members. 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 2021 / 2022

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 an additional payment 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 an additional payment of €20,000 on top of their annual base compensation, while the Chairman of the Audit Committee receives an additional payment 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 an 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 2021 / 2022. In the reporting year, the Supervisory Board members received no further compensation or benefits for personal services rendered, in particular advisory and agency services.

### 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. For this reason, in last year's compensation report the compensation awarded or due to the Supervisory Board members in accordance with § 162 AktG was presented strictly on the basis of actual payment; therefore the compensation presented related partly to their work in fiscal year 2019 / 2020.

In line with the adjustments outlined above with regard to use of the terms "awarded or due" within the meaning of § 162 (1) AktG, to enhance clarity and understandability and in the interest of consistence, the compensation of the Supervisory Board for fiscal year 2021 / 2022 has been aligned to the method used to disclose Executive Board compensation. Accordingly, the Supervisory Board compensation is now allocated to the fiscal year in which the underlying activity was performed. The following presentation of the compensation awarded or due to the members of the Supervisory Board in fiscal year 2021 / 2022 therefore comprises compensation components payable in fiscal year 2022 / 2023, but where the amount and entitlement comprises already established fixed compensation and compensation for membership of committees for activities performed in fiscal year 2021 / 2022 and meeting attendance fees incurred for fiscal year 2021 / 2022.

The adjusted method of presentation outlined above was also applied for the prior-year disclosures resulting in discrepancies compared with the disclosures in last year's compensation report.

### COMPENSATION OF THE FORMER MEMBERS OF THE SUPERVISORY BOARD AWARDED OR DUE IN FY 2021/2022

| | Basic compensation | | | | Compensation for committee work | | | | Meeting fee | | | | Compensation from directorships within the group | | | | Total compensation according to § 162 AktG | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2020/2021 | | 2021/2022 | | 2020/2021 | | 2021/2022 | | 2020/2021 | | 2021/2022 | | 2020/2021 | | 2021/2022 | | 2020/2021 | | 2021/2022 | |
| | in € | in % | in € | in % | in € | in % | in € | in % | in € | in % | in € | in % | in € | in % | in € | in % | in € | in % | in € | in % |
| Barbara Kremser-Bruttel[1] | 50,000 | 84 | 20,833 | 83 | – | – | – | – | 2,000 | 3 | 1,000 | 4 | 7,700 | 13 | 3,203 | 13 | 59,700 | 100 | 25,036 | 100 |
| Friedrich Weber[2] | 50,000 | 90 | 37,500 | 94 | – | – | – | – | 2,000 | 4 | 2,500 | 6 | 3,783 | 7 | – | – | 55,783 | 100 | 40,000 | 100 |
| **Total** | **100,000** | | **58,333** | | **–** | | **–** | | **4,000** | | **3,500** | | **11,483** | | **3,203** | | **115,483** | | **65,036** | |

[1] Member of the Supervisory Board until February 28, 2022
[2] Member of the Supervisory Board until June 30, 2022

## COMPENSATION OF THE CURRENT MEMBERS OF THE SUPERVISORY BOARD AWARDED OR DUE IN FY 2021/2022

| | Basic compensation | | | | Compensation for committee work | | | | Meeting fee | | | | Compensation from directorships within the group | | | | Total compensation according to § 162 AktG | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2020/2021 | | 2021/2022 | | 2020/2021 | | 2021/2022 | | 2020/2021 | | 2021/2022 | | 2020/2021 | | 2021/2022 | | 2020/2021 | | 2021/2022 | |
| | in € | in % | in € | in % | in € | in % | in € | in % | in € | in % | in € | in % | in € | in % | in € | in % | in € | in % | in € | in % |
| Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm, Chairman | 200,000 | 92 | 200,000 | 91 | – | – | – | – | 18,000 | 8 | 19,500 | 9 | – | – | – | – | 218,000 | 100 | 219,500 | 100 |
| Jürgen Kerner, Vice Chairman | 150,000 | 90 | 150,000 | 90 | – | – | – | – | 17,000 | 10 | 16,500 | 10 | – | – | – | – | 167,000 | 100 | 166,500 | 100 |
| Birgit A. Behrendt | 50,000 | 96 | 50,000 | 94 | – | – | – | – | 2,000 | 4 | 3,000 | 6 | – | – | – | – | 52,000 | 100 | 53,000 | 100 |
| Stefan Erwin Buchner | 33,333 | 97 | 50,000 | 95 | – | – | – | – | 1,000 | 3 | 2,500 | 5 | – | – | – | – | 34,333 | 100 | 52,500 | 100 |
| Dr. Wolfgang Colberg | 50,000 | 96 | 50,000 | 94 | – | – | – | – | 2,000 | 4 | 3,000 | 6 | – | – | – | – | 52,000 | 100 | 53,000 | 100 |
| Prof. Dr. Dr. h. c. Ursula Gather | 50,000 | 63 | 50,000 | 62 | 25,000 | 31 | 25,000 | 31 | 5,000 | 6 | 5,500 | 7 | – | – | – | – | 80,000 | 100 | 80,500 | 100 |
| Angelika Gifford | 50,000 | 96 | 50,000 | 94 | – | – | – | – | 2,000 | 4 | 3,000 | 6 | – | – | – | – | 52,000 | 100 | 53,000 | 100 |
| Dr. Bernhard Günther | 50,000 | 35 | 50,000 | 38 | 77,500 | 54 | 65,833 | 50 | 16,500 | 11 | 16,000 | 12 | – | – | – | – | 144,000 | 100 | 131,833 | 100 |
| Achim Hass | 50,000 | 87 | 50,000 | 85 | – | – | – | – | 2,000 | 3 | 3,000 | 5 | 5,400 | 9 | 6,000 | 10 | 57,400 | 100 | 59,000 | 100 |
| Friederike Helfer | 50,000 | 49 | 50,000 | 49 | 45,000 | 44 | 45,000 | 44 | 7,500 | 7 | 8,000 | 8 | – | – | – | – | 102,500 | 100 | 103,000 | 100 |
| Tanja Jacquemin | 50,000 | 67 | 50,000 | 67 | 20,000 | 27 | 20,000 | 27 | 4,500 | 6 | 5,000 | 7 | – | – | – | – | 74,500 | 100 | 75,000 | 100 |
| Daniela Jansen | 20,833 | 95 | 50,000 | 72 | – | – | 15,000 | 22 | 1,000 | 5 | 4,500 | 6 | – | – | – | – | 21,833 | 100 | 69,500 | 100 |
| Christian Julius[1] | – | – | 29,167 | 84 | – | – | – | – | – | – | 1,500 | 4 | – | – | 3,943 | 11 | – | – | 34,610 | 100 |
| Thorsten Koch[2] | – | – | 8,333 | 89 | – | – | – | – | – | – | 500 | 5 | – | – | 493 | 5 | – | – | 9,326 | 100 |
| Dr. Ingo Luge | 50,000 | 63 | 50,000 | 63 | 25,000 | 31 | 25,000 | 31 | 5,000 | 6 | 5,000 | 6 | – | – | – | – | 80,000 | 100 | 80,000 | 100 |
| Tekin Nasikkol | 50,000 | 60 | 50,000 | 60 | 12,500 | 15 | 12,500 | 15 | 4,000 | 5 | 4,500 | 5 | 17,000 | 20 | 17,000 | 20 | 83,500 | 100 | 84,000 | 100 |
| Peter Remmler | 50,000 | 60 | 50,000 | 60 | 12,500 | 15 | 12,500 | 15 | 4,000 | 5 | 4,500 | 5 | 16,500 | 20 | 16,500 | 20 | 83,000 | 100 | 83,500 | 100 |
| Dirk Sievers | 50,000 | 36 | 50,000 | 36 | 70,000 | 51 | 70,000 | 51 | 17,000 | 12 | 18,500 | 13 | – | – | – | – | 137,000 | 100 | 138,500 | 100 |
| Dr. Verena Volpert | 50,000 | 74 | 50,000 | 56 | 13,333 | 20 | 33,333 | 38 | 4,000 | 6 | 5,500 | 6 | – | – | – | – | 67,333 | 100 | 88,833 | 100 |
| Isolde Würz | 50,000 | 96 | 50,000 | 94 | – | – | – | – | 2,000 | 4 | 3,000 | 6 | – | – | – | – | 52,000 | 100 | 53,000 | 100 |
| **Total** | **1,104,166** | | **1,187,500** | | **300,833** | | **324,166** | | **114,500** | | **132,500** | | **38,900** | | **43,936** | | **1,558,399** | | **1,688,102** | |

[1] Member of the Supervisory Board since March 2, 2022
[2] Member of the Supervisory Board since August 26, 2022

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 presentation 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.

The adjustments to the disclosure of the STI for the Executive Board members and the compensation of the Supervisory Board with regard to the use of the terms "awarded or due" within the meaning of § 162 (1) AktG have also been applied to the prior-year disclosures.

### COMPARATIVE TABLE OF CHANGES IN COMPENSATION AND COMPANY PERFORMANCE FOR THE MEMBERS OF THE EXECUTIVE BOARD

| | Compensation awarded or due in 2021/2022 | Compensation awarded or due in 2020/2021 | Changes 2021/2022 towards 2020/2021 | | Changes 2020/2021 towards 2019/2020 | | Changes 2019/2020 towards 2018/2019 | | Changes 2018/2019 towards 2017/2018 | | Changes 2017/2018 towards 2016/2017 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | €000s | €000s | €000s | in % | €000s | in % | €000s | in % | €000s | in % | €000s | in % |
| Current members of the Executive Board | | | | | | | | | | | | |
| Martina Merz | 2,593 | 3,638 | (1,045) | (29) | 1,202 | 49 | 2,436 | – | – | – | – | – |
| Oliver Burkhard | 2,355 | 2,228 | 127 | 6 | 1,074 | 93 | (247) | (18) | (494) | (26) | (1,128) | (37) |
| Dr. Klaus Keysberg | 1,415 | 2,046 | (631) | (31) | 802 | 64 | 1,244 | – | – | – | – | – |
| Former members of the Executive Board | | | | | | | | | | | | |
| Dr. Jürgen Claassen | 230 | 222 | 8 | 4 | 1 | 0 | 3 | 1 | 93 | 74 | 125 | – |
| Johannes Dietsch | 820 | – | 820 | – | (1,169) | (100) | 688 | 143 | 481 | – | – | – |
| Edwin Eichler | 438 | 444 | (6) | (1) | 1 | 0 | 7 | 2 | 257 | 144 | 179 | – |
| Dr. Heinrich Hiesinger | 695 | 1,488 | (793) | (53) | 1,083 | 267 | (1,645) | (80) | (4,811) | (70) | 870 | 15 |
| Dr. Donatus Kaufmann | 1,113 | 508 | 605 | 119 | (1,662) | (77) | 783 | 56 | (508) | (27) | (577) | (23) |
| Guido Kerkhoff | 2,343 | 562 | 1,781 | 317 | (6,588) | (92) | 5,103 | 249 | 129 | 7 | (1,168) | (38) |
| Ralph Labonte | 695 | 663 | 32 | 5 | 18 | 3 | 277 | 75 | 7 | 2 | 5 | 1 |
| Employees | | | | | | | | | | | | |
| Avg. employees in Germany | 68 | 65 | 3 | 4 | 2 | 4 | (2) | (4) | 1 | 2 | 1 | 2 |
| Company performance | | | | | | | | | | | | |
| Net income tk group (€ million) | 1,220 | (25) | 1,245 | ++ | (9,617) | -- | 9,852 | ++ | (320) | - | 651 | ++ |
| Net income thyssenkrupp AG (€ million) | 2,103 | (651) | 2,754 | ++ | (362) | - | 1,518 | ++ | (3,386) | -- | 1,520 | ++ |

## COMPARATIVE TABLE OF CHANGES IN COMPENSATION AND COMPANY PERFORMANCE FOR THE MEMBERS OF THE SUPERVISORY BOARD

| | Compensation awarded or due in 2021/2022 | Compensation awarded or due in 2020/2021 | Changes 2021/2022 towards 2020/2021 | | Changes 2020/2021 towards 2019/2020 | | Changes 2019/2020 towards 2018/2019 | | Changes 2018/2019 towards 2017/2018 | | Changes 2017/2018 towards 2016/2017 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | in € | in € | in € | in % | in € | in % | in € | in % | in € | in % | in € | in % |
| Current members of the Supervisory Board | | | | | | | | | | | | |
| Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm, Chairman | 219,500 | 218,000 | 1,500 | 1 | (12,000) | (5) | 194,250 | 543 | 35,750 | - | - | - |
| Jürgen Kerner, Vice Chairman | 166,500 | 167,000 | (500) | 0 | 38,500 | 30 | 128,500 | - | - | - | - | - |
| Birgit A. Behrendt | 53,000 | 52,000 | 1,000 | 2 | 11,000 | 27 | 41,000 | - | - | - | - | - |
| Stefan Erwin Buchner | 52,500 | 34,333 | 18,167 | 53 | 34,333 | - | - | - | - | - | - | - |
| Dr. Wolfgang Colberg | 53,000 | 52,000 | 1,000 | 2 | (5,000) | (9) | 7,333 | 15 | 49,667 | - | - | - |
| Prof. Dr. Dr. h. c. Ursula Gather | 80,500 | 80,000 | 500 | 1 | (4,500) | (5) | (6,500) | (7) | 32,333 | 55 | 58,667 | - |
| Angelika Gifford | 53,000 | 52,000 | 1,000 | 2 | 1,167 | 2 | 50,833 | - | - | - | - | - |
| Dr. Bernhard Günther | 131,833 | 144,000 | (12,167) | (8) | 29,875 | 26 | 114,125 | - | - | - | - | - |
| Achim Hass | 59,000 | 57,400 | 1,600 | 3 | (3,000) | (5) | 1,000 | 2 | (16,650) | (22) | 28,604 | 60 |
| Friederike Helfer | 103,000 | 102,500 | 500 | 0 | 23,750 | 30 | 78,750 | - | - | - | - | - |
| Tanja Jacquemin | 75,000 | 74,500 | 500 | 1 | (3,500) | (4) | 1,000 | 1 | 1,000 | 1 | 1,500 | 2 |
| Daniela Jansen | 69,500 | 21,833 | 47,667 | 218 | 21,833 | - | - | - | - | - | - | - |
| Christian Julius | 34,610 | - | 34,610 | – | - | - | - | - | - | - | - | - |
| Thorsten Koch | 9,326 | - | 9,326 | – | - | - | - | - | - | - | - | - |
| Dr. Ingo Luge | 80,000 | 80,000 | 0 | 0 | 8,417 | 12 | 71,583 | - | - | - | - | - |
| Tekin Nasikkol | 84,000 | 83,500 | 500 | 1 | 68,584 | 460 | (8,482) | (36) | (32,917) | (58) | 3,815 | 7 |
| Peter Remmler | 83,500 | 83,000 | 500 | 1 | (3,500) | (4) | 750 | 1 | (750) | (1) | 2,750 | 3 |
| Dirk Sievers | 138,500 | 137,000 | 1,500 | 1 | 2,000 | 1 | (7,500) | (5) | 142,500 | - | - | - |
| Dr. Verena Volpert | 88,833 | 67,333 | 21,500 | 32 | 67,333 | - | - | - | - | - | - | - |
| Isolde Würz | 53,000 | 52,000 | 1,000 | 2 | (3,000) | (5) | 1,000 | 2 | (1,000) | (2) | 2,500 | 5 |
| Former members of the Supervisory Board | | | | | | | | | | | | |
| Barbara Kremser-Bruttel | 25,036 | 59,700 | (34,664) | (58) | (3,000) | (5) | 26,367 | 73 | 36,333 | - | - | - |
| Friedrich Weber | 40,000 | 55,783 | (15,783) | (28) | (4,817) | (8) | 1,300 | 2 | (1,300) | (2) | 2,650 | 5 |
| Employees | | | | | | | | | | | | |
| Avg. employees in Germany | 67,569 | 64,689 | 2,880 | 4 | 2,460 | 4 | (2,294) | (4) | 991 | 2 | 1,281 | 2 |
| Company performance | | | | | | | | | | | | |
| Net income tk group (€ million) | 1,220 | (25) | 1,245 | ++ | (9,617) | -- | 9,852 | ++ | (320) | - | 651 | ++ |
| Net income thyssenkrupp AG (€ million) | 2,103 | (651) | 2,754 | ++ | (362) | - | 1,518 | ++ | (3,386) | -- | 1,520 | ++ |

# 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, 2021 to September 30, 2022 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 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 14, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Michael Preiß | Philip Meyer zu Spradow |
| Wirtschaftsprüfer | Wirtschaftsprüfer |
| (German Public Auditor) | (German Public Auditor) |

# Executive Board

As of September 30, 2022

## Martina Merz

**Appointed until March 2028 // German**
**Chair**
**Corporate Center Portfolio Development & Strategy**
**(Communications, Internal Auditing, Mergers & Acquisitions, Transformation & Portfolio Development)**

- ■ thyssenkrupp nucera AG & Co. KGaA
- ● SAF-Holland SE, Bessenbach (Deputy Chair)
- ○ AB Volvo, Sweden

## Oliver Burkhard

**Appointed until September 2023 // German**
**Corporate Center People, Legal & Compliance**
**(Human Resources Management, Legal & Compliance)**
**Chief Executive Officer of thyssenkrupp Marine Systems GmbH**

- □ PEAG Holding GmbH (Chair)

Subsidiaries of thyssenkrupp AG:

- ■ 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 Marine Systems GmbH (Chair)
- ■ thyssenkrupp Materials Services GmbH (Chair)
- ■ thyssenkrupp Steel Europe AG
- □ thyssenkrupp (China) Ltd., PR China (Chair)
- □ thyssenkrupp NA Holding Corp., USA (Chair)
- □ thyssenkrupp North America, Inc., USA (Chair)
- ■ thyssenkrupp nucera AG & Co. KGaA
- ■ thyssenkrupp nucera Management AG

■ Membership of supervisory boards within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2022)

□ 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, 2022)

● / ○ Company listed on the stock exchange

# Supervisory Board

As of September 30, 2022

### Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm, Michelau

Consultant
President of the Federation of German Industries (BDI)
Chairman
Appointed until 2023 // German

- ■ Dr. Johannes Heidenhain GmbH
- ■ Voith GmbH & Co. KGaA (Chairman of the Supervisory Board and Shareholders' Committee)

### 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
- □ Umicore S.A., Belgium
- □ Infinium Holdings, Inc., USA

### Stefan Erwin Buchner, Bietigheim-Bissingen

Former member of the Executive Board of Daimler Truck AG
Appointed until 2026 // German

- ● Continental AG
- □ Mosolf SE & Co. KG
- □ Hörmann Holding GmbH & Co. KG

### Dr. Wolfgang Colberg, Munich

Consultant
Appointed until 2023 // German

- ○ Pernod Ricard S.A., France
- ○ Burelle S.A., France
- ○ Solvay S.A., Belgium
- □ AMSilk GmbH (Chair)
- □ ChemicalInvest Holding BV, Netherlands (Chair)
- □ Efficient Energy GmbH (Chair)
- □ Dussur, Ryadh

### 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 EMEA Meta 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

Subsidiary 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, 2022)
□ 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, 2022)
● / ○ 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
Political Secretary to the Executive Board of IG Metall
Appointed until 2024 // German

### Christian Julius, Lippstadt
(since March 2, 2022)
Locksmith // Chairman of the General Works Council of thyssenkrupp rothe erde GmbH, Germany
Subsidiary of thyssenkrupp AG:
- ■ thyssenkrupp rothe erde GmbH Germany

### Thorsten Koch, Wadern
(since August 26, 2022)
Toolmaker // Chairman of the Works Council of Automotive Body Solutions GmbH (Lockweiler) // Chairman of the Works Council Union of thyssenkrupp Automotive Technology
Appointed until 2024 // German
Subsidiaries of thyssenkrupp AG:
- ■ thyssenkrupp Automotive Body Solutions GmbH

### Dr. Ingo Luge, Hanover
Director and Management Consultant
Appointed until 2023 // German
- ■ Avacon AG
- ■ E.ON Energie Deutschland GmbH
- ■ PreussenElektra GmbH (Chair)
- □ Gradyent Holding B.V., Netherlands (Chair)

### 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 // Deputy Chairman of the Group Works Council of thyssenkrupp 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) // Deputy Chairman of the Works Council Union Materials Services
Appointed until 2024 // German
Subsidiary 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

### Dr. Verena Volpert, Lennestadt
Tax accountant
Appointed until 2024 // German
- ■ Vibracoustic SE

### 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 fiscal year 2021 / 2022 the following members left the Supervisory Board:

### Barbara Kremser-Bruttel, Gelsenkirchen
(until February 28, 2022)
Office clerk // Chairwoman of the Works Council of thyssenkrupp Electrical Steel GmbH
Appointed until 2024 // German
Subsidiary of thyssenkrupp AG:
- ■ thyssenkrupp Electrical Steel GmbH

### Friedrich Weber, Schöndorf
(until June 30, 2022)
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

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# Supervisory Board Committees

As of September 30, 2022

## Executive Committee

Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm (Chair)
Dr. Bernhard Günther
Jürgen Kerner
Dirk Sievers

## Mediation Committee under § 27 (3) Codetermination Act

Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm (Chair)
Dr. Bernhard Günther
Jürgen Kerner
Dirk Sievers

## Personnel Committee

Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm (Chair)
Dr. Bernhard Günther
Jürgen Kerner
Dirk Sievers

## Audit Committee

Dr. Verena Volpert (Chair)
Dr. Bernhard Günther
Friederike Helfer
Tanja Jacquemin
Daniela Jansen
Dirk Sievers

## Strategy, Finance and Investment Committee

Prof. Dr.-Ing. Dr.-Ing. E. h. 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. Dr.-Ing. E. h. Siegfried Russwurm (Chair)
Prof. Dr. Dr. h.c. Ursula Gather
Dr. Bernhard Günther
Friederike Helfer
Dr. Ingo Luge

# Glossary

## List of definitions and abbreviations

### Adjusted EBIT margin
Earnings power in the reporting period;
adjusted EBIT divided by sales

### Business cash flow
Mainly FCF before M&A plus interest and tax payments

### Capital employed
Interest-bearing invested capital

### Cash conversion rate
Business cash flow divided by EBIT

### Climate Action Program for Sustainable Solutions (CAPS)
Groupwide program to implement the thyssenkrupp climate targets on the way to greenhouse gas neutrality

### COSO
Committee of Sponsoring Organizations of the Treadway Commission

### GCGC
German Corporate Governance Code

### 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

### EBIT margin
Earnings power in the reporting period; EBIT : sales

### EBITDA
Earnings before interest, taxes, depreciation and amortization

### Equity ratio
Total equity divided by total assets
(the higher the ratio, the lower the indebtedness)

### 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.

### Emissions intensity
Emissions in tons $CO_2$ relative to external sales in € million

### FCF before M&A
Free cash flow before mergers and acquisitions = operating cash flow less cash flows from investing activities excluding cash inflows or outflows from major M&A transactions.

### Continuing operations
Continuing operations are operations that are not defined by IFRS 5 as discontinued operations.

### Gearing
Net financial debt (assets) divided by equity

### FY
Fiscal year

### Group
“thyssenkrupp group” or the “group of companies,” comprising thyssenkrupp AG and its subsidiaries. The group comprises the entities included in the legal scope of consolidation.

### Greater China
thyssenkrupp defines this region as China, Hong Kong, Mongolia, Macau and Taiwan.

### Internal financing capability
Ratio of operating cash flows to cash flows from investing activities

### Net income/(loss)
The profit or loss for a given fiscal year. It is calculated as the balance of all income and expenses.

### Weighted average cost of capital (WACC)
Minimum rate of return defined expected by investors

### Long-Term Incentive plan (LTI)
Multi-year variable compensation for the members of the Executive Board and other selected managers through stock rights

### Net financial debt/assets
Difference between cash and cash equivalents shown in the statement of financial position plus current debt instruments and current and non-current financial debt. The corresponding assets and liabilities of the disposal groups – where applicable – are also taken into account. Net financial assets are shown in brackets in the tables.

### Operating cash flow
Inflow/outflow of cash and cash equivalents outside of investment, divesting and financing activities

### Relative TSR
Relative total shareholder return.
TSR is the metric showing how the value of a shareholding 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.
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 very that these targets are consistent with scientific findings.

### Short-Term Incentive (STI)
One-year variable compensation

### Staggered Board
A board where the terms of office of members end at different times.

### TISAX
Trusted Information Security Assessment Exchange.
Cross-company testing and exchange process for information security in the automotive industry. Focuses on data protection, data integrity and data availability in the production process and the operation of vehicles.

### tkVA
thyssenkrupp Value Added.
tkVA = EBIT less/plus the cost of capital employed in the operating business

### Subsidiaries
Companies controlled directly or indirectly by thyssenkrupp AG that are included in the consolidated financial statements.

### Inventory turnover
Inventories divided by sales, multiplied by 360
(the lower the ratio, the faster the inventory turnover)

### Debtor payment term
Trade accounts receivable divided by sales, multiplied by 360
(the lower the ratio, the faster the customers pay)

# Contact and 2023 / 2024 financial calendar

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## 2023 / 2024 financial calendar

### February 3, 2023
Annual General Meeting

### February 14, 2023
Interim report 1st quarter 2022 / 2023 (October to December)

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

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

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

### February 2, 2024
Annual General Meeting

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