



thyssenkrupp

Annual report 2022/2023

engineering.tomorrow.together.

thyssenkrupp at a glance

(As of September 30, 2023)



48 countries

~ 800 sites

4 regional platforms

7 segments

Materials
Services

Bearings

Forged
TechnologiesAutomotive
TechnologySteel
EuropeMarine
SystemsMulti
Tracks

		2022 / 2023	Change in %
Order intake ¹⁾	million €	37,060	(16)
Net sales ¹⁾	million €	37,536	(9)
Adjusted EBIT ^{1), 2)}	million €	703	(66)
Net income/(loss) ¹⁾	million €	(1,986)	--
Earnings per share ¹⁾	€	(3.33)	--
Free cash flow before M&A ¹⁾	million €	363	++
Net financial assets (Sept. 30)	million €	(4,325)	(18)
tkVA	million €	(2,818)	--
Market capitalization	million €	4,501	65
Dividend per share ³⁾	€	0.15	-

¹⁾ Group continuing operations²⁾ See preliminary remarks³⁾ Proposal to the Annual General Meeting

~ 100,000

employees work together on
forward-looking solutions for our
customers.

	2022 / 2023		
million €	Order intake	Net sales	Adjusted EBIT ^{1), 2)}
Materials Services	13,684	13,613	178
Bearings ²⁾	1,151	1,149	101
Forged Technologies ²⁾	1,607	1,598	102
Automotive Technology	5,428	5,479	223
Steel Europe	12,189	12,375	320
Marine Systems	959	1,839	80
Multi Tracks ²⁾	3,735	3,167	(132)
Corporate Headquarters	6	7	(169)
Reconciliation	(1,700)	(1,691)	0
Group continuing operations ²⁾	37,060	37,536	703
Discontinued elevator operations ²⁾	0	0	0
Full group	37,060	37,536	703

¹⁾ See reconciliation in segment reporting (Note 24)²⁾ See preliminary remarks~ €38
billionsales generated by thyssenkrupp in
fiscal year 2022 / 2023.

Contents

1

4	To our shareholders
5	Interview with Miguel López
10	Executive Board
11	Report by the Supervisory Board
20	thyssenkrupp stock

2

23	Combined management report
24	Preliminary remarks
26	Fundamental information about the group
40	Report on the economic position
91	Annual financial statements of thyssenkrupp AG
97	Climate, energy and environment
100	Technology and innovations
104	Purchasing
107	Employees
115	Social responsibility
116	Compliance
120	EU Taxonomy
133	Overview of non-financial disclosures
134	Forecast, opportunity and risk report
162	Takeover-related disclosures
165	Corporate governance statement

3

178	Consolidated financial statements
179	thyssenkrupp group – statement of financial position
181	thyssenkrupp group – statement of income
182	thyssenkrupp group – statement of comprehensive income
184	thyssenkrupp group – statement of changes in equity
186	thyssenkrupp group – statement of cash flows
188	thyssenkrupp group – notes to the financial statements
286	Independent auditor's report
295	Responsibility statement

4

296	Additional information
297	Multi-year overview
299	Compensation report 2022 / 2023
331	Independent auditor's opinion on the audit of the compensation statement in accordance with § 162 (3) AktG
333	Executive Board
334	Supervisory Board
337	Glossary
339	Contact and 2024 / 2025 financial calendar

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

5	Interview with Miguel López
10	Executive Board
11	Report by the Supervisory Board
20	thyssenkrupp stock

To our shareholders



INTERVIEW WITH MIGUEL LÓPEZ

“We are making thyssenkrupp an enabler of the green transformation.”

Miguel López has been CEO of thyssenkrupp AG since June 1, 2023. In this interview, he talks about the progress thyssenkrupp has made in its transformation despite the challenging conditions and where he sees its main future opportunities.



Mr. López, you took on your new role four months ago. What picture have you gained of thyssenkrupp?

First: thyssenkrupp has strong foundations that we can build on to utilize opportunities. thyssenkrupp is a world-renowned brand with cutting-edge technologies for the green transformation, a long-standing customer base and a highly motivated workforce. I've seen that every day in the past months. Second: we are well aware that there are some clear challenges we need to address.

Can you specify them?

Our portfolio is still too complex. We will therefore be streamlining it further. We are continuing to explore stand-alone options for Steel Europe and Marine Systems. And we are still pursuing the plans to dispose of Automation Engineering and Springs & Stabilizers.

In the course of our transformation process, we also need to improve cash generation so it is significantly positive on a sustainable basis, come closer to achieving our financial targets and offer our shareholders a satisfactory return. Our overarching goal is therefore still to improve the performance and competitiveness of all our businesses.

Looking back, how do you see the past fiscal year?

Economically, it was a challenging year in which we achieved a robust performance. Our key performance indicators, adjusted EBIT and free cash flow before M&A, performed in line with our expectations. Earnings were held back by the pressure on margins at Materials Services resulting from the drop in material prices and by high raw material and energy costs and lower revenues at Steel Europe. That was only partly offset by the improvement in earnings at Automotive Technology, Marine Systems and Multi Tracks. However, we achieved a strong improvement in free cash flow before M&A to €363 million, which is significantly above the prior-year figure.

In September we introduced a holistic, group-wide improvement program to help us reach our financial targets and achieve a long-term improvement in the performance of our businesses. We also drove forward the realignment of our portfolio, focused our businesses on future-oriented topics and further enhanced the visibility of our green technologies. The successful IPO of thyssenkrupp nucera, in particular, and the establishment of the new Decarbon Technologies segment are important milestones in the thyssenkrupp transformation process.

“thyssenkrupp has strong foundations that we can build on to utilize opportunities.”

“We have world-leading technologies that can reduce a large proportion of today’s CO₂ emissions. That offers enormous potential.”

You mention the new Decarbon Technologies segment. Why does thyssenkrupp need a new segment?

thyssenkrupp has world-leading technologies that can reduce a large proportion of today’s CO₂ emissions. That offers enormous potential: we want to systematically access that potential and translate it into value-enhancing growth.

That is why we established the Decarbon Technologies segment – our “green industry powerhouse” – at the start of fiscal year 2023/2024. In this way, we are positioning the company as a technology leader for the energy transition and making our extensive expertise for the green transformation fully visible.

What exactly does the new segment look like?

Decarbon Technologies brings together four businesses with key technologies for the energy transition. Rothe Erde is the global #1 in the latest generation of slewed bearings, so it plays an important part in making the energy transition possible. Uhde is a global technology leader in the ammonia chain, which will be making greater use of green production processes in the future. Polysius is an enabler for the climate-neutral transformation of the cement industry with innovative technologies such as its patented Oxyfuel process. thyssenkrupp nucera is one of the world’s leading suppliers of electrolysis plants for the production of green hydrogen.

The common feature of all these businesses, which employ around 15,000 people, is that they have decades of experience and wide-ranging expertise in their industries. Moreover, they have an extensive installed basis and close customer relationships. That is an excellent starting point for profitable growth in the future.



In parallel with the realignment of the portfolio, you have rolled out the APEX performance program. What does the name mean?

APEX means peak and symbolizes the goal of this new holistic improvement program: in the long-term, we want to tap into the full potential of our businesses' cutting-edge technologies.

What exactly does that mean?

APEX is designed to help our businesses quickly and sustainably achieve the financial targets announced at the Capital Market Day in 2021 – which have now been adjusted to reflect the new structure. At the same time, we want to foster a groupwide performance culture. Our businesses have already made considerable progress – but we are not yet where we want to be. We want to use APEX to narrow the gaps. We are aligning every business to financial strength.

What does APEX focus on?

APEX uses sustainable performance improvement method that is being rolled out groupwide. The businesses apply the methodology on the basis of their requirements and define the content and measures to be taken. They are also responsible for implementation and for their own success. At a range of workshops across all segments, experts from the businesses have now identified additional cash and performance measures in the five areas of action: assets/CAPEX, business models and sales, material costs, net working capital and organization. Some of these are already being implemented at segment level.

What role do employees play in the transformation process?

Our employees are crucial for the success of our transformation. Their commitment is essential to achieve our ambitious goals. That includes systematically questioning established approaches. It is not just about cutting costs. It is also about being bold and creative, being open to change and developments in our business models: for example, greater modularization and standardization of products or extending our profitable service business.

thyssenkrupp is still working intensively on stand-alone options for Steel Europe and Marine Systems. What is the status of these projects?

Rising global demand and long-term structural increases in defense budgets offer additional potential for Marine Systems – in addition to the positive effects of performance improvements. That puts us in a stronger position to develop the best possible structure for Marine Systems: we are still aiming to place the business on a stand-alone basis or enter into alliances to improve the global competitive position of this segment.

One important basis for a stand-alone solution for the steel business is and remains the green transformation of the segment. Important steps forward were made at Steel Europe in the past fiscal year. For example, we received approval for state aid of around €2 billion from federal and state government in Germany for our “tkH2Steel” project. That will make thyssenkrupp a pioneer in climate-neutral steel production.

You mentioned the transformation of thyssenkrupp Steel. How do you see it developing?

For many of our customers, climate-neutral steel plays a key role in meeting their own climate targets. Therefore, I am convinced that in the future the sector cannot do without green steel. thyssenkrupp Steel Europe is doing important pioneering work here. To enable that work to bear fruit, sufficient quantities of green electricity and hydrogen need to be available in the long term – at competitive prices. That is the only way to keep as much production as possible in Germany and exploit our technological edge in green steel. However, thyssenkrupp cannot secure the supply of green hydrogen and green electricity at competitive prices on its own. That is a joint task for politicians and industry. Therefore, we are talking – for example – with possible project partners, including partners in other sectors.

What is the idea behind such partnerships?

Partnerships like this would have big benefits for both sides. It is clear that thyssenkrupp Steel will be one of the biggest consumers of green electricity in the future. Through long-term partnerships, we can give energy producers the reliable planning base they need for substantial investments in the expansion of renewable energy. In return, thyssenkrupp Steel would also get a reliable planning base in terms of competitive prices and long-term access to large quantities of environmentally friendly electricity or hydrogen. That is a classic win-win situation.

What plans does thyssenkrupp have for the new fiscal year?

In the new fiscal year, we will be sharpening our focus on performance and the green transformation. We have paved the way for that by introducing APEX and setting up Decarbon Technologies. Moreover, Automotive Technology is enabling sustainable mobility through technolo-

gies that are largely independent of the type of powertrain. And Materials Services is contributing to sustainable supply chains and a resource-saving circular economy. As you can see, all segments at thyssenkrupp have enormous growth potential in the area of sustainability. We want to leverage this optimally. We are making thyssenkrupp an enabler of the green transformation.

“All segments have enormous growth potential in the area of sustainability. We want to leverage that optimally.”



Executive Board



Oliver Burkhard

*1972, Chief Human Resources Officer (CHRO) since February 1, 2013, Labor Director since April 1, 2013, appointed until September 30, 2028

Miguel Ángel López Borrego

*1965, Chief Executive Officer (CEO) since June 1, 2023, appointed until March 31, 2026

Dr. Klaus Keysberg

*1964, Chief Financial Officer (CFO) since October 1, 2019, appointed until July 31, 2024

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 2022 / 2023 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. The year was once again overshadowed by geopolitical crises and uncertainties. Russia's war of aggression against Ukraine is continuing and its future course is uncertain. The relationship between the democratic, industrialized countries and autocratic states is changing and is a matter of intense concern for politicians and companies. In October this year, the situation in the Middle East flared up again as a consequence of the terrorist attack by Hamas. We were relieved that Covid has now basically passed or at any rate has become relatively manageable. However, the various crises in the world are a cause of considerable concern

and require great vigilance. At the end of 2022, one threat – cybercrime – became a concrete experience rather than an abstract scenario for us at thyssenkrupp. The company's IT infrastructure was the direct target of an attack. The attackers were detected and isolated in time, preventing considerable damage to the company and its employees. However, it showed how alert we need to be and how serious the threat is.

One issue at the top of the agenda for politicians, industry and society is the fight against climate change. That has special dimensions for our company. A key milestone for us and for the achievement of the climate targets in Germany and Europe was the EU Commission's approval for the German government and the state of North Rhine-Westphalia to provide funding of around €2 billion for the construction of thyssenkrupp Steel's first direct reduction plant in Duisburg. Other elements in the transformation of thyssenkrupp are the successful IPO of our hydrogen subsidiary thyssenkrupp nucera in a challenging capital market environment and the establishment of our new Decarbon Technologies segment, which the company prepared in the fourth quarter and implemented at the start of the new fiscal year. This brings our competencies and the potential of our portfolio into our focus and draws them to the attention of prospective customers around the world. Our technologies and solutions can make a substantial contribution to the decarbonization of the world.

I would specifically like to draw attention to various personnel matters relating to the Executive Board of thyssenkrupp AG. In November 2022, the Supervisory Board extended the appointment of CHRO Oliver Burkhard, who has been a member of the Executive Board and Labor Director of thyssenkrupp AG since 2013, by a further five years to the end of September 2028. He is doing an excellent job in difficult times and has also been setting a clear direction as CEO of thyssenkrupp Marine Systems since May 2022.

At the end of April Martina Merz requested talks on early termination of her service contract and left the company by mutual agreement on May 31, 2023. We secured the services of Miguel Ángel López Borrego to succeed her as CEO of thyssenkrupp AG with effect from June 1, 2023. On behalf of the Supervisory Board, I would like to extend our sincere thanks to Martina Merz for her tremendous commitment to thyssenkrupp in a period that was exceptionally challenging for the global economy, for our country and above all for our company. She instigated the necessary restructuring of thyssenkrupp in a decisive phase for the company with great circumspection and strategic rationale. Mr. López has taken up the change process that has been initiated and is consistently driving it forward. At its heart is the logical alignment of the businesses to future viability.

Furthermore, Dr. Klaus Keysberg has decided not to renew his contract when it ends on July 31, 2024. He has served the thyssenkrupp group in various senior management positions for nearly 28 years and has been a member of the Executive Board of thyssenkrupp AG and CFO since October 2019. I would like to thank Dr. Klaus Keysberg for his long commitment to the company in a wide range of roles and especially for his work on the Executive Board in the past four years. During this time he supported the extensive change process at the company with wisdom and great circumspection and made a key contribution to the progress that has been made in the transformation of thyssenkrupp.

Cooperation between Supervisory Board and Executive Board

In fiscal year 2022 / 2023 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 regularly reports 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 gives its approval for individual business transactions.

The Supervisory Board and Executive Board worked together intensively and shared information. At 14 meetings of the Executive Committee, the majority of which were attended by Executive Board members and occasionally by external advisors as well, all topics were discussed in detail and meetings of committees and the Supervisory Board were prepared and followed up.

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 at the latest at 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.

The Supervisory Board members are required by law and by the German Corporate Governance Code (GCGC) to immediately disclose any conflicts of interest. In the past fiscal year, there were no conflicts of interest relating to Executive Board or Supervisory Board members that would have had to be disclosed immediately to the Supervisory Board.

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 information events and training sessions on specific topics. In fiscal year 2022 / 2023, the Supervisory Board held a training session with external support on ESG regulations and frameworks of relevance for the Supervisory Board. Tours of thyssenkrupp sites and further training sessions with external support are already planned for fiscal year 2023 / 2024. There is an established onboarding process to familiarize new Supervisory Board members with the thyssenkrupp business model, group structures and special topics. The Corporate Office acts as coordinator. In addition, it provides information on rights and obligations, offers support in the form

of personal discussions and ensures that the necessary documents and authorizations for digital information interchange are provided.

Supervisory Board meetings

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 seven out of a total of 39 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 98.3%. The following table shows attendance in individualized form:

ATTENDANCE RATE AT THE MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES FY 2022/2023

	Supervisory Board Meetings			Committee Meetings		
	Meetings	Attended	Attendance rate in %	Meetings	Attended	Attendance rate in %
Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm, Chairman	7	7	100.00%	27	27	100.00%
Jürgen Kerner, Vice Chairman	7	7	100.00%	26	24	92.31%
Birgit A. Behrendt	7	7	100.00%	./.	./.	./.
Dr. Patrick Berard (since Feb. 3, 2023)	5	5	100.00%	./.	./.	./.
Stefan Erwin Buchner	7	7	100.00%	./.	./.	./.
Dr. Wolfgang Colberg	7	7	100.00%	4	3	75.00%
Prof. Dr. Dr. h.c. Ursula Gather	7	7	100.00%	5	5	100.00%
Angelika Gifford	7	7	100.00%	./.	./.	./.
Dr. Bernhard Günther	7	7	100.00%	27	27	100.00%
Achim Hass	7	7	100.00%	./.	./.	./.
Friederike Helfer (until Feb. 3, 2023)	2	2	100.00%	2	2	100.00%
Tanja Jacquemin	7	7	100.00%	5	5	100.00%
Daniela Jansen	7	7	100.00%	7	7	100.00%
Christian Julius	7	7	100.00%	./.	./.	./.
Thorsten Koch	7	7	100.00%	1	1	100.00%
Katrin Krawinkel (since Jan. 1, 2023)	3	3	100.00%	./.	./.	./.
Dr. Ingo Luge	7	7	100.00%	6	6	100.00%
Tekin Nasikkol	7	7	100.00%	31	30	96.77%
Peter Remmler (until Feb. 3, 2023)	2	2	100.00%	1	1	100.00%
Dirk Sievers (until June 20, 2023)	5	5	100.00%	20	19	95.00%
Dr. Verena Volpert	7	7	100.00%	5	5	100.00%
Ulrich Wilsberg (since Feb. 3, 2023)	5	5	100.00%	4	3	75.00%
Isolde Würz (until Dec. 31, 2022)	1	1	100.00%	./.	./.	./.
Kirstin Zeidler (since July 7, 2023)	1	1	100.00%	./.	./.	./.

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

In total, seven 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, 2022. 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 2021 / 2022 and thus adopted the parent-company financial statements.

Further topics were corporate governance, the thyssenkrupp approach to the internal control system (ICS), compliance and the mandatory EMIR audit for fiscal year 2021 / 2022 pursuant to § 32 German Securities Trading Act (WpHG), as well as the regular updates on all segments.

The reports by the Executive Board on the state of the thyssenkrupp group and its ongoing development were supplemented by more detailed reports on the CO₂ roadmap and status updates on the value and development plans of the individual segments. This formed the basis for the continued intensive discussions on improving performance, portfolio measures and the short- and medium-term earnings targets for all segments. On the basis a focused analysis of value drivers along the entire length of the segments' value chains, the Supervisory Board regularly discussed the performance targets and the extent to which they had been achieved, together with recommendations for implementing the necessary measures faster. The Supervisory Board also discussed in detail the business and investment plans for fiscal year 2023 / 2024, which were adopted at the September meeting. The portfolio topics considered intensively included the IPO of thyssenkrupp nucera and the plans to place the Marine Systems and Steel Europe segments on a stand-alone basis. In particular, detailed consideration was given to the measures needed for the green transformation of Steel Europe, for example, the decision to build the first direct reduction plant at the Duisburg site and the related significant investment. Another focal topic was the establishment of the new Decarbon Technologies segment and the associated portfolio restructuring to position thyssenkrupp clearly as a technology leader for the energy transition.

Following examination of the recommendations and suggestions of the GCGC, in fiscal year 2022 / 2023, the Supervisory Board adopted a resolution to issue the declaration of conformity. The current declaration of conformity, issued at October 1, 2023, 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, 2023, are shown in the section "Supervisory Board."

The **Executive Committee** (Präsidium) met 14 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 and topics relating to the transformation of thyssenkrupp.

The **Personnel Committee** held seven meetings in fiscal year 2022 / 2023 in order to prepare personnel matters concerning members of the Executive Board of thyssenkrupp AG for the Supervisory Board. Where required, resolutions were passed or recommendations for resolutions were made to the Supervisory Board. Alongside the personnel change on the Executive Board, the meetings focused on decisions on aspects of compensation, especially setting the variable compensation, the review during the year of the defined individual targets and the disclosures in the compensation report pursuant to § 162 German Stock Corporation Act (AktG) as well as preparations for Executive Board contracts and the termination of such contracts. The committee also dealt with general Executive Board matters, partly in the context of benefits for former Executive Board members, as well as succession planning for the Executive Board.

The **Audit Committee** met five times in fiscal year 2022 / 2023. Alongside Executive Board members, following the election of KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (KPMG) as the auditor at the 2023 Annual General Meeting and its formal appointment by the Audit Committee, representatives of KPMG were present at the meetings. KPMG gave the Audit Committee a declaration that no circumstances exist that could lead to the assumption of prejudice by the auditors. The Audit Committee obtained the required auditors' statement of independence, reviewed their qualification and concluded a fee agreement with the auditors. In addition, a survey with a reduced scope was carried out on satisfaction with the auditor; the results of this as well as the additional services provided by KPMG alongside the audit of the financial statements were discussed in the Audit Committee.

Dr. Verena Volpert, Chair of the Audit Committee, 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.

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 and the combined corporate governance statement of the Executive Board and Supervisory Board, as well as on preparing the Supervisory Board resolutions on these items. In addition, the interim financial reports for fiscal year 2022 / 2023 (half-year and quarterly reports) were discussed in detail and adopted, taking into account the auditors' review reports. With regard to the relationship with KPMG, the list of non-audit services provided by the statutory auditor that require approval was established and the budget for the performance of non-audit services for fiscal year 2023 / 2024 was set.

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: "Audit of key measures in the internal control system and the risk management system to support the Executive Board's statement on their effectiveness pursuant to GCGC A.5." The auditors reported the results of their audit to the Audit Committee at its meeting on November 16, 2023.

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 2022 / 2023, including audit support for the investment in Steel Europe's first direct reduction plant. 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 2021 / 2022 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 five meetings in fiscal year 2022 / 2023. 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. As in the previous year, the other main topics addressed by the committee included the progress towards stand-alone solutions for Marine Systems and Steel Europe segments. The committee also looked intensively at Steel Europe's investment application for the erection of the first direct reduction plant and the related feasibility study. Further areas of focus were the assessment of the risk of cyberattacks, the successful interception of an actual attack on the IT infrastructure of some units in the thyssenkrupp group and the enhancement of IT security measures, financing and liquidity planning and the review of the profitability of specific completed investment projects. Finally, in September 2023, the committee dealt at length with the group's business and investment plans for fiscal year 2023 / 2024 and decided on those plans. At the September meeting, the committee also discussed a partial realignment of the group's structure and recommended the following resolution to the Supervisory Board: The Rothe Erde business unit (Bearings business unit until September 30, 2023) and the Uhde, Polysius and thyssenkrupp nucera business units should be combined in the new Decarbon Technologies segment effective October 1, 2023. By establishing this new segment, thyssenkrupp is positioning itself as a technology leader for the energy transition and thus underscoring its extensive expertise for the green transformation.

The members of the **Nomination Committee** held one meeting in the past fiscal year. 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 and expertise – the composition of the Supervisory Board is appropriate. Since one shareholder representative was stepping down, the members of the Nomination Committee proposed a successor for election at the Annual General Meeting.

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 3, 2023 to audit the financial statements for fiscal year 2022 / 2023, KPMG audited the parent-company financial statements for the fiscal year from October 1, 2022 to September 30, 2023 prepared by the Executive Board in accordance with the German Commercial Code (HGB) 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 Art. 315e of the German Commercial Code (HGB), the consolidated financial statements of thyssenkrupp AG for the fiscal year from October 1, 2022 to September 30, 2023 and the management report on the thyssenkrupp group were prepared on the basis of International Financial Reporting Standards (IFRS) as applicable in the European Union. The consolidated financial statements and the combined management report were also given an unqualified audit opinion by KPMG. The 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 2022 / 2023 were discussed in detail in the meetings of the Audit Committee on November 16, 2023 and the Supervisory Board on November 21, 2023. 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 2, 2024, to pay a dividend of €0.15 dividend-bearing per share for fiscal year 2022 / 2023.

Personnel changes on the Supervisory Board

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

On the shareholder representatives side, Friederike Helfer stepped down from the Supervisory Board with effect from the end of the Annual General Meeting on February 3, 2023. Dr. Patrick Berard was elected as her successor.

On the employee representatives side, Isolde Würz stepped down as of December 31, 2022, Peter Remmler resigned with effect from the end of the 2023 Annual General Meeting and Dirk Sievers left the Supervisory Board on June 20, 2023. Katrin Krawinkel, Ulrich Wilsberg and Kirstin Zeidler were appointed by the court to succeed them as members of the Supervisory Board from January 1, 2023, February 3, 2023 and July 7, 2023, 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 significant efforts and achievements in fiscal year 2022 / 2023.

The Supervisory Board



Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm
Chairman
Essen, November 21, 2023

thyssenkrupp stock

KEY DATA OF THYSSENKRUPP STOCK

		2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
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 €	7,912	2,683	5,715	2,733	4,501
Closing price end September	€	12.71	4.31	9.18	4.39	7.23
High	€	20.90	13.82	11.95	11.29	7.70
Low	€	9.41	3.55	3.88	4.22	4.53
Total Shareholder Return (TSR) ¹⁾	%	(40)	(52)	61	(39)	31
Dividend per share	€	—	—	—	0.15	0.15 ³⁾
Dividend yield	%	—	—	—	3.4	2.1
Dividend payout	million €	—	—	—	93	93 ³⁾
Earnings per share (EPS)	€	(0.49)	15.40	(0.18)	1.82	(3.33)
Number of shares (outstanding ²⁾)	million shares	622.5	622.5	622.5	622.5	622.5
Trading volume (daily average)	million shares	5.1	4.6	4.1	4.1	3.8

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

²⁾ Weighted average

³⁾ Proposal to the Annual General Meeting

thyssenkrupp stock master data

ISIN¹⁾

Shares DE 000 750 0001

ADR²⁾ US88629Q2075

Symbols

TKA Frankfurt, Düsseldorf

TKAMY ADR (over-the-counter-trading)

¹⁾ International Stock Identification Number

²⁾ American Depositary Receipt

Stock price performance

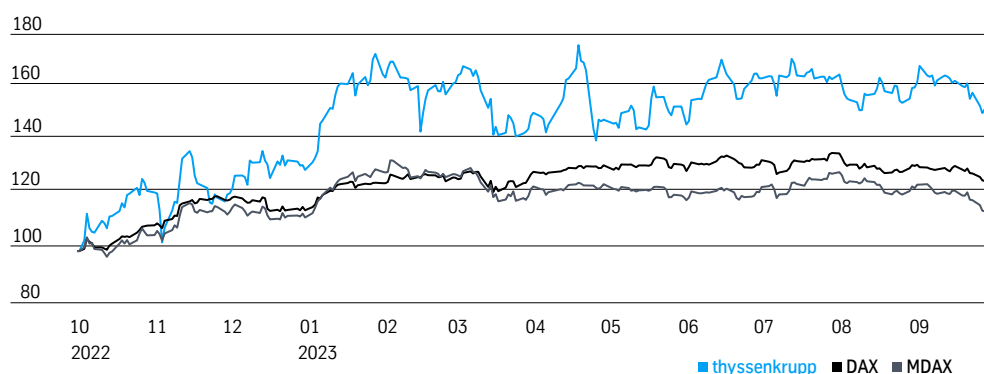
Overall, thyssenkrupp's stock clearly outperformed the market as a whole in fiscal year 2022 / 2023, based on the DAX and MDAX indices. The main influences were the robust operating performance and the sound financial position of thyssenkrupp AG. Upside potential also came from marketing in connection with the IPO of thyssenkrupp nucera.

thyssenkrupp's stock declined significantly from mid-April in the wake of the turbulence in the banking sector. Investors' initially cautious response to the announcement of the change of CEO at the end of April was followed by renewed optimism, enabling the stock to benefit from the positive market trend at the end of the fiscal year and recoup the interim losses.

Shares in thyssenkrupp reached a high for the year of €7.70 on April 18, 2023. The lowest point in the past fiscal year was €4.53 on November 3, 2022. On September 30, 2023 the stock stood at €7.23, which was more than 60% higher than a year earlier; the DAX and MDAX rose by 27% and 16% respectively in the course of the fiscal year.

PERFORMANCE OF THYSSENKRUPP STOCK RELATIVE TO DAX AND MDAX

Indexed, fiscal year 2022 / 2023



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 worldwide, 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 as of the reporting date. The Krupp Foundation's shareholding is not included in the free float.


Within the framework of its continuous investor relations activities, thyssenkrupp maintains an intensive dialog with shareholders and potential investors. At roadshows and investor conferences in the past fiscal year, discussions focused on the improvement in the group's operating performance, implementation of the transformation, the company's strategic focus, growth prospects for thyssenkrupp nucera (hydrogen electrolysis) and its IPO, and possible stand-alone solutions for the steel business and Marine Systems. There was also much discussion of sustainability-related topics. In this context, the dialog with investors on governance topics continued both ahead of the Annual General Meeting and during the year. The Chairman of the Supervisory Board played an active role in this. Information on the various events is available on the readily accessible investor relations site on thyssenkrupp's website.

Successful stock market listing of thyssenkrupp nucera

Shares in thyssenkrupp nucera were listed on the stock market for the first time on July 7, 2023. In the course of the IPO, more than 30 million shares were placed, including over 26 million new shares from a capital increase. The issue price was set at €20 per share. thyssenkrupp nucera's market capitalization as of this date was therefore around €2.53 billion. Since thyssenkrupp AG still holds over 50% of the shares, thyssenkrupp shareholders continue to benefit from the considerable growth prospects of this company, which is important for the decarbonization of many industries. Furthermore, the IPO is an important step in the transformation process of the entire thyssenkrupp group.

Dividend proposal: €0.15 per no-par share

The Executive Board and Supervisory Board will submit a proposal to the Annual General Meeting on February 2, 2024 that a dividend of €0.15 per share should be paid for fiscal year 2022 / 2023.

 www.thyssenkrupp.com >
Investors

24	Preliminary remarks	97	Climate, energy and environment
26	Fundamental information about the group	100	Technology and innovations
26	Profile and organizational structure	104	Purchasing
29	Strategy	107	Employees
34	Management of the group	115	Social responsibility
36	Targets	116	Compliance
40	Report on the economic position	120	EU Taxonomy
40	Macro and sector environment	133	Overview of non-financial disclosures
46	Summarized assessment by the Executive Board	134	Forecast, opportunity and risk report
50	Forecast-actual comparison	134	2023 / 2024 forecast
52	Group review	137	Opportunity and risk report
58	Segment review	162	Takeover-related disclosures
81	Results of operations and financial position	165	Corporate governance statement
91	Annual financial statements of thyssenkrupp AG		

Combined management report

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 on the position and the expected development of the group and of thyssenkrupp AG. The information on thyssenkrupp AG is presented in the section headed "Annual financial statements of thyssenkrupp AG" in the report on the economic position, with disclosures in accordance with the German Commercial Code (HGB). We report in accordance with the German Accounting Standard 20 (GAS 20) "Group Management Report." For several years now, we have used an integrated reporting approach: the combined non-financial statement pursuant to Art. 289b of the German Commercial Code (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 the internal management model applied by thyssenkrupp in fiscal year 2022 / 2023. Bearings and Forged Technologies, which were part of the Industrial Components segment in the previous year, are now presented as separate segments: the prior-year figures have been restated accordingly. In the thyssenkrupp Group's new segment structure, which was resolved in the 4th quarter of fiscal year 2022 / 2023 and introduced effective October 1, 2023, the Bearings business unit was transferred to the Decarbon Technologies segment and the Forged Technologies business unit was transferred to the Automotive Technology segment.

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

Since the sale of the Elevator Technology business at the end of July 2020, thyssenkrupp has held an investment that was part of the consideration received for the sale. This investment is allocated to the Multi Tracks segment. For further details regarding this investment, see also Note 03 (Single assets held for sale, disposal groups and discontinued operation) and Note 22 (Financial instruments). Irrespective of the deconsolidation already recognized, in the prior year subsequent expenses and income and cash flows directly related to the sale of the elevator activities were still reported separately in the statement of income and the statement of cash flows. In fiscal year 2022 / 2023, the subsequent expenses and cash flows are no longer presented separately on the grounds of immateriality.

Hedge accounting for CO₂ forward contracts in the Steel Europe segment was discontinued at the start of the 2022 / 2023 fiscal year. As a result, changes in fair value are no longer recognized directly in equity and thus outside of profit and loss but in cost of sales in the statement of income. In the reporting year, the gains from the measurement of CO₂ forward contracts totaled €58 million; in the 4th quarter, this item contained losses of €37 million. The corresponding income and expenses are

special items and did not affect the adjusted EBIT of the Steel Europe segment or the thyssenkrupp group.

The business performance is presented by segment. Each section starts with a brief description of the business model.

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 or the audit.


Fundamental information about the group

Profile and organizational structure

Value proposition

thyssenkrupp is an international industrial and technology group. 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 improve our own energy and climate efficiency. At the same time, we want to use our diverse abilities along the relevant value chains to provide key support for customers in the 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

To enhance the visibility of thyssenkrupp’s capabilities in paving the way for and shaping the green transformation and to give the businesses operating in this growth market a new profile within the group, in the 4th quarter of fiscal year 2022 / 2023 we decided to realign our portfolio effective October 1, 2023. Specifically, we combined our key technologies for the decarbonization of industry in a new Decarbon Technologies segment. The Bearings and Forged Technologies business units, which were grouped in the Industrial Components segment in the past fiscal year were transferred to the new Decarbon Technologies Group and to Automotive Technology respectively. For further details of the realignment of the portfolio, please refer to the “Strategy” subsection.

For the purpose of segment reporting, in the past fiscal year our business activities were bundled in seven segments: Materials Services, Bearings, Forged Technologies, Automotive Technology, Steel Europe, Marine Systems and Multi Tracks.

The segments are generally divided into business units and operating units. In the past fiscal year, Marine Systems, Bearings and Forged Technologies were managed as business units directly by thyssenkrupp AG. As of September 30, 2023, 320 companies and 20 investments accounted for by the equity method are included in the consolidated financial statements; overall we consolidate companies from 48 countries.

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.”

48

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

Corporate Headquarters

thyssenkrupp AG

Segments




thyssenkrupp AG is responsible for the strategic management of the group. The individual segments 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. In addition to performance management, Corporate Headquarters concentrates on portfolio management, governance tasks, management development and the allocation of investment funds.

Strategy

Continuing the transformation process

thyssenkrupp is continuing to drive forward its transformation in a challenging and rapidly changing macroeconomic environment. The aim is to realign thyssenkrupp as a sustainable and high-performing company with lean management structures and a clearly defined portfolio focused on profitable growth. The framework for this comprises our brand and our values.

 www.thyssenkrupp.com >
Company > Strategy

To optimally develop the businesses of thyssenkrupp AG, the company is continuing to focus its transformation specifically on the opportunities for our technologies arising from future-oriented issues. We consider that the green transformation offers enormous potential for further profitable growth both now and, in particular, in the medium and long term, for example, in the areas of hydrogen, green chemicals, renewable energy, e-mobility and supply chains.

At the same time, we want to improve the performance of all our segments. The declared aims are for the segments to make a sustained positive value and cash flow contribution for the group and to pay a reliable dividend to our shareholders.

To achieve all these goals, thyssenkrupp will consistently pursue the route it has embarked on. The framework for this comprises three areas of action: portfolio, performance and green transformation.

Portfolio

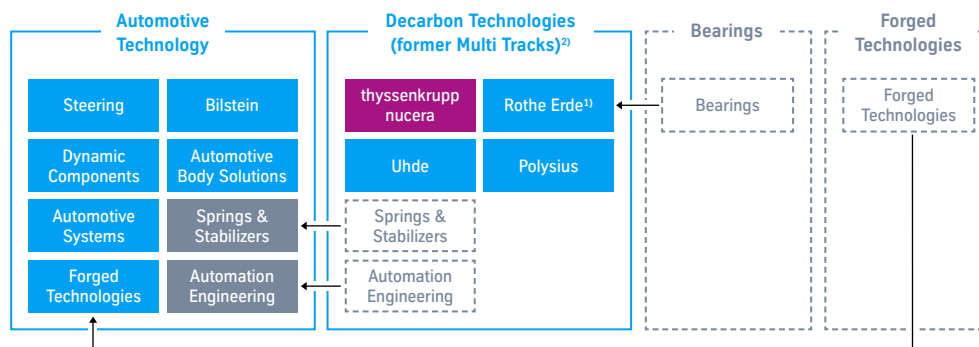
A clear decision has been taken on the direction of thyssenkrupp: we want every individual business to develop in the best possible way and to achieve a sustainable competitive position – both economically and in terms of environmental and climate protection. Therefore, we continuously review and assess the development potential of all individual businesses to find the constellation that offers the best future prospects for them from the perspective of all stakeholders.

To ensure the best possible development of our businesses and focus our portfolio on high-growth markets, we are also continuing to pursue avenues that could involve a change in their ownership structure. Having completed the divestment of individual activities in the course of our transformation and closed the heavy plate business in the Multi Tracks segment, in July 2023 we successfully listed our electrolysis business, thyssenkrupp nucera, on the stock market. In this way, we have created new financial headroom for our hydrogen subsidiary so that it can continue to grow and expand its market leadership.

At the start of fiscal year 2023 / 2024 we took the next step in the sustainable realignment of our group: since October 1, 2023, the bearings business Rothe Erde (reported separately as the Bearings segment as of September 30, 2023) Uhde, Polysius and thyssenkrupp nucera (all three reported in the Multi Tracks segment until September 30, 2023) have been bundled in the new Decarbon Technologies segment. All four businesses have key technologies for the decarbonization of the industry.

By establishing this new segment, thyssenkrupp is positioning itself as a technology leader for the energy transition and ensuring full visibility of its extensive expertise for the green transformation. The former Multi Tracks segment has been dissolved. The remaining businesses from the Multi Tracks segment – Automation Engineering and Springs & Stabilizers – are now part of the Automotive Technology segment. Forged Technologies (reported as a separate segment as of September 30, 2023) is now part of Automotive Technology as the end-customer structure is the same.

SEGMENT DECARBON TECHNOLOGIES AS A “GREEN INDUSTRIAL POWERHOUSE” AND SIMPLIFICATION OF THE PORTFOLIO STRUCTURE



¹⁾ until September 30, 2023 Bearings

²⁾ Shareholding in TK Elevator has been allocated to “Reconciliation” in segment reporting since October 1, 2023.

Consequently, thyssenkrupp's activities are now organized in five segments: Automotive Technology, Decarbon Technologies, Materials Services, Steel Europe, and Marine Systems.

PORTFOLIO FROM FISCAL YEAR 2023 / 2024 ONWARDS

Automotive Technology (pro forma)	Decarbon Technologies (pro forma)	Materials Services	Steel Europe	Marine Systems (pro forma) ²⁾
2022 / 2023 Sales €7,910 million Adjusted EBIT €266 million Employees ¹⁾ 31,689	2022 / 2023 Sales €3,438 million Adjusted EBIT €28 million Employees ¹⁾ 15,101	2022 / 2023 Sales €13,613 million Adjusted EBIT €178 million Employees ¹⁾ 16,329	2022 / 2023 Sales €12,375 million Adjusted EBIT €320 million Employees ¹⁾ 26,822	2022 / 2023 Sales €1,832 million Adjusted EBIT €73 million Employees ¹⁾ 7,745

¹⁾ September 30, 2023

²⁾ excluding Transrapid GmbH, allocated to "Reconciliation" as part of segment reporting from October 1, 2023

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. We are continuing the disposal processes for Automation Engineering and Springs & Stabilizers initiated under the auspices of the Multi Tracks segment.

In the new Decarbon Technologies segment – our "green industry powerhouse" – we want to systematically access the enormous potential of the green transformation and translate it into value-creating growth. Taking thyssenkrupp nucera as an example, the aim is a turnaround to sustainably profitable business models. This applies above all for Polysius and Uhde, which have successfully embarked on the technological transformation towards green products and services in recent years. The next step is to drive forward the transformation of the business models – for example, through increased modularization and standardization of products and by extending the profitable service business. We also see scope for a common positioning and cross-selling potential because the businesses grouped at Decarbon Technologies have a number of common features: many years of experience, in-depth knowledge of international plant engineering, a successful installed base and close customer relationships.

On the basis of its market position and competitive strength, we still see good development potential for Materials Services. As well as working to improve its performance, we stepped up investment in the future.

We are continuing to drive forward the operational performance of Steel Europe by implementing the Strategy 20-30. Furthermore, at the end of July we received funding approval from the federal and state governments for the investment in the construction of the first direction reduction plant at our Duisburg site. The green transformation initiated by this opens up promising future prospects for the steel activities. It is also an important precondition for the goal of a stand-alone solution for Steel Europe.

At Marine Systems, both the cost-cutting and performance measures and the order situation show a positive trend. Additional growth opportunities for this segment come from rising global demand and long-term structural increases in defense budgets. In view of the specific market and sector situation, alongside further measures to enhance the performance capability of this business, we are continuing to explore options to place it on a stand-alone basis. We are convinced that the planned deconsolidation of this segment offers the best perspectives for its future development.

Performance

The overarching goal of the transformation process is still to boost the performance and competitiveness of all our businesses. This is not simply crucial for the ongoing strategic strengthening the group; it is also the necessary prerequisite for generating a sustained positive free cash flow before M&A for the group and ensuring reliable dividend payments.

Among other things, this requires the businesses to quickly and sustainably achieve the financial targets announced at the Capital Market Day in December 2021 – which have now been adjusted to reflect the new structure – despite the persistently challenging conditions. To support this and the long-term improvement in its performance, the group rolled out a holistic performance program in September 2023. The aim is for the businesses to raise their profitability to the competitive level and to make optimal use of their market opportunities. The program, which is called APEX (“peak”), focuses on optimizing net working capital, with a stricter alignment of all businesses to competitive levels, stricter return and value creation criteria for investment decisions, continued development of our business models and an improvement in performance culture. Further details of our financial targets can be found in the “Targets” subsection.

The businesses remain responsible for the implementation of the measures and their success. To manage this program, we have also set up a Transformation Office at thyssenkrupp AG. This provides proven methodological expertise and process support, a platform for exchange and knowledge transfer, and extensive competitive analyses and best-practice comparisons. Experts from the businesses have now identified additional cash and performance measures at a range of workshops in the five areas of action: assets/CAPEX, business models and sales, material costs, net working capital and organization. Some of these are already being implemented at segment level.

The Executive Board of thyssenkrupp AG will track the progress of APEX using defined milestones. Where necessary, the program will be supplemented by additional measures to ensure that the objectives are achieved.

Green transformation

We have set ourselves the goal of being an enabler for the green transformation of our customers through our products and technologies. Thanks to our expertise in sustainable solutions in various sectors, we are excellently positioned to drive forward the decarbonization of industry and benefit from the associated business opportunities.

The businesses in the new Decarbon Technologies segment in particular have innovative technologies that can reduce a large proportion of today's CO₂ emissions:

- Rothe Erde is the global market leader in slewing bearings and is also one of the largest producers of seamless rolled rings, so it helps make the energy transition possible. There are enormous global plans for the expansion of wind power, offering correspondingly high future growth potential for Rothe Erde.
- In the future, green hydrogen will be produced mainly in regions of the world where green electricity is available cheaply. Ammonia can be used as a transport medium to bring it to where it is needed. Uhde operates worldwide as a plant engineer for the production of green ammonia and synthetic natural gas (SNG) for flexible, CO₂-free use as an energy transport medium, a fuel or a base chemical in many energy-intensive sectors of industry.
- Cement production ranks alongside the steel and chemical industries as one of the main levers for a significant reduction in global CO₂ emissions. With its green technologies, including its patented Oxyfuel plants, Polysius is one of the pioneers of the climate-neutral transformation of the cement industry. Market potential is high because cement producers are under enormous pressure to reduce their CO₂ emissions.
- thyssenkrupp nucera is one of the few suppliers worldwide that can already offer technologies for industrial-scale production of green hydrogen. Following the successful IPO, thyssenkrupp AG will continue to support the development of thyssenkrupp nucera as a long-term anchor shareholder and benefit from its growth opportunities. With more than 600 completed projects, this company is the market leader in the chlor-alkali business.

Our portfolio also includes other promising products and solutions that are essential for the success of the green transformation. Examples are components for automotive engineering that are independent of the type of powertrain and thus enable sustainable mobility and benefit strongly from the electrification of cars and the use of digitalization by Materials Services to improve supply chains.

Alongside the products and solutions that we are driving forward for our customers and partners, we are working intensively on the decarbonization strategy for our own group. The release of the funding of around €2 billion we had applied for the "tkH2Steel" project is a key step: thyssenkrupp will become a pioneer of climate-neutral steel production. This 100% hydrogen-capable direct reduction plant with annual production capacity of 2.5 million tons direct reduced iron allows savings of up to 3.5 million tons CO₂ a year, making thyssenkrupp a significant player in the European hydrogen economy, with the Duisburg site and the federal state of North Rhine-Westphalia as an anchor point for investments in the development of a cross-border hydrogen infrastructure.

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), the return on capital employed (ROCE) and FCF before M&A (free cash flow before mergers and acquisitions).

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

Adjusted EBIT

EBIT provides information on the profitability of a unit. It contains all elements of the income statement relating to operating performance. These include items of financial income/expense that can be characterized as operational, including income and expense from investments where there is a long-term intention to hold the assets. 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. excluding restructuring expenses, impairment losses/impairment reversals, disposal gains or losses and income and expenses in connection with CO₂ forward contracts. 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 in the operating business. Capital employed mainly comprises fixed assets, inventories and receivables. Deducted from this are certain non-interest-bearing liability items such as trade accounts payable. To obtain the cost of capital, capital employed is multiplied by the weighted average cost of capital (WACC), which includes weighted equity and debt. 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

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

Although market conditions remain challenging, our financial targets still apply. Our clear aim is for all businesses to make further significant progress in improving their operating performance and make a sustained positive value and cash flow contribution to thyssenkrupp. Above all, by implementing APEX, the holistic performance program that we rolled out at the end of the reporting year, our goal is for the businesses to quickly and sustainably achieve the medium-term financial targets announced at the Capital Market Day in December 2021, which have now been adjusted to reflect the new structure, and to make optimal use of market opportunities.

In the medium term, the group's adjusted EBIT margin should rise to between 4% and 6%. We are also working hard to achieve a significantly positive free cash flow before M&A. Similarly, reliable payment of a dividend continues to have the highest priority for us.

The medium-term targets for the individual businesses and for Corporate Headquarters, taking into account the realignment of the portfolio effective October 1, 2023, are as follows:

- **Automotive Technology**¹⁾ – sales of over €7.5 billion a year, adjusted EBIT margin of 7-8%, and a cash conversion rate of at least 0.5
- **Decarbon Technologies** – sales of over €5.0 billion a year, adjusted EBIT margin of over 5%, and a cash conversion rate of more than 0.6
- **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%
- **Steel Europe** – increase shipment volumes to around 11 million tons, adjusted EBIT margin of 6-7%, cash conversion rate of over 0.4 and adjusted EBITDA per ton of around €100 over the steel cycle
- **Marine Systems** – annual sales growth of around 7%, adjusted EBIT margin of 6-7%, cash conversion rate of approximately 1.0
- **Corporate Headquarters** – further reduction in administrative expenses

Further information on our segments and the respective measures to achieve the targets can be found in the “Segment review” in the report on the economic position.

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.”

¹⁾ Without Automation Engineering and Springs & Stabilizers

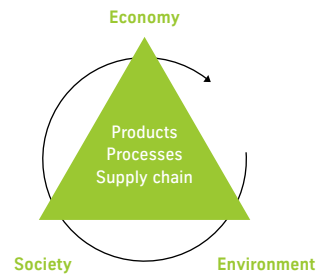
Sustainability and Indirect Financial Targets

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 co-ordinated by the Technology, Innovation & Sustainability department and the Chief Executive Officer bears responsibility for sustainability. Together with the corporate functions, service lines and segments, stakeholder requirements are continuously identified and targets and measures are derived to improve our sustainability 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 corporate functions 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 implementing the measures lies with the corporate functions, service lines and segments, which regularly report on progress.

Detailed information on our sustainability activities in the areas of climate, energy and environment, purchasing, employees, occupational health and safety, social responsibility and compliance can be found in the relevant sections of the Annual Report and on our website. In the reporting period, thyssenkrupp also stepped up its focus on sustainability communication on topics such as climate change in its new employer campaign "Be active. Join #GENERATIONTK." The aim of this campaign is to raise the awareness among both our workforce and prospective employees that we as an industrial company have enormous leverage to mitigate climate change. We offer opportunities to work together on efficient solutions and innovative products that can reduce greenhouse gas emissions and on climate-friendly technologies and to drive them forward on an industrial scale as basis for a better future for coming generations and for thyssenkrupp. Another area of focus in the past fiscal year was 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. The project spectrum ranged from "smart investment in photovoltaics" to "the role of managers in the recruitment of employees." As part of the "New Ways of Working" program, we are continuing to support our employees and managers with extensive offerings on hybrid working and collaboration. In the next step, employees in Germany will be offered additional opportunities for mobile working abroad. Further information can be found in the relevant subsections of the "Employees" section.

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, CO₂ emissions intensity, calculated as the total of our direct emissions (scope 1) and emissions from purchased energy (scope 2) relative to sales, excluding the Steel Europe segment, has been integrated into long-term compensation. For the Steel Europe segment, the volume of net CO₂-reduced steel has been integrated into long-term compensation. The volume of net CO₂-reduced steel is calculated from the reduced carbon input at the Duisburg site and the resulting CO₂ savings, allocated over production volume. For fiscal year 2022 / 2023, we integrated the improvement in our employee Net Promoter Score (eNPS) into long-term compensation for the first time and the increase

Our understanding of sustainability



► www.thyssenkrupp.com > Company > Sustainability

in the proportion of women in leadership positions was once again included. The thyssenkrupp eNPS is part of the annual Employee Pulse Check survey, expressed by the willingness of employees to recommend thyssenkrupp as an employer. For the current fiscal year, 2023 / 2024, long-term compensation includes the newly developed indicator High Risk Supplier Reduction (HSR), which measures the annual reduction in the proportion of suppliers classified as potentially risky in the initial risk analysis performed in accordance with the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) relative to the total population of potentially risky suppliers. In this way, we aim to achieve a general reduction in the risk of violating the legal provisions of this legislation in respect of environmental protection, human rights, and occupational safety within our portfolio of suppliers. Further, if other risks are identified in the annual and ad-hoc risk analysis, these must be mitigated as soon as possible by prompt measures that is consistent with the provisions of the legislation. (Further details can be found in the "Compensation report"). All established IFTs are aligned to 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 2022 / 2023. The emissions intensity target for the group excluding the Steel Europe segment was to reduce emissions intensity by 1 ton CO₂ per million € sales to 36.5 tons CO₂ per million € sales in the reporting period. This target was exceeded, with an emissions intensity of 31.2 tons CO₂ per million € sales. The target for the Steel Segment in the reporting year was production of 50,000 tons net CO₂-reduced steel; this target was exceeded with a production volume of 76,000 tons. Adjusted R&D intensity increased to 2.8% with higher R&D costs and was therefore with the company's target range of around 3.0%. The proportion of women in leadership positions increased steadily and met the target of 14%. The annual indicator of employee satisfaction, based on willingness to recommend thyssenkrupp as an employer (eNPS) shows that we are on the right track. The accident frequency rate was 2.4 and thus achieved the target set by thyssenkrupp. The target previously set for the group for the planning period has been reduced by 0.1 points as the targets were achieved ahead of schedule in recent years. The number of sustainability audits performed significantly exceeded the target.

OVERVIEW OF INDIRECT FINANCIAL TARGETS

Group		Status Sept. 30, 2022	Status Sept. 30, 2023	Change	Section
Energy efficiency gains of 85 GWh in 2022 / 2023	GWh	255	340	+33%	Climate, energy and environment
Annual reduction of emissions intensity ¹⁾ 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	31.2	+8%	
Adjusted R&D intensity of around 3.0%	%	2.4	2.8	+0.4% pts.	Technology and innovations
Increase the proportion of women in management positions by at least 1% per year to 17% by 2025 / 2026	%	13.1	14.6	+1.5% pts.	Employees
Reduce the accident frequency rate by at least 0.1 per year to 2.2 by 2023 / 2024	Accidents per million hours worked	2.3	2.4	+4%	Employees
At least 60 sustainability audits each year	#	108	104	(4)%	Purchasing

¹⁾ Based on the group without the Steel Europe segment.

The target for the current fiscal year 2023 / 2024 is to improve energy efficiency by at least 205 GWh. The aim is to reduce the emissions intensity of the group excluding the Steel Europe segment by 1 ton CO₂ per million € sales to 34.5 tons CO₂ per million € sales in fiscal year 2024 / 2025. For the Steel Europe segment, the target is to significantly increase the volume of net CO₂-reduced steel to 500,000 tons by fiscal year 2024 / 2025. In the present fiscal year 2023 / 2024, adjusted R&D intensity should be around 3.0% and accident frequency should improve to 2.2. Across the entire company, we aim to increase the proportion of women in leadership positions to 15% in the current fiscal year and to 17% by fiscal year 2025 / 2026. As an indicator for employee satisfaction, we strive to continuously improve the employee Net Promoter Scores (eNPS) to a positive value by fiscal year 2025 / 2026. The newly developed High Risk Supplier Reduction (HSR) indicator will be implemented as a new IFT at group level from the present fiscal year, analogously to its integration into long-term compensation. In the future, this indicator will be used to report how the measures we take reduce sustainability risks in our supplier portfolio. It therefore replaces the previous IFT for the number of sustainability audits performed. The target for the HSR to reduce the proportion of suppliers classified as potentially risky in the initial risk analysis performed in accordance with the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) relative to the total population of potentially risky suppliers to 68.9% in fiscal year 2023 / 2024 and to 36.4% by fiscal year 2026 / 2027, which would be a total improvement of just under 50 percentage points.

Report on the economic position

Macro and sector environment

Sluggish recovery of the global economy – Germany increasingly lagging behind

War in Ukraine, continued high inflation rates, ongoing supply bottlenecks and the shortage of skilled workers in industrialized countries are still 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 3.1% year-on-year in 2022, growth is likely to drop to a lower rate of 2.6% this year. The global growth rate will probably be just 2.3% in 2024. The industrialized countries are expected to generate GDP growth of 1.6% this year and just 1.2% in 2024. Economic output in the emerging markets is predicted to rise by 3.8% this year and 4.2% next year.

⬆️ 2.6%

The global economy is expected to grow by 2.6% in 2023 and by 2.3% in 2024.

The outlook for global economic growth remains affected by uncertainty. Although the pace of inflation seems to have slowed for now, inflation rates are expected to remain very high in the foreseeable future, holding back both investment and consumer spending. It is unclear whether and, if so, when central banks will raise interest rates again. This could lead to instability in the financial sector and the failure of individual banks. A possible worsening of the debt problem, especially in some European countries, as a result of central bank interest rate policy could cause major euro-zone economies to slide into recession. Further escalation of the war in Ukraine could greatly hamper economic development, especially in western Europe. Moreover, possible intensification of the numerous other geopolitical and trade conflicts such as an escalation of the China-Taiwan conflict could lead to major distortion of economic growth. In addition, there are risks for various key sectors because the semiconductor supply situation remains tense. High energy, material and raw material prices, especially in industrialized regions, entail serious risks for global growth prospects. Floods and natural catastrophes caused by global climate change are a constant threat in many regions.

The upswing in the EU economy, driven mainly by the service sector, has cooled down noticeably in 2023. Following growth of 0.4% in the 2nd quarter of 2023, the economy grew by just 0.1% in the 3rd quarter of 2023 (compared with the prior-year period in each case). The weak development of energy-intensive industries, in particular, is hampering the macroeconomic development. Inflation rates, which are stagnating at a high level, and the increasing shortage of skilled workers in many sectors of the economy are significant risk factors for future development. In view of this, GDP growth expectations for 2023 are just 0.4%; slightly higher growth of 0.8% is predicted for 2024.

A decline of 0.4% in economic output is currently forecast for Germany in 2023. The country therefore lags well behind the development in neighboring European countries. In the 3rd quarter of 2023, the German economy contracted by 0.7% year-on-year, following a slight decline of 0.1% in the 2nd quarter of 2023. The outlook also remains very subdued. Downside factors include cost inflation, especially in energy-intensive industries, the increasing shortage of skilled workers and persistently high inflation, which is adversely affecting investment and consumption. A slight upturn in the economy and growth of 0.5% are forecast for 2024.

GDP in Germany to decrease by 0.4% in 2023; slight recovery in 2024

In the USA, GDP is expected to rise by 2.5% in 2023. In the 3rd quarter of 2023, GDP grew by 3.0% year-on-year, following a rise of 2.4% in the 2nd quarter of 2023. Overall, the economy and the US labor market have proven unexpectedly robust, especially in the 2nd half of 2023. This is also reflected in the stable development of corporate investment and consumer spending. The Federal Reserve is expected to raise interest rates further, which could dampen future growth prospects. At present, economic growth is only expected to be 1.6% in 2024.

The economic outlook for China in 2023 remains well below the growth rates in the years before the Covid pandemic, with GDP forecast to grow by 5.0%. The economic recovery remained sluggish in the 3rd quarter of 2023, with growth of 4.4% (compared with the prior-year period); in the 2nd quarter of 2023, the Chinese economy still grew by 6.3%. Weakening exports, palpable consumer restraint and the concerns that the real estate crisis could worsen are putting a sustained brake on the Chinese economy. At present, GDP is expected to grow by just 4.6% in 2024.

The Indian economy is continuing its robust growth with GDP forecast to rise by 6.6% in 2023. In the 3rd quarter of 2023, economic output increased by 6.2% (compared with the prior-year period) and in the 2nd quarter of 2023 it rose by 7.8%. Overall, the Indian economy is proving resilient to negative influences; key factors are still consumer spending and the positive development of the service sector. The future development could be affected by high inflation, with negative effects such as the sharp rise in the cost of food on consumer spending and weaker demand for exports because of the weak global economy. Nevertheless, looking ahead to 2024, GDP is still expected to grow by 6.2%.

In 2023, Brazilian GDP is forecast to rise by 3.2%. In the 3rd quarter of 2023, GDP grew by 3.0% year-on-year. In the 2nd quarter, growth was 3.3%. Economic growth in Brazil is also being driven principally by the service sector. That said, high inflation is expected to have a negative impact on consumer spending. The weak economic situation in manufacturing industry overall and especially in truck production is attributable to more stringent environmental regulations. Overall, growth of only 2.0% is forecast for 2024.

GROSS DOMESTIC PRODUCT

Real change compared to previous year in %	2023 ¹⁾	2024 ¹⁾
European Union	0.4	0.8
Germany	(0.4)	0.5
Eastern Europe and Central Asia	2.9	2.8
USA	2.5	1.6
Brazil	3.2	2.0
Japan	1.7	0.9
China	5.0	4.6
India	6.6	6.2
Middle East & North Africa	1.8	2.7
World	2.6	2.3

¹⁾ Calendar year, Forecast (partly)

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

Industrial development affected by various uncertainties

Automotive – Global automotive production will probably continue to recover in 2023. The steady easing of the bottlenecks affecting the global supply chains continued during the year. In 2023, output of cars and light commercial vehicles is approaching the level registered in 2019, the last year before the pandemic.

In China, the world's largest automotive market, production and sales volumes are also expected to continue to rise in 2023. Automotive production in Western Europe will probably increase year-on-year. Nevertheless, the considerable declines in previous years cannot be offset so output will remain significantly lower than in 2019. Sales volume should develop positively compared with 2022, but still be significantly lower than in 2019.

Domestic output in Germany will probably be up slightly in 2023 compared with the previous year but will remain below the pre-pandemic level of 2019 next year as well, even though further growth is forecast. Domestic sales volumes in Germany will probably be higher than in the prior year. North American automotive output will most likely continue its growth track in 2023 and projections for further growth suggest that it could reach the pre-pandemic level in 2024. Volume sales in North America are likely to be higher in 2023 than in the previous year.

Against the background of concern about a recession, high inflation, rising interest rates and the weakening of the global economy, production and sales volumes remain comparatively low. Overall, automotive output is expected to move sideways in 2024.

Automotive production still significantly below previous production records in 2023 despite an upward trend

IMPORTANT SALES MARKETS

	2022	2023 ¹⁾	2024 ¹⁾
Vehicle production, million cars and light trucks²⁾			
World	82.3	88.6	89.1
Western Europe (incl. Germany)	9.9	11.1	11.0
Germany	3.6	4.3	4.5
North America (USA, Mexico, Canada)	14.3	15.2	16.3
USA	9.8	9.9	11.2
Mexico	3.3	3.8	3.8
Japan	7.4	8.6	8.2
China	26.2	27.6	27.8
India	5.1	5.5	5.5
Brazil	2.2	2.2	2.3
Machinery production, real, in % versus prior year			
World	2.2	2.2	3.3
European Union	4.0	1.3	1.3
Germany	0.7	1.1	0.7
USA	1.9	(1.8)	(0.3)
Japan	8.0	(2.9)	0.2
China	0.7	4.3	5.2
India	6.2	6.0	6.1
Construction output, real, in % versus prior year			
World	2.5	3.0	3.3
European Union	3.0	0.2	0.5
Germany	(1.9)	(1.4)	0.9
USA	(8.2)	(1.2)	1.3
Japan	(4.0)	1.7	1.2
China	7.0	5.4	5.4
India	8.8	9.7	7.5
Demand for steel, in % versus prior year			
World	(3.3)	1.8	1.9
Germany	(8.8)	(10.0)	10.6
EU(27)	(6.9)	(5.5)	6.0
USA	(2.6)	(1.1)	1.6
China	(3.5)	2.0	0.0

¹⁾ Calendar year, forecast (partly)

²⁾ Passenger cars and light commercial vehicles up to 6t

Sources: S&P Global Market Intelligence, Comparative Industry (October 2023), S&P Global Mobility, LV Production (October 2023), IHS Markit, Oxford Economics, worldsteel

Machinery – Sales in the global machinery sector will probably rise by 2.2% year-on-year in 2023. The general economic weakness, continued high interest rates and the sustained economic weakness in the industrialized nations are holding back growth. Growth of 3.3% is forecast for 2024. The indicators in China point to growth of 4.3% in 2023 following a weak year in 2022. Subdued momentum and 5.2% growth are also expected for 2024. Following a strong performance in the first half of 2023, the economic situation in the US machinery sector is currently cooling sharply. Overall, a decline of 1.8% is forecast, with the sector expected to stagnate in 2024. The machinery sector in the European Union is also losing momentum rapidly at present. Only moderate growth of 1.3% p.a. is

International machinery production will increase by 2.2% in 2023.

forecast for this region in 2023 and 2024. In particular, the shortage of skilled workers and the weakness of the German machinery sector are dampening output in Europe.

At present, there is no sign of a positive trend reversal in the German machinery industry. Although the sector is still benefiting from well-filled order books from previous years, order intake has been declining sharply since summer 2023. In August 2023 alone, orders contracted by 21% year-on-year in real terms. Therefore, growth prospects are well below the European average. The main reasons for the weak development of the sector include record energy prices, the increasingly negative impacts of the shortage of workers and the weakness of international markets. Consequently, growth of only 1.1% is now forecast for 2023 as a whole; in 2024, growth is expected to be 0.7%.

Construction – Following the overall weakness of the previous year, output in the construction industry worldwide is expected to rise by 3.0% in 2023. The growth drivers remain the momentum in the developing countries and emerging markets and state-aided investment in the infrastructure sector. The weaker development of residential construction is holding back growth in most regions. An increase of 3.3% is forecast for 2024. The development of the construction industry in the European Union is significantly below the global trend. A slight increase of 0.2% is predicted for 2023. Growth looks set to remain subdued in 2024 as well, with a growth rate of 0.5%. In Germany, there are still numerous adverse factors affecting the construction industry. For instance, continued high borrowing costs are still holding back demand in the private sector. Record-level energy and living costs are a further constraint on investment in housing construction. Sharply higher construction costs are also dampening construction of commercial properties. Moreover, there have been significant declines in new orders for roadbuilding and office premises. Overall, there has been a significant deterioration in business sentiment in the construction sector and in order expectations for the coming year. Following a decline of 1.4% in 2023, an increase of 0.9% is anticipated for 2024.

In China, the construction sector will probably grow by 5.4% in 2023. However, potential escalation of the crisis in the real estate market represents a massive risk for the sector. By contrast, growth could be boosted by intervention by the Chinese state to support the sector and further spending programs, especially for infrastructure. For 2024, the provisional expectation is a similar growth rate of 5.4%. Construction activity in the USA is currently on an upward trend following a very weak year in 2022. Although high interest rates and construction costs are still having a detrimental effect on private housing construction, state spending programs are injecting high momentum, especially in the infrastructure and energy sectors. The sector is still expected to contract by 1.2% in 2023 but slight growth of 1.3% is forecast for 2024.

Steel – Global demand for finished steel fell by 3.3% in 2022. Almost all major economies contributed to this negative trend. The global sector association anticipates a slight upturn in demand for finished steel to 1.8% in 2023, with persistently high inflation, higher interest rates and the global economic slowdown preventing a more significant recovery. Even in China demand is expected to rise by just 2.0%, delivering only moderate impetus for overall growth. By contrast, more significant growth is expected in the other Asian markets. In the USA, where demand dropped by 2.6% in 2022, further pressure is coming from inflation and high interest rates, so demand could contract by 1.1% this year. In Turkey, the 19.0% increase in demand for steel is driven principally by reconstruction following the earthquake in spring 2023. As a consequence of the war in Ukraine and higher energy costs, demand for finished steel in the EU27 dropped by 6.9% in 2022. Together with the restrictive monetary policy, these factors will cause demand to fall further this year, probably by 5.5%. Globally, the development of the steel market is still affected by high risks in 2023, dominated by declining but nevertheless high inflation, the sharp hike in interest rates and the borrowing conditions for companies. Moreover, the outlook is clouded by the war in Ukraine and other geopolitical conflicts.

↗ 1.8%

Global demand for finished steel is only expected to rise slightly in 2023.

The EU market for high-quality flat carbon steel fell by 8.1% to 79.2 million tons in 2022 – following an upturn in the previous year. The main reasons for this were the ongoing supply chain disruption, the knock-on effects of the war in Ukraine and the adverse impact of the energy crisis. Deliveries by EU steelworks made a good start to 2022 but subsequently declined steadily. Imports of flat carbon steel from third countries remained at a very high level throughout the 1st half of 2022, but then dropped noticeably. In 2022 as a whole, 18.6 million tons of flat steel products were imported into the EU. They accounted for 23.5% of the EU market, only slightly below the prior-year figure (23.7%). Demand for flat steel picked up at times in the early part of 2023 due to an improvement in the economic outlook and the need for restocking. As a result, deliveries from EU steelworks rebounded. From the 2nd quarter of 2023, imports followed suit at high momentum. At present, high import volumes are currently coinciding with the traditionally weaker summer months in the EU market, where current economic forecasts are predicting that the economic recovery will be postponed to 2024. Nevertheless, a slightly positive development is assumed for EU steel processors this year. However, many of them – including the automotive industry – are living off high order backlogs, which they are currently working through. In view of declining order intake, the outlook is comparatively pessimistic.

In the EU flat steel market, both demand and prices fell back at the beginning of the 2nd quarter of 2022 due to high inventories and slower economic activity. The price decline only stopped at the end of 2022 at the lowest level since year-end 2020. A temporary upturn in demand as a result of improved economic prospects at the beginning of this year, necessary restocking and reduced availability from local production supported a positive price trend on the European flat steel market in the 1st quarter of 2023. Price pressure then increased again as a consequence of a drop in demand momentum and more pessimistic economic forecasts for the remainder of the year. In the first seven months of this year, prices for iron ore and coking coke were 13.0% and 34.3% below the comparable prior-year levels despite an interim peak in the spring.

Although global demand for steel is expected to grow further in 2024, the increase will only be slightly higher than in 2023 at 1.9%. The trend is held back, in particular, by zero growth in China. It is assumed that state measures to support the economy will offset the weakness of the real estate market and the export business. A clear upturn in demand of 6.0% is predicted for the EU, supported mainly by the need to increase inventories. The forecast assumes that Germany will contribute a rise of 10.6% to the growth in the EU. In the USA, demand is expected to grow by 1.6%. Overall, continuing inflation and the related rise in interest rates represent a high downside risk for global demand for finished steel in 2024 as well.

Summarized assessment by the Executive Board

Key strategic milestones and positive FCF before M&A

In the past fiscal year, we achieved further key milestones in the transformation of thyssenkrupp: The successful IPO of our hydrogen subsidiary thyssenkrupp nucera on July 7, 2023 was followed – also in July – by approval for state aid of around €2 billion for the “tkH2Steel” decarbonization project at the Duisburg site. The first hydrogen-powered direct reduction plant is scheduled to come into operation there by the end of 2026. Moreover, in September 2023, our decision to restructure our portfolio from fiscal year 2023 / 2024 was an important foundation stone for the further transformation of the group. By establishing the new Decarbon Technologies segment, thyssenkrupp aims to position itself as a technology leader for the energy transition and make its extensive expertise for the green transformation of industry fully visible. At the same time, thyssenkrupp launched a holistic performance program called APEX. Further information can be found in the “Strategy” subsection in “Fundamental information about the group” and in the segment sections in the report on the economic position.

Our key performance indicators, adjusted EBIT and FCF before M&A, developed in line with our expectations in continued challenging market conditions in fiscal year 2022 / 2023. The pressure on margins at Materials Services resulting from lower material prices, as well as the high raw material and energy costs and lower revenues at Steel Europe, had a considerable impact on thyssenkrupp’s adjusted EBIT, which was significantly below the prior-year level at €703 million. This development was only partly offset by higher earnings at Automotive Technology, Marine Systems and Multi Tracks. Factor costs remained high and we continued to address them with performance and efficiency improvements, which also supported thyssenkrupp’s earnings.

The FCF before M&A was €363 million, which was significantly above the prior-year level of €(476) million due to a strong improvement in net working capital, especially at Materials Services and Steel Europe. We therefore achieved our most recent forecast of a slightly positive FCF before M&A.

The net loss of €2.0 billion was significantly below the net income reported in the prior year. Besides the operational performance outlined above, this indicator was held back by considerable impairment losses, mainly at Steel Europe due to the increased cost of capital and the lower short-, medium- and long-term earnings expectations resulting from the increasingly gloomy economic situation against the backdrop of an steel industry-specific economic cycle.

Net financial assets increased year-on-year to €4.3 billion mainly due to the positive effects from the free cash flow (€0.5 billion) and the successful IPO of thyssenkrupp nucera, which generated a cash inflow of €0.6 billion.

With cash and cash equivalents and undrawn committed credit lines totaling €8.8 billion (September 30, 2023), 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, 2022	Year ended Sept. 30, 2023	Change	in %	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Change	in %
Order intake	million €	44,297	37,060	(7,238)	(16)	44,297	37,060	(7,238)	(16)
Sales	million €	41,140	37,536	(3,604)	(9)	41,140	37,536	(3,604)	(9)
EBITDA	million €	3,248	1,679	(1,570)	(48)	3,240	1,679	(1,561)	(48)
EBIT ²⁾	million €	1,827	(1,431)	(3,258)	--	1,819	(1,431)	(3,249)	--
EBIT margin	%	4.4	(3.8)	(8.3)	--	4.4	(3.8)	(8.2)	--
Adjusted EBIT ^{1),2)}	million €	2,062	703	(1,359)	(66)	2,062	703	(1,359)	(66)
Adjusted EBIT margin	%	5.0	1.9	(3.1)	(63)	5.0	1.9	(3.1)	(63)
Income/(loss) before tax	million €	1,396	(1,583)	(2,979)	--	1,387	(1,583)	(2,970)	--
Net income/(loss) or earnings after tax	million €	1,220	(1,986)	(3,207)	--	1,212	(1,986)	(3,198)	--
attributable to thyssenkrupp AG's shareholders	million €	1,136	(2,072)	(3,208)	--	1,127	(2,072)	(3,199)	--
Earnings per share (EPS)	€	1.82	(3.33)	(5.15)	--	1.81	(3.33)	(5.14)	--
Operating cash flows	million €	617	2,064	1,447	++	618	2,064	1,446	++
Cash flow for investments	million €	(1,304)	(1,607)	(304)	(23)	(1,304)	(1,607)	(304)	(23)
Cash flow from divestments	million €	1,027	25	(1,002)	(98)	1,027	25	(1,002)	(98)
Free cash flow ³⁾	million €	340	482	141	41	341	482	141	41
Free cash flow before M & A ³⁾	million €	(476)	363	839	++	(476)	363	839	++
Net financial assets (Sept. 30)	million €	(3,667)	(4,325)	(658)	(18)				
Total equity (Sept. 30)	million €	14,742	12,693	(2,050)	(14)				
Gearing (Sept. 30)	%	— ⁴⁾	— ⁴⁾	—	—				
ROCE	%	11.3	(9.3)	(20.5)	--				
thyssenkrupp Value Added	million €	529	(2,818)	(3,348)	--				
Dividend per share	€	0.15	0.15 ⁵⁾	—	—				
Dividend payout	million €	93	93 ⁵⁾	—	—				
Employees (Sept. 30)		96,494	99,981	3,487	4				

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, 2022	4th quarter ended Sept. 30, 2023	Change	in %	4th quarter ended Sept. 30, 2022	4th quarter ended Sept. 30, 2023	Change	in %
Order intake	million €	10,391	8,305	(2,086)	(20)	10,391	8,305	(2,086)	(20)
Sales	million €	10,568	8,812	(1,756)	(17)	10,568	8,812	(1,756)	(17)
EBITDA	million €	715	283	(432)	(60)	715	283	(432)	(60)
EBIT ²⁾	million €	432	(1,779)	(2,211)	--	432	(1,779)	(2,211)	--
EBIT margin	%	4.1	(20.2)	(24.3)	--	4.1	(20.2)	(24.3)	--
Adjusted EBIT ^{3), 2)}	million €	161	88	(73)	(45)	161	88	(73)	(45)
Adjusted EBIT margin	%	1.5	1.0	(0.5)	(35)	1.5	1.0	(0.5)	(35)
Income/(loss) before tax	million €	294	(1,788)	(2,082)	--	294	(1,788)	(2,082)	--
Net income/(loss) or earnings after tax	million €	419	(1,989)	(2,408)	--	419	(1,989)	(2,408)	--
attributable to thyssenkrupp AG's shareholders	million €	389	(2,008)	(2,397)	--	389	(2,008)	(2,397)	--
Earnings per share (EPS)	€	0.63	(3.23)	(3.85)	--	0.63	(3.23)	(3.85)	--
Operating cash flows	million €	1,884	1,396	(488)	(26)	1,884	1,396	(488)	(26)
Cash flow for investments	million €	(502)	(698)	(196)	(39)	(502)	(698)	(196)	(39)
Cash flow from divestments	million €	434	(30)	(464)	--	434	(30)	(464)	--
Free cash flow ³⁾	million €	1,816	668	(1,148)	(63)	1,816	668	(1,148)	(63)
Free cash flow before M & A ³⁾	million €	1,565	597	(968)	(62)	1,565	597	(968)	(62)
Net financial assets (Sept. 30)	million €	(3,667)	(4,325)	(658)	(18)				
Total equity (Sept. 30)	million €	14,742	12,693	(2,050)	(14)				
Gearing (Sept. 30)	%	— ⁴⁾	— ⁴⁾	—	—				
Employees (Sept. 30)		96,494	99,981	3,487	4				

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

We achieved the targets set at the start of the year for the key performance indicators adjusted EBIT and FCF before M&A. We fell short of the targets for net income, thyssenkrupp Value Added (tkVA) and return on capital employed (ROCE).

The targets for adjusted EBIT and FCF before M&A were achieved

Adjusted EBIT developed as expected during the year. The original forecast was specified in more detail on the basis of our business performance when we published our 9-month report and we anticipated that it would be in the high three-digit million euro range. The forecast took into account, in particular, the absence of the previous year's strong support from dynamic price effects at Materials Services and Steel Europe, and higher raw material and energy costs, which had a major impact on the development of earnings in the steel business. Adjusted EBIT was €703 million at year-end, which was ultimately in line with our expectations.

The target set for FCF before M&A at the beginning of the fiscal year was that it should at least break even – taking into account higher capital spending (including IFRS 16 effects) and a significant improvement in net working capital. We strengthened this target when we published our half-year report and predicted an increase to a slightly positive figure. With the positive free cash flow before M&A in the 3rd and 4th quarters, the indicator for the full year was within the most recently forecast range at €363 million and significantly higher than in the prior year.

The target for net income set at the beginning of the fiscal year was retained throughout the year. At the end of the year we fell significantly short of this target with a net loss of €2.0 billion as a consequence of considerable impairment losses, especially at Steel Europe.

Similarly, the targets communicated for tkVA and ROCE were not achieved due to the developments outlined above. These two indicators were significantly below the prior-year figures at €(2.8) billion and (9.3)% respectively.

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 of the forecasts, which were updated on publication of the interim reports on the 1st quarter, 1st half and the first 9 months of the reporting year, and the final figures for 2022 / 2023.

FORECAST AND ACTUAL RESULTS FOR FISCAL YEAR 2022 / 2023¹⁾

		Forecast in annual report 2021 / 2022	Update in interim report 1st quarter 2022 / 2023	Update in interim report 1st half 2022 / 2023	Update in interim report 9 months 2022 / 2023	Fiscal year 2022 / 2023
Materials Services	Sales	Significantly below the prior year				(17)%; on comparable basis: (17)%
	Adjusted EBIT	Decrease; figure in the low three-digit million euro range				Decline of €659 million to €178 million
Industrial Components (Bearings and Forged Technologies)	Sales	Slightly above the prior year				(1)%; on comparable basis: (1)%
	Adjusted EBIT	Decrease; figure in the low three-digit million euro range				Decline of €31 million to €203 million (of which, decline of €19 million to €101 million at Bearings and decline of €12 million to €102 million at Forged Technologies)
Automotive Technology	Sales	Significantly above the prior year				+14%; on comparable basis: +14%
	Adjusted EBIT	Increase; figure in the low three-digit million euro range				Improvement of €114 million to €223 million
Steel Europe	Sales	Slightly below the prior year			Significantly below the prior year	(6)%; on comparable basis: (6)%
	Adjusted EBIT	Decrease; figure in the mid three-digit million euro range				Decline of €880 million to €320 million
Marine Systems	Sales	Significantly above the prior year				+0%; on comparable basis: +0%
	Adjusted EBIT	Increase; figure in the mid to high two-digit million euro range				Improvement of €49 million to €80 million
Multi Tracks	Sales	Significantly below the prior year				(23)%; on comparable basis: +16%
	Adjusted EBIT	Decrease; negative figure in the low three-digit million euro range				Improvement of €41 million to €(132) million
Corporate Headquarters	Adjusted EBIT	Decrease; negative figure in the low three-digit million euro range				Decline of €14 million to €(169) million
Group	Sales	Significant reduction				(9)%; on comparable basis: (5)%
	Adjusted EBIT	Decrease to a figure in mid to high three-digit million euro range			Decrease to a figure in the high three-digit million euro range	Decline of €1,359 million to €703 million
	Capital spending including IFRS 16 effects	Above the prior year				Increase of €351 million to €1,823 million
	Free cash flow before M&A	Increase to at least break-even		Increase to a slightly positive figure		Increase of €839 million to €363 million
	Net income ²⁾	Decrease to at least break-even				Decline of €3.2 billion to €(2.0) billion
	tkVA ²⁾	Decrease to a negative figure in the high three-digit million euro range		Decline to a negative figure in the high three-digit million euro range		Decline of €3.3 billion to €(2.8) billion
	ROCE ²⁾	Decrease to a figure in the low to mid-single-digit percentage range				Decline of 20.5% to (9.3)%

¹⁾ See preliminary remarks

²⁾ The forecasts include accumulated effects from the valuation of CO₂ forward contracts

Group review

Course of business

In the reporting year, order intake, sales and adjusted EBIT were below the prior-year figures

ORDER INTAKE

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Change in %	Change on a comparable basis ¹⁾ in %	4th quarter ended Sept. 30, 2022	4th quarter ended Sept. 30, 2023	Change in %	Change on a comparable basis ¹⁾ in %
Materials Services	16,021	13,684	(15)	(15)	3,671	3,163	(14)	(12)
Bearings ²⁾	1,240	1,151	(7)	(5)	324	283	(13)	(9)
Forged Technologies ²⁾	1,552	1,607	4	2	440	277	(37)	(34)
Automotive Technology	4,866	5,428	12	12	1,468	1,315	(10)	(6)
Steel Europe	11,811	12,189	3	3	2,844	2,243	(21)	(20)
Marine Systems	4,232	959	(77)	(77)	320	572	78	78
Multi Tracks ²⁾	6,499	3,735	(43)	(16)	1,724	756	(56)	(44)
Corporate Headquarters	4	6	63	60	(1)	0	22	54
Reconciliation	(1,927)	(1,700)	12	—	(400)	(303)	24	—
Group continuing operations²⁾	44,297	37,060	(16)	(13)	10,391	8,305	(20)	(16)
Discontinued elevator operations ²⁾	0	0	—	—	0	0	—	—
Full group	44,297	37,060	(16)	(13)	10,391	8,305	(20)	(16)

¹⁾ Excluding material currency and portfolio effects.

²⁾ See preliminary remarks.

Total order intake down significantly year-on-year

While Forged Technologies, Automotive Technology and Steel Europe registered an increase in order intake, the other segments reported a sharp decline in order intake in total. In Materials Services, order intake was significantly below the previous year's record level. This was principally due to a substantial reduction in materials prices in almost all product groups, which mainly affected the European warehousing and distribution business and the direct-to-customer business. The downward trend at Bearings was mainly attributable to lower order intake in the slewed bearings business, especially from the wind energy and construction machinery sectors. At Forged Technologies, price adjustments to take account of higher factor costs and positive exchange rate effects led to an overall increase in order intake. Automotive Technology registered a significant rise in order intake as a result of higher demand and the positive developments in almost all business units, with a further boost coming from positive effects from the pass-through of price rises. Order intake at Steel Europe was also above the prior-year level as a result of significantly higher order volumes. The main driver here was an increase in demand from the automotive industry and the construction sector. Order intake at Marine Systems was significantly below the previous year's high level; this was due to a major order placed in fiscal year 2021 / 2022. There was also a significant year-on-year drop in order intake at Multi Tracks; this was partly transaction-related and partly due to the strong demand for plant engineering in the previous reporting period.

Prior-year period was dominated by a major order at Marine Systems

SALES

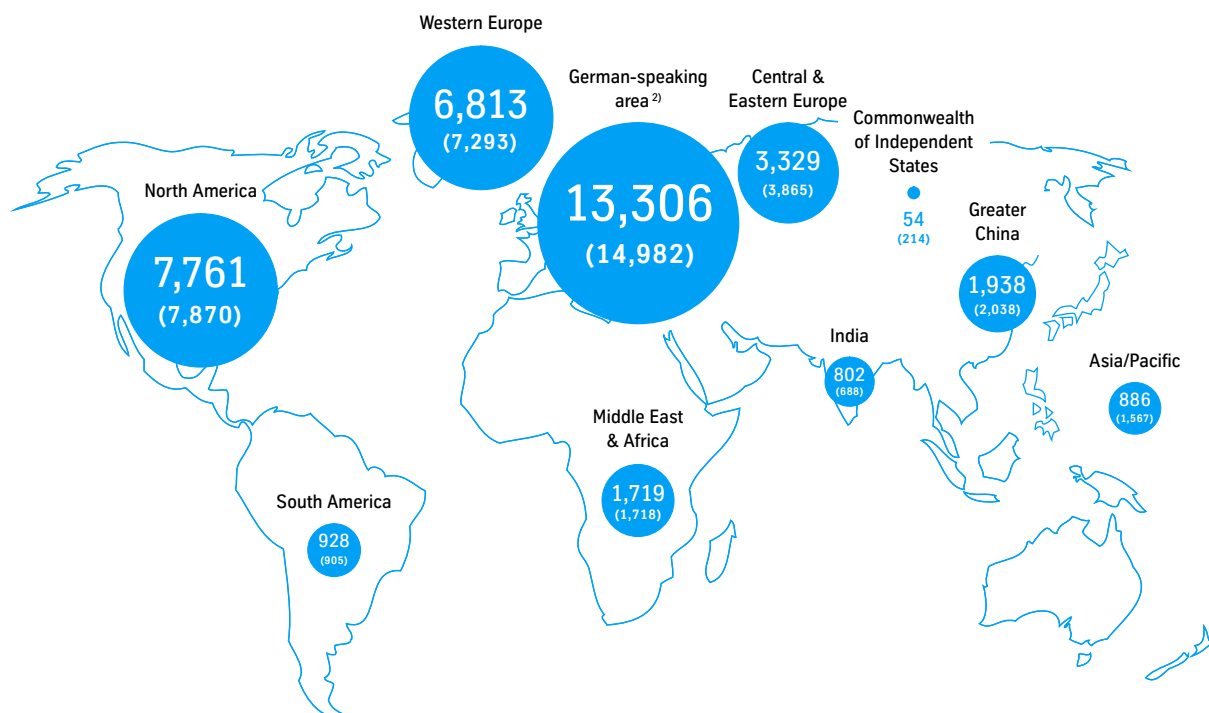
million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Change in %	Change on a comparable basis ¹⁾ in %	4th quarter ended Sept. 30, 2022	4th quarter ended Sept. 30, 2023	Change in %	Change on a comparable basis ¹⁾ in %
Materials Services	16,444	13,613	(17)	(17)	3,916	3,124	(20)	(18)
Bearings ²⁾	1,178	1,149	(2)	(1)	308	276	(10)	(6)
Forged Technologies ²⁾	1,588	1,598	1	(1)	446	380	(15)	(11)
Automotive Technology	4,825	5,479	14	14	1,369	1,373	0	5
Steel Europe	13,156	12,375	(6)	(6)	3,538	2,864	(19)	(18)
Marine Systems	1,831	1,839	0	0	567	349	(38)	(38)
Multi Tracks ²⁾	4,101	3,167	(23)	16	839	829	(1)	16
Corporate Headquarters	6	7	9	7	1	2	12	17
Reconciliation	(1,990)	(1,691)	15	—	(416)	(386)	7	—
Group continuing operations²⁾	41,140	37,536	(9)	(5)	10,568	8,812	(17)	(14)
Discontinued elevator operations ²⁾	0	0	—	—	0	0	—	—
Full group	41,140	37,536	(9)	(5)	10,568	8,812	(17)	(14)

¹⁾ Excluding material currency and portfolio effects.

²⁾ See preliminary remarks.

SALES BY REGION¹⁾

in million € (prior-year figures in brackets)



¹⁾ Sales continuing operations

²⁾ Germany, Austria, Switzerland, Liechtenstein

SALES BY CUSTOMER GROUP 2022/2023¹⁾

in %



¹⁾ Sales continuing operations

Sales below the prior-year level

The significant increase in sales at Automotive Technology could not offset the lower prices at Materials Services and Steel Europe and the transaction-related decline in the Multi Tracks segment. While lower materials prices caused a significant drop in sales at Materials Services compared with the prior year, as a whole shipment volumes in this segment increased slightly. The reduction in sales at Bearings was principally attributable to lower revenues from the wind energy and construction machinery sectors. Forged Technologies reported slightly higher sales, with positive effects coming from the pass-through of price rises. At Automotive Technology, sales reflected order intake, with higher demand resulting in a significant year-on-year increase. While shipment volumes at Steel Europe were stable compared with the previous year, declining spot market prices reduced sales. Sales at Marine Systems were stable compared with the prior year, mainly due to the submission of the final invoices for the delivery of two frigates and a submarine. After adjustment for disposals, sales at Multi Tracks were significantly above the prior-year figure as a result of the higher order intake in previous periods.

The regional breakdown of the group's sales was largely stable. The most important sales market, with a slightly lower share of around 35% 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 21%, and business with customers in Western Europe, which was stable at 18%. Greater China's share of sales was also unchanged at 5%.

The automotive industry remained the most important customer group and its share of sales increased slightly to 33%; it is particularly important for our automotive components and commercial vehicles activities and our steel businesses. It was followed by steel and related processes, although

their share of sales decreased slightly. The share of sales attributable to trading was also slightly lower year-on-year, while machinery and plant engineering accounted for an unchanged share.

Significant drop in adjusted EBIT

ADJUSTED EBIT

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Change in %	4th quarter ended Sept. 30, 2022	4th quarter ended Sept. 30, 2023	Change in %
Materials Services	837	178	(79)	(104)	23	++
Bearings ¹⁾	120	101	(16)	26	22	(14)
Forged Technologies ¹⁾	113	102	(10)	38	25	(34)
Automotive Technology	108	223	++	61	55	(10)
Steel Europe ¹⁾	1,200	320	(73)	221	54	(76)
Marine Systems	32	80	++	20	30	54
Multi Tracks ¹⁾	(173)	(132)	24	(77)	(58)	24
Corporate Headquarters	(154)	(169)	(9)	(36)	(47)	(33)
Reconciliation	(22)	0	100	12	(16)	--
Group continuing operations¹⁾	2,062	703	(66)	161	88	(45)
Discontinued elevator operations ¹⁾	0	0	—	0	0	—
Full group	2,062	703	(66)	161	88	(45)

¹⁾ See preliminary remarks.

In challenging market conditions, adjusted EBIT was significantly lower than in the prior year, mainly due to the downward trends at Materials Services and Steel Europe. Without the strong support from price effects seen in fiscal year 2021 / 2022, Materials Services reported significantly lower adjusted EBIT than in the prior year. Positive effects from the ongoing efficiency programs and the valuation of inventories could not fully offset the drop in earnings. Earnings at Bearings were depressed above all by higher energy costs and personnel expenses and by declining prices in the wind energy sector in China. At Forged Technologies, the reduction in earnings was mainly caused by a reduction in customer offtake of orders for powertrain components for passenger cars and by production stoppages and maintenance activities. Measures introduced at Bearings and Forged Technologies to cut costs cushioned the earnings erosion to some extent. By contrast, Automotive Technology posted a significant rise in earnings, driven partly by higher volumes, price and efficiency measures and positive one-time effects. At Steel Europe adjusted EBIT was down significantly year-on-year. Earnings were held back by high raw material and energy costs, especially in the 1st half of the year. Although earnings rose significantly during the year, they were nevertheless significantly below the prior-year figure due to the drop in sales revenues. Support came from the progressive restructuring and the ongoing performance program. Marine Systems posted a significant rise in EBIT compared with the prior year, due among other things to the stable sales trend and measures to enhance performance and reduce costs. Multi Tracks was able to raise earnings significantly even in the absence of the strongly positive earnings contributions from the stainless steel and mining activities. This was principally attributable to the positive development of plant Engineering, thyssenkrupp nucera and Springs & Stabilizers.

Significant drop in earnings at Materials Services and Steel Europe held back the group's adjusted EBIT

Compared with the prior year, Corporate Headquarters posted lower adjusted EBIT of €(169) million. The main reason for this was the increase in expenses as a result of the adjustment of provisions for share-based compensation.

Earnings impacted by special items

EBIT was negatively impacted by special items totaling €2,134 million in the reporting year.

EBIT impacted by special items

SPECIAL ITEMS

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Change	4 th quarter ended Sept. 30, 2022	4 th quarter ended Sept. 30, 2023	Change
Materials Services	(133)	(26)	107	(131)	11	142
Bearings ¹⁾	0	(5)	(5)	0	(5)	(5)
Forged Technologies ¹⁾	(17)	(1)	16	(9)	0	9
Automotive Technology	56	77	21	26	59	33
Steel Europe ¹⁾	313	2,015	1,701	(62)	1,770	1,832
Marine Systems	8	3	(5)	(1)	1	1
Multi Tracks ¹⁾	(29)	28	58	(105)	2	107
Corporate Headquarters	38	13	(25)	8	7	(1)
Reconciliation	8	30	22	3	22	19
Group continuing operations¹⁾	244	2,134	1,890	(271)	1,867	2,138
Discontinued elevator operations ¹⁾	(9)	0	9	0	0	0
Full group	235	2,134	1,899	(271)	1,867	2,138

¹⁾ See preliminary remarks.

At Materials Services, the special items in the past fiscal year were mainly positive – especially income from the sale of real estate in Germany and France. The special items at Bearings were slightly positive; they resulted from partial reversal of extraordinary depreciation of property, plant and equipment in previous years. At Automotive Technology, the special items were mainly due to impairment losses on assets, especially due to lower earnings expectations as consequence of the deterioration in the economic situation. The impairment losses on assets at Steel Europe were mainly attributable to the increased cost of capital and the lower short-, medium- and long-term earnings expectations resulting from the increasingly gloomy economic situation against the background of a steel industry-specific economic cycle. Special items in the Marine Systems segment related principally to an impairment loss on the carrying amount of an investment in a joint venture. Multi Tracks registered expenses in connection with the stock market listing of thyssenkrupp nucera and impairment losses as a result of the unbundling of the previously integrated plant engineering activities. In Corporate Headquarters, the special items primarily comprised project expenses for advisory services in connection with M&A transactions.

thyssenkrupp Value Added (tkVA) down significantly year-on-year

The group's tkVA was significantly lower in the reporting period than in the prior year. The sharp decline was mainly attributable to the considerable impairment losses at Steel Europe and the significant drop in the operating earnings contributed by Materials Services and Steel Europe. At both Bearings and Forged technologies tkVA was lower than in the prior year as a result of lower earnings; however, it was still positive. The value added by Automotive Technology increased despite the rise in the WACC, mainly because EBIT was higher than in the prior year; however it was still negative.

Although the increase in earnings at Marine Systems had a positive effect on tkVA, it remained negative. Multi Tracks reported lower operating earnings but overall capital employed was lower, so value added remained at the prior-year level.

Therefore, the group's ROCE was significantly lower than in the prior year at (9.3)%.

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

THYSSENKRUPP VALUE ADDED (TKVA)

	Year ended Sept. 30, 2022					Year ended Sept. 30, 2023					
	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	1,827	16,224	11.3	8.0	529	(1,431)	15,415	(9.3)	9.0	(2,818)	(3,348)
Thereof:											
Materials Services	970	3,921	24.7	8.0	657	204	3,668	5.6	8.5	(108)	(764)
Bearings ²⁾	120	1,013	11.8	8.5	34	106	1,009	10.5	9.0	15	(19)
Forged Technologies ²⁾	130	613	21.2	8.5	78	102	639	16.0	9.0	45	(33)
Automotive Technology	53	2,603	2.0	8.5	(169)	146	2,635	5.5	10.5	(131)	38
Steel Europe	887	5,636	15.7	8.5	408	(1,694)	5,413	(31.3)	9.0	(2,181)	(2,590)
Marine Systems	24	1,218	2.0	8.0	(73)	77	1,042	7.4	8.0	(6)	67
Multi Tracks ²⁾	(143)	650	(22.1)	8.0	(195)	(160)	405	(39.6)	9.0	(197)	(1)

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 one of the world's leading mill-independent materials distributors and service providers. As a designer of complex supply networks, we carry weight in the market – and also take responsibility by paying special attention to the ongoing development of sustainable digital solutions.

€13.6 bn

Sales

16,329

Employees worldwide

MATERIALS SERVICES IN FIGURES

		Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Change in %	4th quarter ended Sept. 30, 2022	4th quarter ended Sept. 30, 2023	Change in %
Order intake	million €	16,021	13,684	(15)	3,671	3,163	(14)
Sales	million €	16,444	13,613	(17)	3,916	3,124	(20)
EBITDA	million €	1,102	333	(70)	62	41	(34)
EBIT	million €	970	204	(79)	27	12	(56)
Adjusted EBIT	million €	837	178	(79)	(104)	23	++
Adjusted EBIT margin	%	5.1	1.3	—	(2.7)	0.7	—
Investments	million €	101	148	46	52	95	81
Employees (Sept. 30)		15,914	16,329	3	15,914	16,329	3

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

Materials Services is one of the world's leading mill-independent materials distributors and service providers. 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. Regionally, we are concentrating on our core markets: North America and Europe. To create resilient supply chains, we strive continuously for a strong delivery performance based on a high degree of flexibility and room for maneuver in all areas of the supply chain – from our multi-sourcing approach on the purchasing side to the omnichannel distribution architecture. At the same time, we aim to lead the sector in sustainability; here, one of our goals is to be climate-neutral¹⁾ from 2030. The digital transformation of our internal processes and supply chains plays an important part in this.

In fiscal year 2022 / 2023, our initiatives were concentrated on profitable growth in North America and sharpening the focus of our network of locations in Europe. We made important progress with our major investment projects in the USA and Mexico. At the same time, we closed sites in Germany and Switzerland, sold a business in France and consolidated the branches in the USA: In addition, the agenda at Materials Services included further enhancement of our portfolio of digital and sustainable services with the aid of a systematic innovation process. Key milestones in this included the launch of the online marketplace SteelBuy, the market introduction of the Voluntary Carbon Credit Desk for the sale of CO₂ allowances, the development of a control tower solution to monitor and manage entire supply chains and the establishment of the 3D printing joint venture Pelagus with our partner Wilhelmsen.

¹⁾ Scope 1 & 2, compensation for unavoidable emissions only, arising, for example, from the use of trucks as there is unlikely to be sufficient availability of electric vehicles, together with the necessary charging infrastructure and green electricity, by 2030.

Order intake and sales down significantly year-on-year due to prices

Order intake and sales declined significantly in the reporting period compared with the record level in the prior year. This was mainly attributable to lower materials prices in almost all product groups which mainly affected the European warehousing business and the direct-to-customer business. By contrast, it had less impact on the North America units and the service centers. Given the general cyclical weakness of demand, especially in Germany, warehouse and distribution volumes also declined in the reporting period. However, higher shipment volumes in the direct-to-customer business more than offset the reduction in warehouse and distribution business. In total, Materials Services sold 8.9 million tons of materials and raw materials in the reporting period, 2.6% more than in the prior year.

The economic situation is leading to price erosion and a business model-related dip in demand.

EBIT considerably lower but clearly positive

As a consequence of the sharp declines in material prices and margins, adjusted EBIT at Materials Services was significantly below the record level recorded in the previous fiscal year. Nevertheless, it was clearly positive thanks mainly to the contributions from the North American units and the global direct-to-customer business. Support came from positive effects from the ongoing efficiency programs and the valuation of inventories. We made good headway in the strategic transformation, including further network optimization; for example, sites in Germany and the USA and a business in France were closed. Moreover, further restructuring measures were carried out in the reporting period.

Special items

The special items in the past fiscal year were positive overall. This was mainly attributable to income from the sale of real estate in Germany and France. By contrast, the main expense items related to the closure and restructuring of companies and business operations.

Investments

In line with the targets for this segment, we invested strongly in North America growth projects in the reporting year, including progress payments for construction of the two service centers in Texas, USA, and San Luis Potosí, Mexico. Furthermore, at established sites in North America and Europe we invested in processing equipment to increase vertical integration. In connection with the extension of the contracts with two North American aircraft manufacturers, further investment was made in modernizing machinery and warehouse equipment. In addition, we acquired the data analysis and data science company Westphalia DataLab in December 2022 to strengthen our expertise in digital supply chain services and accelerate the development of AI-based forecasting solutions. Another focus of investment was the harmonization and updating of our ERP systems in the wake of our digital transformation along the entire value chain. Furthermore, investments were made to replace equipment at various warehousing and service units.

Bearings



rothe erde® slewing bearings, psl® rolling bearings and seamless rolled rings area used worldwide. In our global production network with sites in twelve countries we develop and manufacture custom-tailored solutions, for example, for the wind energy, machinery and plant engineering sectors.

€1.1 bn
Sales

5,996
Employees worldwide

BEARINGS IN FIGURES

		Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Change in %	4th quarter ended Sept. 30, 2022	4th quarter ended Sept. 30, 2023	Change in %
Order intake	million €	1,240	1,151	(7)	324	283	(13)
Sales	million €	1,178	1,149	(2)	308	276	(10)
EBITDA	million €	189	174	(8)	45	42	(6)
EBIT	million €	120	106	(12)	26	27	5
Adjusted EBIT	million €	120	101	(16)	26	22	(14)
Adjusted EBIT margin	%	10.2	8.8	—	8.4	8.0	—
Investments	million €	115	75	(35)	45	36	(20)
Employees (Sept. 30)		6,211	5,996	(3)	6,211	5,996	(3)

In the bearings business, a niche within the rolling-element bearing market, we are the global market leader and also one of the biggest manufacturers of seamless rolled slewing rings. Our products are individually designed and manufactured for the customer. They have a mission-critical role in the machinery where they are used and are indispensable for ensuring its smooth operation. Our slewing bearings and rings are used in a wide range of forward-looking applications. In addition to customers in the wind energy market, which is where growth is predicted to be fastest, we also serve customers in very different industrial markets – from construction machinery, cranes and tunnel boring machines to conveyors, general engineering and many others. Our technical expertise is a key differentiating criterion in competition and an important factor in our reputation for quality and technology leadership. We are present with manufacturing sites in many important regions of the world and can therefore provide our global clients with the best possible support.

Our goal is to maintain our global market leadership over the long term in the fast-growing market segment of bearings. To achieve this and increase our performance, we continually implement measures to cut costs and improve efficiency. In fiscal year 2022 / 2023, for example, this included a mid-single-digit percentage reduction in our headcount. Efficiency enhancement is supported by a long-term investment strategy with the aim of benefiting from ongoing market growth in the wind energy industry.

Year-on-year decline in order intake and sales

Bearings registered lower order intake overall, mainly due to a downward trend in order intake in the second half of the year. There were significant year-on-year declines in the areas of construction machinery and wind energy, above all in the China region, which is currently affected by economic stagnation. By contrast, the order situation in the exploration sector was clearly positive. Order intake for general engineering and crane engineering applications was only slightly lower than in the prior year.

The decline in sales at Bearings was lower than the reduction in order intake. Overall, sales in the wind energy area were only slightly lower than in the prior year. The sales trend in the construction machinery sector was far more negative. Exploration posted a significant rise in sales thanks to the upturn in business with bearings for tunnel boring machines. In the crane and general engineering application areas, sales were up slightly year-on-year. Demand was stronger than in the prior year, especially in Europe (above all Germany) and in North America but this positive development was overshadowed by the sharp drop in business volume in the China region.

As part of the portfolio realignment, Bearings was allocated to a different segment with effect from October 1, 2023.

For further information, please refer to the "Strategy" subsection in "Further information about the group."

Lower order intake mainly due to weaker demand from the wind energy sector.

Adjusted EBIT down significantly year-on-year

The main reason for the significant drop in earnings at Bearings was the increase in energy costs and personnel expenses. The increases in factor costs could only be passed on to customers in the industrial application sectors as price pressure in the wind energy sector remained high. Moreover, there was no recurrence of the previous year's positive one-time effects. In the reporting year, the agenda at Bearings again included measures to improve earnings by cutting costs, raising efficiency and making structural improvements (including personnel measures).

Special items

The special items at Bearings were slightly positive (including partial reversal of extraordinary depreciation of property, plant and equipment recognized in previous years).

Investments

Growth investments were made to adjust and increase production capacity at Bearings, above all in the wind sector, especially at manufacturing sites in Europe and Asia.

Forged Technologies



Forged Technologies is a specialist in the forgings business and is one of the world's leading manufacturers of components for engines, undercarriages and construction machinery, supplying customers in the truck, automotive and construction machine sectors.

€1.6 bn

Sales

5,612

Employees worldwide

FORGED TECHNOLOGIES IN FIGURES

		Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Change in %	4th quarter ended Sept. 30, 2022	4th quarter ended Sept. 30, 2023	Change in %
Order intake	million €	1,552	1,607	4	440	277	(37)
Sales	million €	1,588	1,598	1	446	380	(15)
EBITDA	million €	174	150	(14)	60	38	(37)
EBIT	million €	130	102	(21)	47	25	(46)
Adjusted EBIT	million €	113	102	(10)	38	25	(34)
Adjusted EBIT margin	%	7.1	6.4	—	8.5	6.6	—
Investments	million €	37	42	15	15	18	25
Employees (Sept. 30)		5,808	5,612	(3)	5,808	5,612	(3)

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 mid-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. 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 on enhancing our personnel efficiency and optimizing our production and logistics processes. Our sustainability focus was once again on steadily improving our energy efficiency. We want to achieve this through savings programs, supported by selective investment in our plant and machinery. Another key focus in the reporting year was on successfully implementing investment projects for the transformation of the business unit. At the start of the fiscal year, for example, we were able to support the successful start-up of serial production of chassis components for trucks.

Order intake and sales higher than in the prior year

Order intake was higher than in the prior year, supported by price adjustments to reflect the rise in factor costs (especially material, energy and freight costs) and positive US dollar exchange rate effects. Orders for powertrain components for trucks remained high. By contrast, there was a 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. The downward trend in undercarriages for construction machinery in Europe was offset by consistently high demand in North America. Volumes in this application area were also supported by the expansion of our product offering and access to new markets and business areas.

Sales 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.

As part of the portfolio realignment, Forged Technologies was allocated to a different segment with effect from October 1, 2023.

For further information, please refer to the "Strategy" subsection in "Fundamental information about the group."

Price adjustments to take account of higher factor costs had a positive effect on sales and order intake.

Adjusted EBIT down year-on-year

Adjusted EBIT was below the prior-year level, mainly due to lower order call-offs for powertrain components for passenger cars, production stoppages and maintenance measures. This was partly offset by one-time effects and ongoing cost-cutting measures, accompanied by optimization of the personnel cost ratio.

Special items

No significant special items in the reporting period.

Investments

We continued to invest in construction of a fully automated forging 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



Automotive Technology is a large 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 based on electronics and internally developed software.

€5.5 bn
Sales

21,563
Employees worldwide

AUTOMOTIVE TECHNOLOGY IN FIGURES

		Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Change in %	4th quarter ended Sept. 30, 2022	4th quarter ended Sept. 30, 2023	Change in %
Order intake	million €	4,866	5,428	12	1,468	1,315	(10)
Sales	million €	4,825	5,479	14	1,369	1,373	0
EBITDA	million €	336	448	33	121	110	(9)
EBIT	million €	53	146	++	35	(4)	--
Adjusted EBIT	million €	108	223	++	61	55	(10)
Adjusted EBIT margin	%	2.2	4.1	—	4.5	4.0	—
Investments	million €	230	262	14	97	91	(6)
Employees (Sept. 30)		20,266	21,563	6	20,266	21,563	6

Automotive Technology is a large 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 based on electronics and internally developed software. Our growth and performance goal is to be among the best in our competitive environment. To this end, we are focusing on the implementation of price measures, improving production efficiency and measures in the field of procurement.

In addition to a wide range of energy-saving measures as part of our continuous energy efficiency program and the installation of facilities to generate energy from renewable resources, we have concluded an agreement on green electricity, which ensures the supply of power from renewable energy to all our sites in Germany.

The past fiscal year was dominated by increased demand from customers, while the market environment remained challenging. Examples were ongoing bottlenecks in the supply of semiconductors and the related higher procurement costs, price rises for purchased components and higher energy and personnel costs. We addressed these challenges through strict cost management, negotiating new price conditions and continuing our efficiency measures. We also acquired long-term framework contracts for the automotive serial business, which will help secure future capacity utilization at our sites and increase segment sales.

Significantly higher order intake and sales

Automotive Technology posted a significant year-on-year increase in order intake and sales on the back of higher demand. Almost all business units contributed to these positive developments. Further positive effects came from the pass-through of price rises. The restricted availability of electronic starting products remained a limiting factor.

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

Information on the composition of this segment following the portfolio realignment as of October 1, 2023 can be found in the section "Fundamental information about the group," subsection "Strategy."

Adjusted EBIT up significantly year-on-year

Adjusted EBIT increased significantly year-on-year, supported by higher volumes, pricing and efficiency measures, cost reductions in transportation and materials and positive one-time effects, including a settlement with a supplier on quality issues relating to previous years. Countereffects came from increased factor costs, especially for purchased components, personnel and energy, and the creation of provisions for quality costs.

Earnings increase was supported by higher demand, pricing and efficiency measures and positive one-time effects

Special items

Impairment losses were recognized on non-current assets in the reporting period, mainly in the Steering unit, principally due to lower earnings expectations as a consequence of the deterioration in the economic situation. In addition, restructuring expenses were incurred at Bilstein.

Investments

In the Steering unit, we invested in order-related projects for electric power-assisted steering systems in China, Mexico and Europe – here especially in Hungary. At Bilstein the focus was on expanding order-related production capacities in Romania and Mexico. 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 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. As part of its transformation to climate-neutral steel production, Steel Europe plans to start up its first hydrogen-capable direct reduction plant by the end of 2026.

€12.4 bn
Sales

26,822
Employees worldwide

STEEL EUROPE IN FIGURES

		Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Change in %	4th quarter ended Sept. 30, 2022	4th quarter ended Sept. 30, 2023	Change in %
Order intake	million €	11,811	12,189	3	2,844	2,243	(21)
Sales	million €	13,156	12,375	(6)	3,538	2,864	(19)
EBITDA	million €	1,579	687	(56)	348	114	(67)
EBIT	million €	887	(1,694)	--	283	(1,716)	--
Adjusted EBIT ¹⁾	million €	1,200	320	(73)	221	54	(76)
Adjusted EBIT margin	%	9.1	2.6	—	6.2	1.9	—
Investments	million €	630	911	45	193	388	++
Employees (Sept. 30)		26,304	26,822	2	26,304	26,822	2

¹⁾ See preliminary remarks.

Steel Europe is Germany's largest steel producer. It concentrates on attractive markets for high-quality flat carbon steel, where it is one of the leading 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 – available in all cases as conventional and a CO₂-reduced products. The most important purchasers of the products are the automotive and engineering sectors, the energy sector, the metalworking industry and the construction industry. We see our strengths in the development of customized solutions and in our technical know-how, which is based on long experience. Continuous quality management and wide-ranging process-improvement initiatives are integral to 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 network and sites; that includes a particular focus on the growing demands of automotive customers and individual industrial sectors – from crash-relevant sheets for vehicle safety architecture through improved surfaces to thinner steels with enhanced performance for electric vehicles and the energy transition.

As part of the transformation to climate-neutral steel production, by the end of 2026 we plan to start up a first direct reduction plant with capacity for 2.5 million tons direct reduced iron. The goal is to operate this plant with green hydrogen. By 2030 at the latest, we aim to increase production capacity for climate-friendly steel to 5 million tons. That would equate to a CO₂ reduction of well over 30% compared with the reference base in 2018. In July 2023, we received approval for stated funding of the first direct reduction plant, including smelting units. The government will be providing 70% of the total funding of around €2 billion, with 30% coming from the state of North Rhine-Westphalia. That paves the way for us to embark on the green transformation.

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

Sales held back by market price erosion

Against the backdrop of the war in Ukraine and the energy crisis, Steel Europe made an upbeat start to the reporting year with both order intake and sales trending upwards, albeit from a low level. While the general economic development initially overshadowed the picture, demand rose at times, especially in the automotive industry as supply and material bottlenecks eased. During the 1st half of 2022 / 2023, improved economic forecasts and necessary restocking led to short-term hikes in demand. This also had a positive effect on the development of spot market prices in the EU. In the second half of the fiscal year, prices dropped back again as the economy slowed and demand therefore dropped. Moreover, from April 2023 prices were impacted by a sharp rise in imports of flat steel from third countries.

Order intake was significantly higher in fiscal year 2022 / 2023 than in the prior year, with order volumes up 15%. In the 1st half in particular, order volumes benefited from the general upturn in demand in the automotive industry and the construction sector. By contrast, order intake from the machinery and plant engineering sectors and the energy sector was below the in some cases high prior-year levels. Overall, the value of orders in fiscal year 2022 / 2023 was higher than in the previous year. Due to a reduction in average revenues, at 3% the rise in order value was more moderate than the rise in order volumes. Overall, there was a downward trend over the year.

Sales at Steel Europe contracted by 6% to €12.4 billion. One key reason for this was a 5% drop in sales compared to the prior year due to a significant reduction in spot market prices. A sharper drop in sales was prevented by the high proportion of long-term contract business. By contrast, shipment volumes amounted to 9.4 million tons and were thus stable at the prior year. Following a weak 1st quarter, it was possible to increase the volumes shipped to the automotive industry and industrial customers in the following quarters, so we posted an year-on-year increase in both of these sectors. By contrast, weak demand in the EU and a sharp rise in imports, especially in the 4th quarter, led to a significant drop in volumes of packaging steel. Based on the high prior-year level, deliveries of electrical steel also declined in the reporting year.

Shipment volumes stable despite economic weakness

Crude steel production, including deliveries to Hüttenwerke Krupp Mannesmann, came to 10.4 million tons, which was 2% less than in the prior year. However, production was only below the comparatively high prior-year volumes in the 1st quarter of 2022 / 2023 and was stepped up successively in subsequent quarters. While crude steel production was not impacted by a major disruption, there were production restrictions at some plants in the downstream value chain as a result of technical problems during the year. As a result, production of finished steel for customers decreased slightly, by 1%, to 9.4 million tons.

Adjusted EBIT down significantly year-on-year

In the reporting period, Steel Europe registered a significant drop in earnings compared with the record level of the prior year. In the 1st half, earnings were held back in particular by high trailing costs for raw material inventories and energy. Earnings rose significantly in the remainder of the year, but were nevertheless significantly lower than in the prior year as sales declined, especially from the 2nd half of the year onward. Effects from progressive restructurings and the ongoing performance program continued to provide support.

Special items

Expenses of €58 million for the measurement of CO₂ forward contracts were recognized in the reporting year. Hedge accounting for CO₂ forward contracts was discontinued at the start of the 2022 / 2023 fiscal year. Changes in the fair value of these forward contracts are now recognized directly through profit or loss in the statement of income. An adjustment was made as a special item at the beginning of fiscal year 2022 / 2023. Further special items totaling €2,111 million comprised impairment losses on non-current assets. They resulted mainly from the higher cost of capital and the implications of the increasingly gloomy economic situation for short-, medium- and long-term earnings expectations against the background of a steel industry-specific economic cycle.

Investments

Following approval for the early commencement of the project and placement of the order for the construction of a hydrogen-powered direct reduction plant with two integrated electric smelters and the associated auxiliary units at the Duisburg site in the 2nd quarter of 2022 / 2023, we received funding approval from the federal and state governments for the entire project in July 2023. Dismantling work and preparation of the construction site are on schedule and expected to be largely completed in the 1st quarter of 2023 / 2024. Construction work is scheduled to start in the 2nd quarter of 2023 / 2024.

Start-up of the new hot-dip coating line (FA 10) in Dortmund in fiscal year 2022 / 2023 is designed to meet demand from automotive manufacturers for higher-quality hot-dip coated products. In addition, the new coating line (VA 13) for the packaging steel unit in Andernach, which will meet higher standards in the production of specialty chromium-plated packaging steel, is in the ramp-up phase.

With regard to the major investments under the Steel Strategy 20-30, preparation of the site for the conversion of the casting rolling line in Duisburg-Bruckhausen is making headway. Apart from some final work, assembly of the new double reversing stand in Bochum was completed at the end of fiscal year 2022 / 2023 and start-up has commenced. The assembly of the new annealing line in Bochum has started. In our view, 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



thyssenkrupp Marine Systems is one of the world's leading marine companies and a systems supplier for the construction of submarines and surface vessels, as well as in the field of maritime electronics and security technology. Marine Systems offers customers around the world customized solutions to highly complex challenges in a changing world.

€1.8 bn

Sales

7,772

Employees worldwide

MARINE SYSTEMS IN FIGURES

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

		Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Change in %	4th quarter ended Sept. 30, 2022	4th quarter ended Sept. 30, 2023	Change in %
Order intake	million €	4,232	959	(77)	320	572	78
Sales	million €	1,831	1,839	0	567	349	(38)
EBITDA	million €	89	141	59	37	48	30
EBIT	million €	24	77	++	20	29	46
Adjusted EBIT	million €	32	80	++	20	30	54
Adjusted EBIT margin	%	1.7	4.4	—	3.4	8.6	—
Investments	million €	131	124	(5)	77	57	(26)
Employees (Sept. 30)		6,943	7,772	12	6,943	7,772	12

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. Our goal gear is to use the technologies we have developed and our marine expertise. We believe that the rising demand forecast for our core areas of business in the next 10 years, the long-term geostrategic developments, the shift in German policy known as the "Zeitenwende" and the present political situation offer growth opportunities for our established product range as well as opportunities to market new products that are at an advanced stage of development.

In recent years we have taken steps to systematically refine and optimize our project execution and profitability. To this end, we are investing extensively, among other things, to modernize the shipyard in Kiel. By acquiring the production facility in Wismar, we have paved the way to meet market growth in all business areas. 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 service the anticipated increase in orders, we have developed a transformation and growth program to align the entire company to its future tasks.

In fiscal year 2022 / 2023, we focused on systematic attainment of the ESG goals by fostering a range of individual measures. For example, through efficiency measures we further reduced our energy consumption and CO₂ emissions. Further, we are committed to high transparency of our ethical and moral business standards in the export business and we are investing in sustainable innovations and technologies in the maritime sector.

Stable sales due to the delivery and invoicing of units – order intake below the prior year

In contrast to the two very strong preceding years, we were not able to acquire any new production orders in the fiscal year; we merely extended existing orders. By contrast, the services unit posted a strong improvement in order intake compared with the prior year and order intake in the marine electronics business was on a par with the prior year.

Sales matched the prior-year level in the reporting period. Final invoices for the delivery of two frigates to a customer in North Africa in the 1st and 3rd quarters and for the delivery of a submarine to an Asian customer, also in the 3rd quarter, contributed to this. In addition, the service and marine electronics units posted a slight improvement. Thanks to strong order intake in the past two years, orders on hand on the reporting date amounted to €12.6 billion – a solid foundation for our future growth.

Another significant year-on-year rise in adjusted EBIT

Adjusted EBIT once again rose strongly in the reporting period, so the positive trend continued. The main factors contributing to this were the final invoices for deliveries as outlined above, the robust development of the service and marine electronics units and measures to improve operating performance and reduce costs.

Renewed rise in adjusted EBIT

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. Expenses in connection with the proposed stand-alone solution were also recognized.

Investments

We continued the modernization of the Kiel shipyard to optimize project execution, increase efficiency, create the technical conditions for building larger boats in line with the market trend and sustainably improve profitability. We also achieved a major milestone by transferring the new shipbuilding shed to the production unit. In addition, we started to integrate the Wismar shipyard into our network and prepare it for normal operation.

Multi Tracks



Businesses with different potential and different development paths. In fiscal year 2022/2023, the Multi Tracks portfolio comprised six businesses: two plant engineering businesses, two automotive suppliers, thyssenkrupp nucera, a subsidiary which operates in the future-oriented hydrogen market, and the Elevator investment.

€3.2 bn

Sales

13,619

Employees worldwide

MULTI TRACKS IN FIGURES

		Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Change in %	4th quarter ended Sept. 30, 2022	4th quarter ended Sept. 30, 2023	Change in %
Order intake	million €	6,499	3,735	(43)	1,724	756	(56)
Sales	million €	4,101	3,167	(23)	839	829	(1)
EBITDA	million €	(17)	(88)	--	71	(42)	--
EBIT	million €	(143)	(160)	(12)	28	(61)	--
Adjusted EBIT	million €	(173)	(132)	24	(77)	(58)	24
Adjusted EBIT margin	%	(4.2)	(4.2)	—	(9.1)	(7.0)	—
Investments	million €	59	52	(12)	24	24	(1)
Employees (Sept. 30)		12,892	13,619	6	12,892	13,619	6

Focus areas in fiscal year 2022 / 2023

One focus of our activities was driving forward the hydrogen business, thyssenkrupp nucera, a leading global provider of electrolysis plants for the production of green hydrogen. We successfully listed this company in the Prime Standard on Frankfurt Stock Exchange on July 7, 2023. thyssenkrupp nucera received gross proceeds of around €526 million from the IPO, which will be invested in further growth of the hydrogen business. Through the exercise of the greenshoe option, thyssenkrupp received additional gross proceeds of around €52 million from the IPO. thyssenkrupp retains a stake of 50.2% in its hydrogen subsidiary.

In addition, two action areas in the thyssenkrupp strategy defined the activities in the Multi Tracks segment: portfolio and performance.

- **Portfolio:** We are in negotiations with potential buyers for the Automation Engineering business unit and the Springs & Stabilizers business unit. Our plant engineering business units, Uhde and Polysius, are striving to extend their business volume in green technologies and continue to focus on expanding sustainable technologies and projects. In all, from its establishment the Multi Tracks segment strengthened thyssenkrupp's net financial position by more than €1.4 billion through the transactions it undertook.
- **Performance:** The measures introduced to enhance performance were driven forward consistently in the reporting period, bringing an improvement in earnings in the majority of business units. The significantly lower negative adjusted EBIT losses reported by the Multi Tracks segment compared with the prior year contains extraordinary charges in the form of non-conformity costs relating to major projects and the negative earnings impact from the automotive sector, which is only picking up slowly.

After adjustment for disposals, lower order intake but higher sales than in the prior year

In the reporting period, order intake in the continuing operations at Multi Tracks was lower than in the prior year. This development was mainly attributable to the strong demand for plant engineering the prior year. Despite the good level of order intake at Uhde, it was lower than in the prior year, which was dominated by a major order for the construction of a production plant for ammonia in Qatar. At Polysius, extension of the service business and a major order in the USA increased order intake year-on-year. As anticipated, order intake at thyssenkrupp nucera fell short of the previous year's record level, which was boosted by orders for large hydrogen projects in Saudi Arabia and the Netherlands. Springs & Stabilizers improved its order intake year-on-year thanks to the pass-through

As part of the portfolio realignment, this segment was dissolved with effect from October 1, 2023 and the business units were allocated to other segments.

For further information, please refer to the "Strategy" subsection in "Fundamental information about the group."

of higher factor costs. Automation Engineering posted a good order intake, although it felt short of the previous year's very good level.

After adjustment for disposals, sales at Multi Tracks were significantly above the prior-year figure as a result of the higher order intake in previous periods. The significant rise in sales at Uhde was mainly attributable to ongoing (major) projects. Polysius also reported a significant rise in sales in the reporting year, driven principally by the new plant engineering business in India and growth in the service business. thyssenkrupp nucera reported a further significant hike in sales thanks to dynamic growth in the hydrogen electrolysis business. Price rises to pass higher factor prices 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 significantly higher than in the prior year. This was due to the increase in order intake in the prior year.

Adjusted EBIT significantly less negative

Adjusted EBIT remained negative in the reporting year, but improved year-on-year in the majority of businesses. Even in the absence of the positive earnings contributions from the businesses that were sold in the previous year, adjusted EBIT improved overall.

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

Uhde increased earnings thanks to lower non-conformity costs and higher sales than in the previous year but earnings were nevertheless still negative. Polysius ended the reporting year with a positive adjusted EBIT, which was significantly better than in the prior year. The main reasons for this improvement were positive sales effects and a significant reduction in non-conformity costs, the non-recurrence of negative one-time effects recognized in the prior year and positive one-time effects in the reporting period.

The earnings contribution from thyssenkrupp nucera remained positive and was significantly higher than in the prior year. The improvement was principally due to the profitable revenue generation from the growth in the new business and improved project execution, but was held back by expenses for the introduction of structures for a listed company and higher development costs to secure planned growth.

Adjusted EBIT declined year-on-year at Automation Engineering. Higher non-conformity costs for individual projects exceeded positive sales and capacity utilization effects. The Springs & Stabilizers business unit saw a significant improvement in its negative earnings, driven mainly by the pass-through of inflation-related energy price rises and the improvement in operating efficiency. Restructuring and cost-cutting measures continued to curb losses in almost all businesses.

Special items

The main special items were expenses in connection with the stock market listing of thyssenkrupp nucera, impairment losses as a result of the unbundling of the previously integrated plant engineering activities and restructuring provisions. Other special items were expenses in connection with a contractual agreement concluded with the purchaser following the sale of the stainless steel business and impairment losses on non-current assets at Springs & Stabilizers. In addition, income was generated from the final purchase price calculation for the mining business.

Investments

After adjustment for the disposals, investments in the Multi Tracks segment were higher than in the prior year. Investments at thyssenkrupp nucera were above the prior-year level to support the planned growth. Investment continued in all businesses to preserve asset value and safeguard the market position.

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, together with some corporate functions and the regional platforms (Regions) are combined at Corporate Headquarters. The Regions unit comprises four large regional platforms: APA (Asia/Pacific/Africa), North America, South America and Greater China.

Adjusted EBIT at Corporate Headquarters was €(169) million in fiscal year 2022 / 2023 and thus below the prior-year figure. This was mainly attributable to higher expenses as a result of adjustments to provisions for share-based compensation. The other administrative expenses were at the prior-year level.

Lower adjusted EBIT at Corporate Headquarters

Special items

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

Investments

No significant investments were made at Corporate Headquarters in fiscal year 2022 / 2023.

Results of operations and financial position

Analysis of the statement of income

Sales from the continuing operations declined significantly in the reporting period and were 9% lower than in the previous year. While the declines were mainly due to the fact that sales in the previous year still contained revenues from the deconsolidated stainless steel and mining activities, and to the significant, mainly price-driven drop in sales in the businesses in the Materials Services and Steel Europe segments, higher sales were reported mainly by the businesses in the Automotive Technology segment and the remaining businesses in the Multi Tracks segment. At the same time, taking into account the deconsolidations mentioned above as well as the reduction in materials expense, the positive effects from CO₂ forward contracts and the impairment losses of €1,634 million recognized at Steel Europe and Special Units in the 4th quarter of the reporting year, cost of sales in the continuing operations fell by 2%, which was significantly lower than the drop in sales. Consequently, both the gross profit of €2,658 million and the gross margin of 7.1% were very significantly lower than in the prior year.

The reduction in research and development costs resulted primarily from lower consulting expenses, while impairment losses of €7 million recognized by the Steel Europe segment in the 4th quarter of the reporting year had an opposite effect. The decrease in selling expenses in the continuing operations mainly related to the reduction in sales-related costs for freight, insurance and customs duties, and lower impairment losses on financial assets. This was especially set against the impairment losses of €22 million recognized by the Steel Europe segment in the 4th quarter of the reporting year. The main factors influencing the increase in general and administrative expenses in the continuing operations were impairment losses of €125 million in the Steel Europe segment in the 4th quarter of the reporting period and higher personnel and consulting expenses; by contrast, IT expenses were lower. The principal reasons for the drop in other income from the continuing operations were lower income from insurance claims and subsidies as well as from the hedging of operating exchange rate risks. The decrease in other expenses of continuing operations resulted mainly from the earnings impact of changes in other provisions and lower expenses for the hedging of operating exchange rate risks. The significant reduction in other gains and losses from continuing operations was mainly due to the absence of the gains from the sale of the mining disposal group recorded here in the prior year and lower gains from the sale of property, plant and equipment.

The significant overall reduction in the net negative financial income/(expense) of the continuing operations resulted principally from improved income from investments accounted for using the equity method, which was mainly due to significantly lower losses from the Elevator investment, higher profits at a Chinese investment, the strong improvement in interest on net financial assets and the overall increase in income related to the interest-free loans acquired in connection with the sale of the Elevator activities. These were countered in particular by higher net periodic pension cost.

The increase in income taxes for the continuing operations was mainly due to impairment losses on deferred tax assets in the reporting year.

After taking into account income taxes, the continuing operations made a loss of €1,986 million, compared with a profit of €1,212 million in the prior year. Accordingly, the earnings per share attributable to the shareholders of thyssenkrupp AG based on income from continuing operations dropped very sharply, by €5.14, giving earnings per share of €(3.33). The decline in income/(loss) from discontinued operations resulted from the non-recurrence of subsequent income recognized in the 2nd quarter of the prior 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), a net loss of €1,986 million was incurred in the reporting year, compared with net income of €1,220 million in the prior year. As a consequence, earnings per share deteriorated very sharply, by €5.15 to €(3.33).

thyssenkrupp group – statement of income

million €, earnings per share in €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Sales	41,140	37,536
Cost of sales	(35,479)	(34,878)
Gross Margin	5,660	2,658
Research and development cost	(246)	(239)
Selling expenses	(2,518)	(2,417)
General and administrative expenses	(1,537)	(1,686)
Other income	375	303
Other expenses	(191)	(88)
Other gains/(losses), net	230	12
Income/(loss) from operations	1,772	(1,457)
Income from companies accounted for using the equity method	(245)	(38)
Finance income	1,291	896
Finance expense	(1,431)	(984)
Financial income/(expense), net	(385)	(126)
Income/(loss) from continuing operations before tax	1,387	(1,583)
Income tax (expense)/income	(175)	(403)
Income/(loss) from continuing operations (net of tax)	1,212	(1,986)
Income/(loss) from discontinued operations (net of tax)	9	0
Net income/(loss)	1,220	(1,986)
Thereof:		
thyssenkrupp AG's shareholders	1,136	(2,072)
Non-controlling interest	85	86
Net income/(loss)	1,220	(1,986)
Basic and diluted earnings per share based on		
Income/(loss) from continuing operations (attributable to thyssenkrupp AG's shareholders)	1.81	(3.33)
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)	1.82	(3.33)

See accompanying notes to financial statements.

Analysis of the statement of financial position

There was a very significant reduction in total non-current assets compared with the prior year. The decrease in intangible assets was mainly attributable to the impairment losses of €31 million recognized in the Steel Europe segment in the 4th quarter of the reporting year. The sharp reduction in property, plant, and equipment resulted mainly from the impairment losses of €2,099 million at Steel Europe and Special Units in the reporting year and from currency translation. The reduction in investments accounted for using the equity method related primarily to material currency effects affecting the subsequent measurement of the ordinary shares (with voting rights) in Vertical Topco I S.A., Luxembourg, which relate to the Elevator investment. The increase in other financial assets was mainly due to subsequent measurement of the interest-free loans recognized here in connection with the Elevator investment. Higher advance payments on property, plant and equipment were the main reason for the increase in other non-financial assets. The decrease in deferred taxes related principally to impairment losses.

Current assets were also very significantly lower than in the prior year. The sharp drop in inventories was mainly caused by the businesses in the Steel Europe segment; there were also substantial reductions in the businesses in the Materials Services segment. The drop in trade accounts receivable was mainly attributable to the businesses in the Materials Services segment; further declines came from the businesses in the Steel Europe segment. The decrease in contract assets resulted principally from the execution of construction contracts in the marine businesses. Other financial assets were lower, primarily as a consequence of the measurement of currency and commodity derivatives and lower claims to rebates. The rise in other non-financial assets was mainly due to an increase in advance payments and higher claims to refunds in connection with non-income taxes. The reduction in cash and cash equivalents was driven principally by the redemption of a bond in March 2023 and cash outflows for investing activities for the continuing operations. This was offset in particular by the strongly positive operating cash flow from the continuing activities in the reporting year and cash inflows in connection with the stock market listing of thyssenkrupp nucera in July 2023.

Total equity was very significantly lower than in the previous year at €12,693 million as of September 30, 2023. The main reason for this was the very high net loss in the reporting year. Further reductions were attributable in particular to currency translation losses and impairment losses on financial instruments recognized in other comprehensive income as well as to dividend payments by thyssenkrupp AG; these effects were offset above all by cash inflows in connection with the stock market listing of thyssenkrupp nucera and the gains from the remeasurement of pensions as a result of higher interest rates, especially in Germany, the USA, and the UK, which are recognized in other comprehensive income. The equity ratio was 38%, which was slightly lower than in the prior year.

There were two main reasons behind the very significant reduction in non-current liabilities. Firstly, there was a reduction in provisions for pensions and similar obligations, mainly because cash outflows exceeded additions, and in gains from the remeasurement of pensions as a result of higher interest rates, especially in Germany, the USA, and the UK. Secondly, there was a significant reduction in financial debt, especially as a result of the reclassification of a bond due in February 2024 to current financial liabilities.

Overall, current liabilities were lower than in the prior year. The reduction in other provisions was influenced in particular by lower additions than utilizations and reversals. The increase in financial debt was mainly due to the aforementioned reclassification of a bond from non-current financial liabilities, with a countereffect from the redemption of a bond in March 2023. The decrease in trade

accounts payable mainly related to the businesses in the Materials Services and Steel Europe segments. The reduction in other financial liabilities mainly resulted from accounting for currency and commodity derivatives. The increase in contract liabilities was principally attributable to the execution of construction contracts in the Multi Tracks segment. The overall reduction in other non-financial liabilities was mainly due to lower liabilities in connection with non-income-taxes and lower personnel-related liabilities.

thyssenkrupp group – statement of financial position

ASSETS

million €	Sept. 30, 2022	Sept. 30, 2023
Intangible assets	1,872	1,828
Property, plant and equipment (inclusive of investment property)	6,748	4,954
Investments accounted for using the equity method	642	382
Other financial assets	863	980
Other non-financial assets	304	634
Deferred tax assets	732	495
Total non-current assets	11,161	9,272
Inventories	8,889	7,553
Trade accounts receivable	5,298	4,765
Contract assets	1,895	1,758
Other financial assets	701	568
Other non-financial assets	1,745	1,867
Current income tax assets	159	168
Cash and cash equivalents	7,638	7,339
Assets held for sale	8	0
Total current assets	26,331	24,019
Total assets	37,492	33,291

EQUITY AND LIABILITIES

million €	Sept. 30, 2022	Sept. 30, 2023
Capital stock	1,594	1,594
Additional paid-in capital	6,664	6,664
Revenue reserves	4,777	2,972
Cumulative other comprehensive income	1,167	608
Equity attributable to thyssenkrupp AG's stockholders	14,202	11,838
Non-controlling interest	540	854
Total equity	14,742	12,693
Provisions for pensions and similar obligations	5,812	5,474
Provisions for other non-current employee benefits	226	258
Other provisions	431	407
Deferred tax liabilities	53	16
Financial debt	2,786	1,313
Other financial liabilities	41	13
Other non-financial liabilities	15	0
Total non-current liabilities	9,363	7,482
Provisions for current employee benefits	168	159
Other provisions	1,268	1,112
Current income tax liabilities	150	144
Financial debt	1,195	1,712
Trade accounts payable	4,807	4,270
Other financial liabilities	980	906
Contract liabilities	3,098	3,255
Other non-financial liabilities	1,722	1,558
Total current liabilities	13,387	13,117
Total liabilities	22,750	20,599
Total equity and liabilities	37,492	33,291

See accompanying notes to financial statements.

Financing

Principles and aims of financial management

The financing of the group is handled centrally by thyssenkrupp AG, enabling a uniform presence on the capital markets, and is based on a multi-year financial planning system and a monthly rolling liquidity planning system covering a planning period of up to one 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. Moreover, where required, derivative financial instruments are used for hedging purposes. 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

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, 2023 the group had liquid funds of €7.3 billion which, after deducting gross financial debt of €3.0 billion, results in net financial assets of €4.3 billion. Net financial assets were above the prior-year level (September 30, 2022: €3.7 billion). This was due mainly to positive effects from the free cash flow (€0.5 billion) and the successful IPO of thyssenkrupp nucera, which resulted in a cash inflow of €0.6 billion (€0.5 billion capital to increase at thyssenkrupp nucera; €0.1 billion from the exercise of the greenshoe option to the benefit of thyssenkrupp).

thyssenkrupp is still solidly financed.

A €1.0 billion bond was repaid on maturity in March 2023.

The group's available liquidity was €8.8 billion as of September 30, 2023. It comprised liquid funds of €7.3 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 2023 / 2024 amounts to €1.6 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	Ba3	Not Prime	stable
Fitch	BB-	B	positive

The rating agencies Standard & Poor's and Moody's upgraded their ratings in December 2022. Standard & Poor's from BB- to BB and Moody's from B1 to Ba3. Both rating agencies give thyssenkrupp a "stable" outlook. In September 2023, Fitch raised its outlook for the BB- rating from "stable" to "positive."

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.

Operating cash flow

A high positive operating cash flow from the continuing operations was achieved in the reporting year, which was a strong improvement compared with the prior year. The main reason for this improvement was the strong overall reduction in net working capital compared with the prior year. The principal countereffect was the significant deterioration in net income before depreciation, amortization and impairment of non-current assets.

Cash flows from investing activities

The increase in cash flows from investing activities in the continuing operations mainly resulted from the significant reduction in cash inflows from disposals of continuing operations, mainly because of the absence of the cash inflows from the sale of the stainless steel and mining disposal groups reported in the prior year. At the same time, taking into account cash inflows from government grants in connection with the construction of a direct reduction plant in the Steel Europe segment, cash outflows for investing activities in the continuing operations were higher than in the prior year,

In the reporting year capital expenditures were higher than in the prior year at €1.6 billion, driven mainly by higher investment at Materials Services, Automotive Technology, and Steel Europe.

INVESTMENTS

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Change in %	4th quarter ended Sept. 30, 2022	4th quarter ended Sept. 30, 2023	Change in %
Materials Services	101	148	46	52	95	81
Bearings ¹⁾	115	75	(35)	45	36	(20)
Forged Technologies ¹⁾	37	42	15	15	18	25
Automotive Technology	230	262	14	97	91	(6)
Steel Europe	630	911	45	193	388	++
Marine Systems	131	124	(5)	77	57	(26)
Multi Tracks ¹⁾	59	52	(12)	24	24	(1)
Corporate Headquarters	1	0	(9)	0	0	--
Reconciliation	1	(7)	--	(2)	(10)	--
Group continuing operations¹⁾	1,304	1,607	23	502	698	39
Discontinued elevator operations ¹⁾	0	0	—	0	0	—
Full group	1,304	1,607	23	502	698	39

¹⁾ See preliminary remarks.

Free cash flow

In the reporting year, the free cash flow from the continuing operations was clearly positive and improved on the positive prior-year cash flow.

Free cash flow before M&A from continuing operations was significantly higher than in the prior year due to a strong improvement in net working capital.

Cash flows from financing activities

Overall, there was a significant year-on-year improvement in the cash flow from financing activities of the continuing operations. This resulted principally from the cash inflows to equity in connection the IPO of thyssenkrupp nucera, lower cash outflows for the redemption of bonds and the redemption of loan notes recorded in the prior year.

RECONCILIATION TO FREE CASH FLOW BEFORE M & A

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Change	4th quarter ended Sept. 30, 2022	4th quarter ended Sept. 30, 2023	Change
Operating cash flows – continuing operations (consolidated statement of cash flows)	618	2,064	1,446	1,884	1,396	(488)
Cash flow from investing activities – continuing operations (consolidated statement of cash flows)	(277)	(1,582)	(1,306)	(68)	(728)	(660)
Free cash flow – continuing operations (FCF)¹⁾	341	482	141	1,816	668	(1,148)
–/+ Cash inflow/cash outflow resulting from material M & A transactions	(699)	93	792	(209)	49	258
Adjustment due to IFRS 16	(118)	(211)	(93)	(42)	(120)	(78)
Free cash flow before M & A – continuing operations (FCF before M & A)¹⁾	(476)	363	839	1,565	597	(968)
Discontinued elevator operations ¹⁾	0	0	0	0	0	0
Free cash flow before M & A – group (FCF before M & A)	(476)	363	839	1,565	597	(968)

¹⁾ See preliminary remarks.

THYSSENKRUPP GROUP – STATEMENT OF CASH FLOWS

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Net income/(loss)	1,220	(1,986)
Adjustments to reconcile net income/(loss) to operating cash flows:		
Income/(loss) from discontinued operations (net of tax)	(9)	0
Deferred income taxes, net	(184)	146
Depreciation, amortization and impairment of non-current assets	1,421	3,121
Reversals of impairment losses of non-current assets	(72)	(90)
(Income)/loss from companies accounted for using the equity method, net of dividends received	245	38
(Gain)/loss on disposal of non-current assets	(243)	(13)
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes		
– Inventories	(1,570)	1,191
– Trade accounts receivable	(767)	270
– Contract assets	(330)	54
– Provisions for pensions and similar obligations	(268)	(170)
– Other provisions	(330)	(127)
– Trade accounts payable	408	(403)
– Contract liabilities	694	184
– Other assets/liabilities not related to investing or financing activities	403	(150)
Operating cash flows – continuing operations	618	2,064
Operating cash flows – discontinued operations	0	0
Operating cash flows	617	2,064
Purchase of investments accounted for using the equity method and non-current financial assets	(7)	(2)
Expenditures for acquisitions of consolidated companies net of cash acquired	(1)	(3)
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(1,247)	(1,698)
Capital expenditures for intangible assets (inclusive of advance payments)	(49)	(59)
Proceeds from government grants	0	154
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	0	1
Proceeds from disposals of previously consolidated companies net of cash disposed	855	(6)
Proceeds from disposals of property, plant and equipment and investment property	171	30
Cash flows from investing activities – continuing operations	(277)	(1,582)
Cash flows from investing activities – discontinued operations	0	0
Cash flows from investing activities	(277)	(1,582)
Repayments of bonds	(1,250)	(1,000)
Proceeds from liabilities to financial institutions	186	92
Repayments of liabilities to financial institutions	(136)	(157)
Lease liabilities	(141)	(147)
Proceeds from/(repayments on) loan notes and other loans	(196)	38
Payment of thyssenkrupp AG dividend	0	(93)
Proceeds from capital increase	0	517
Profit attributable to non-controlling interest	(40)	(51)
Expenditures for acquisitions of shares of already consolidated companies	(40)	0
Proceeds from disposals of shares of already consolidated companies	0	52
Other financial activities	(174)	34

THYSSENKRUPP GROUP – STATEMENT OF CASH FLOWS

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Cash flows from financing activities – continuing operations	(1,792)	(716)
Cash flows from financing activities – discontinued operations	0	0
Cash flows from financing activities	(1,791)	(716)
Net increase/(decrease) in cash and cash equivalents	(1,451)	(234)
Effect of exchange rate changes on cash and cash equivalents	72	(64)
Cash and cash equivalents at beginning of reporting period	9,017	7,638
Cash and cash equivalents at end of reporting period	7,638	7,339
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows of continuing operations:		
Interest received	29	167
Interest paid	(131)	(116)
Dividends received	35	25
Income taxes (paid)/received	(381)	(275)

See accompanying notes to financial statements.

Off-balance-sheet financing instruments

Our off-balance-sheet financing instruments also include the non-recourse factoring of receivables from ordinary business activities, which the group sold in the amount of €0.6 billion as of the reporting date (prior year: €0.6 billion). Continuing involvement exists for a portion of these receivables with a carrying amount of €0.5 billion. For details, see Note 09 Trade accounts receivable. 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 in accordance with 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.

As an energy supplier, thyssenkrupp AG is subject to the provisions of the German Energy Industry Act (EnWG). thyssenkrupp is a vertically integrated energy supply company within the meaning of § 3 No. 38 EnWG and is therefore required to maintain separate accounts in accordance with § 6b (3) EnWG.

Course of business, future development and risk position

Course of business 2022 / 2023

The business performance and position of thyssenkrupp AG are mainly determined by the business performance and success of the group. This is reported on in detail in the sections “Group review,” “Segment review,” and “Results of operations and financial position.”

Expected development 2023 / 2024 with material opportunities and risks

thyssenkrupp AG has extensive links to Group companies, for example, through its financing activities and the assumption of liability under guarantees. Therefore, the expected performance of thyssenkrupp AG in fiscal year 2023/2024 and the risk situation also depend 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.

Contrary to the groupwide perspective, net income for the year determined in accordance with the German Commercial Code (HGB) is the most important financial indicator for thyssenkrupp AG. In fiscal year 2022 / 2023, thyssenkrupp AG made a net loss of €1,783 million. The company therefore fell significantly short of its expectation of net income in the low three-digit million euro range. This was mainly due to the negative investment income of €(1,466) million, which contained expenses of €2,450 million for the assumption of losses. Among other things, this included the loss of €2,338 million posted by thyssenkrupp Technologies Beteiligungen GmbH, Essen, which was mainly attributable to the assumption of losses by this company. The background to this comprised write-downs as a result of the impairment of shares in Thyssen Stahl GmbH and shares in thyssenkrupp Steel Europe AG, which is expected to be permanent.

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 2023 / 2024 should also be reflected in the income of thyssenkrupp AG. Overall we are expecting net income for 2023 / 2024 in the low three-digit million euro range and thus significantly better earnings than in fiscal year 2022 / 2023.

Result of operations

thyssenkrupp AG reported a net loss of €1,783 million in fiscal year 2022 / 2023, compared with net income of €2,103 million a year earlier.

Sales mainly included income of €455 million from amounts charged on in accordance with the corporate design, company naming, and trademark policy for the groupwide mark (prior year: €243 million). The year-on-year increase was mainly attributable to the improvement in the data used to calculate license fees. Furthermore, sales included rental and lease income of €15 million.

General administrative expenses fell by €22 million to €304 million. The main reason for this was a reduction in personnel expenses due to lower additions to pension provisions than in the previous year.

Other operating income of €146 million (prior year: €157 million) chiefly consisted of reversals of impairment losses of €31 million on the carrying amount of the interest in thyssenkrupp Singapore Pte. Ltd., Singapore and of €24 million on the interest in thyssenkrupp Italia S.r.l., Italy. This was attributable to the positive business performance. In addition, this item contained the reversal of impairment losses of €34 million on tangible fixed assets. These comprised the reversal of impairment losses recognized on office premises in the thyssenkrupp Quarter in fiscal year 2019 / 2020.

Other operating expenses decreased by €219 million to €211 million. In particular, they contained a specific allowance of €173 million on overnight account receivables from thyssenkrupp Presta Aktiengesellschaft, Liechtenstein, as a result of agreed restructuring contributions. In addition, expenses of €12 million were incurred for maintenance and other services relating to non-operating real estate.

Income from investments dropped by €4,328 million to €(1,466) million. In the prior year, it was €2,862 million.

Income from profit transfers was €1,450 million lower at €9 million, while expenses for the assumption of losses increased by €2,428 million to €2,450 million. In particular, thyssenkrupp Technologies Beteiligungen GmbH, Essen, posted a loss of €2,338 million compared with a profit of €1,066 million in the prior year. This was attributable to the assumption of losses at subsidiaries on the basis of profit and loss transfer agreements. In particular, thyssenkrupp Materials Services GmbH, Essen, posted a loss of €379 million compared with a profit of €60 million in the prior year.

Investment income of €974 million was recorded (prior year: €1,425 million). This mainly comprised a dividend of €700 million from thyssenkrupp Nederland Holding B.V., Netherlands. In addition, as the general partner of thyssenkrupp USA Holding AG & Co. KG, Essen, thyssenkrupp AG withdrew a profit of €140 million.

€974 million

Investment income

The net interest of €(58) million contains income from loans of €23 million, interest income of €424 million and interest expense of €505 million.

Write-downs of financial assets for impairment expected to be permanent increased by €19 million to €331 million in fiscal year 2022 / 2023. This comprised €225 million on the shares in thyssenkrupp Steel Europe AG, Duisburg, €99 million on the shares in Vertical Topco I S.A., Luxembourg, and a total of €7 million on the shares in four further companies.

Income taxes related to corporation and trade income tax as well as comparable foreign income taxes. They comprised expenses for prior years and current taxes in the reporting period. The tax expense did not include any deferred taxes.

Financial position

Total assets declined by €1,182 million year-on-year to €23,057 million. As of September 30, 2023, the share of fixed assets in total assets increased from 51% to 52%.

Fixed assets declined by €258 million to €12,056 million. Tangible fixed assets increased by €24 million to €148 million, while financial assets dropped by €278 million to €11,907 million. The increase in tangible fixed assets was mainly attributable to the reversal of an impairment loss of €34 million on buildings in the thyssenkrupp Quarter.

Within financial assets, shares in affiliates decreased by €223 million to €10,457 million. The carrying amount of the investment in thyssenkrupp Finance CA Corp., Canada, was reduced by €55 million as a result of a capital repayment.

Impairment losses on shares in affiliates were reversed in an amount of €59 million and write-downs of €232 million were recognized on shares in affiliates for impairment expected to be permanent. These are explained in detail in the subsection "Results of operations."

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 €99 million was recognized on shares in this investment: therefore the carrying amount of the investment on the reporting date was €470 million. The loan was recognized at its amortized cost of €815 million.

Receivables from and liabilities 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, 2023 receivables from affiliated companies increased by €15 million to €5,098 million, with higher receivables on group finance accounts and lower receivables from profit and loss transfer agreements.

thyssenkrupp AG bears liability from the internal transfer of pension obligations. The indemnification right created by transfer of responsibility for meeting the obligations, which was recognized under other assets, decreased by €21 million in the past fiscal year to €181 million. The offsetting transaction was recognized under pension obligations.

As of the reporting date, money market funds in the amount of €2,660 million (prior year: €3,318 million) were recognized in other securities; previously they were recognized in cash on hand and cash at banks. Investments in money market fund were reduced due to the redemption of the bond that matured in March 2023. This was the main reason for the year-on-year reduction of €658 million.

Cash on hand and cash at banks decreased by €3,563 million to €2,998 million as of September 30, 2023, mainly because of the above change in the recognition of money market funds and the redemption of a €1,000 million bond.

Total equity contracted by €1,876 million to €6,064 million as of September 30, 2023. Unappropriated profit decreased from €581 million in the prior year to €95 million after offsetting the loss of €1,783 million against the profit of €488 million carried forward from the previous year and the reversal of other revenue reserves of €1,390 million resolved by the Executive Board and the Supervisory Board. The equity ratio dropped to 26% (prior year: 33%).

26%

Equity ratio

The €26 million reduction in provisions for pensions and similar obligations was mainly due to the utilization of provisions in the amount of €48 million and the change of €21 million in pension obligations transferred internally as outlined above. This was offset above all by an addition of €28 million to pension provisions and accrued interest of €15 million. Within other provisions, the provision for taxes decreased by €15 million.

A €1,000 million bond that had been issued by thyssenkrupp AG was redeemed at maturity on March 6, 2023.

Liabilities to affiliated companies were mainly deposits by subsidiaries in the central financial clearing system and loss transfers under profit and loss transfer agreements. The year-on-year increase of €1,863 million was due to a rise of €2,428 million in the assumption of losses. By contrast, liabilities on group finance accounts were €601 million lower. 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 the appropriation of the profit

The legal basis for distribution of a dividend is the unappropriated profit of thyssenkrupp AG determined in accordance with the German Commercial Code (HGB). This comprises the net loss of thyssenkrupp AG in the amount of €1,783 million, plus the profit carried forward from the prior year and the reversal of other revenue reserves in the amount of €1,390 million resolved by the Executive Board and Supervisory Board. The financial statements therefore show an unappropriated profit of €95 million.

The Executive Board and Supervisory Board will propose to the Annual General Meeting that the unappropriated profit for fiscal year 2022 / 2023 in the amount of €95 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.

Balance sheet of thyssenkrupp AG

ASSETS

million €	Sept. 30, 2022	Sept. 30, 2023
Fixed assets		
Intangible assets	4	2
Tangible fixed assets	124	148
Financial assets	12,185	11,907
	12,314	12,056
Operating assets		
Receivables and other assets	5,355	5,341
Other securities	0	2,660
Cash on hand and cash at banks	6,561	2,998
	11,915	10,999
Prepaid expenses and deferred charges	10	2
Total assets	24,239	23,057

EQUITY AND LIABILITIES

million €	Sept. 30, 2022	Sept. 30, 2023
Total equity		
Subscribed capital	1,594	1,594
Capital reserves	2,703	2,703
Other revenue reserves	3,062	1,672
Unappropriated profit	581	95
	7,940	6,064
Provisions		
Provisions for pensions and similar obligations	1,083	1,057
Other provisions	124	118
	1,207	1,175
Liabilities		
Bonds	3,100	2,100
Liabilities to financial institutions	21	3
Liabilities to affiliated companies	11,656	13,519
Other liabilities	314	195
	15,092	15,817
Deferred income	0	1
Total equity and liabilities	24,239	23,057

STATEMENT OF INCOME

million €	2021/2022	2022/2023
Net sales	280	471
Cost of sales	(46)	(12)
Gross profit	234	460
General administrative expenses	(326)	(304)
Other operating income	157	146
Other operating expense	(430)	(211)
Income from investments	2,862	(1,466)
Net interest	3	(58)
Write-downs of financial assets and securities classed as operating assets	(312)	(331)
Income taxes	(85)	(18)
Earnings after taxes/Net income/loss	2,103	(1,783)
Profit appropriation		
Net income/loss	2,103	(1,783)
Loss / profit carried forward	(940)	488
Withdrawal from other revenue reserves	0	1,390
Transfer to other revenue reserves	581	0
Unappropriated profit	581	95

Climate, energy and environment

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

▶ www.thyssenkrupp.com >
Company > Sustainability >
Environment > Environmental and
Energy Management

thyssenkrupp Climate Action Program for Sustainable Solutions (CAPS)

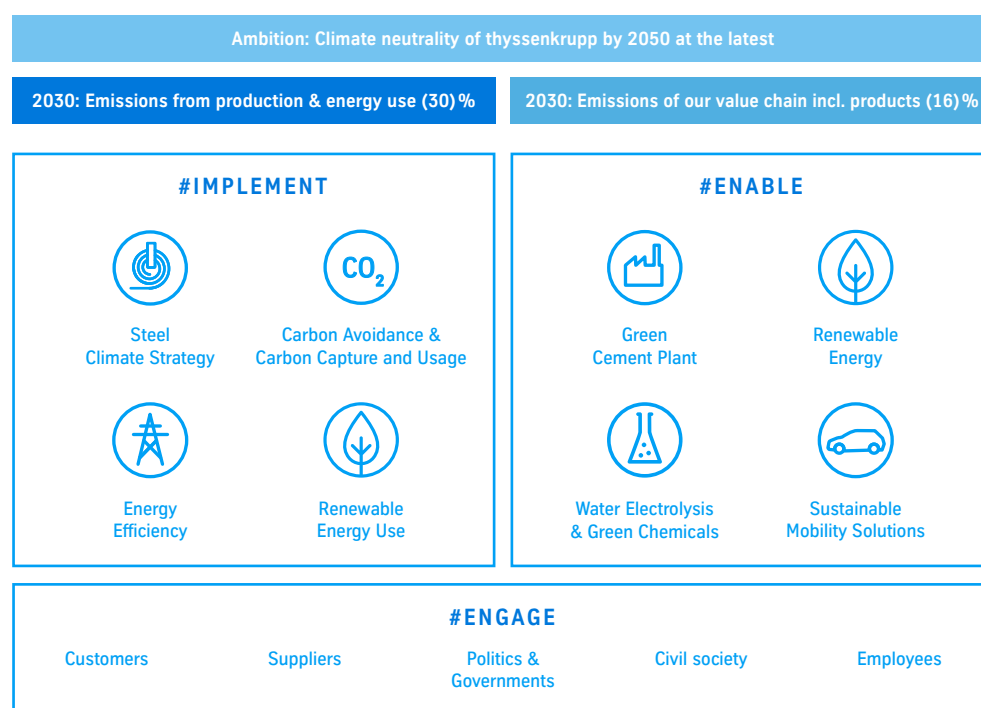
thyssenkrupp has set itself ambitious targets on the path to greenhouse gas neutrality. Our long-term target is to be climate-neutral by 2050 and strive to achieve this far earlier in some businesses and countries. We have defined the following milestones for getting there: by 2030 we aim to reduce our 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 Targets initiative (SBTi) has closely examined our targets and officially confirmed that they are in line with the Paris Climate Agreement and climate science. 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 planning to become climate-neutral at an earlier date and are already moving towards an even faster reduction in our emissions en route to this. 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."

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

Work towards achieving our climate targets is continuing in the context of the thyssenkrupp CAPS program (Climate Action Program for Sustainable Solutions). For the emissions bound up with our own production we are counting on a continuous improvement in energy efficiency in all businesses and especially in steel production due to the high share of process-related emissions involved in steel production. Here we are focused on two technological pathways: avoiding carbon emissions by using hydrogen (known as carbon direct avoidance, CDA) and using any carbon dioxide that is unavoidably produced (carbon capture and usage, CCU). In steel production we want to use CDA technologies to successively replace carbon by hydrogen as a reducing agent and thus avoid the emission of carbon dioxide altogether. To this end we have developed an innovative process: We are combining a 100% hydrogen-capable direct reduction plant with an integrated electrical melting unit in order to produce climate-friendly pig iron. Operating with hydrogen, the direct reduction plant with production capacity for 2.5 million tons direct reduced iron will avoid 3.5 million tons CO₂ a year. Through this innovative concept we can 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. In addition, the slag generated in the melting units can be used in the production of cement analogously to blast furnace slag – a further contribution to the decarbonization of the construction and cement industries. Within the CCU path we want to capture the CO₂ that is still produced and convert it into climate-friendly base chemicals using the Carbon2Chem process developed and tested by our engineers.

Furthermore, we are continuously working on solutions for the green transformation of various industries, especially in the areas of wind energy and production plants for “green” chemical products, such as ammonia. Other solutions are production plants for more sustainable cement products and electrolysis plants to ramp up a sustainable hydrogen economy. In addition, we are constantly working on innovative solutions for sustainable mobility. Further information on our innovative solutions can be found in the “Technology & innovations” section, in the “Strategy” subsection in “Fundamental information about the group,” in the “Segment review” subsection in the “Report on the economic position” and on our website.

THYSSENKRUPP CLIMATE ACTION PROGRAM FOR SUSTAINABLE SOLUTIONS (CAPS)



In the reporting period thyssenkrupp’s greenhouse gas emissions – i.e., scope 1 and scope 2 emissions as per the Greenhouse Gas Protocol – came to nearly 24 million tons.

We have been working for many years to systematically improve the energy and climate efficiency of our production operations and to develop efficient solutions to reduce greenhouse gases for and in cooperation with our customers. The success of our climate efforts is also regularly confirmed by external parties. In 2022 thyssenkrupp was included on the “A” list compiled by the non-profit organization CDP (formerly Carbon Disclosure Project) for the seventh year in succession; according to CDP that makes us an international leader with regard to climate transparency and management.

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

Environmental management at our sites

Our environmental, climate and energy management systems are based on the group's global environmental and energy policy and a corresponding group regulation. This regulation requires all companies with environmentally relevant activities, for example, because they operate plants that are subject to environmental permits, to implement and maintain an environmental management system in accordance with ISO 14001. With the aid of certified environmental management systems, we are continuously improving the environmental performance of our sites by fulfilling our ambitious environmental targets. Throughout the lifecycle of our products and processes, we raise efficiency in the use of resources and minimize harmful emissions. We are aware of our ecological and social responsibility. Our binding obligations include both compliance with legal and regulatory requirements and respecting environmentally relevant due diligence obligations.

Activities regarded as environmentally relevant are defined in our 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


thyssenkrupp's energy consumption came to around 68 terawatt hours (TWh) in fiscal year 2022 / 2023.

Energy efficiency plays an important role at thyssenkrupp. For nine years, the global Groupwide Energy Efficiency Program (GEEP) has included measures such as process optimizations, better use of waste heat 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 85 GWh. We significantly exceeded this target with an improvement of around 340 GWh. Taking into account the specific emissions of each energy source, these efficiency gains add up to the avoidance of around 110,000 tons of greenhouse gas emissions. The goal for fiscal year 2023 / 2024 is to achieve further efficiency gains of at least 205 GWh. Since fiscal year 2019 / 2020 all group 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 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 2022 / 2023.

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.

Internationally acknowledged standards for environmental management implemented globally

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

 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. Focal areas are technologies for the green transformation, digitalization and future mobility.

www.thyssenkrupp.com >
Company > Innovation

Our global research and development network includes about 75 sites with some 4,000 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 1,200 new patents and utility models. As a result our patent portfolio now contains some 14,630 patents and utility models. The trademark portfolio comprises around 9,060 property rights.

Total spending on research and development came to €698 million in the reporting year, an increase of 12% compared with the previous year (€624 million). The adjusted R&D intensity was 2.8% (prior year: 2.4%) and refers to R&D costs as a proportion of sales, without trading and distribution. It was therefore in the target range of around 3.0%.

In fiscal year 2022 / 2023 we capitalized development costs of €26 million (prior year: €13 million). The capitalization ratio – capitalized costs as a proportion of overall R&D costs – was therefore 10% (prior year 5%).

RESEARCH AND DEVELOPMENT

million €	2021/2022	2022/2023	Change in %
Research and development cost	246	239	(3)
Amortization of capitalized development costs	11	12	9
Order-related development costs	367	447	22
Group continuing operations¹⁾	624	698	12

¹⁾ See preliminary remarks.

Green transformation

As well as continuing to drive forward the green transformation of our own processes, we deliver numerous innovative solutions that offer our customers key support in implementing their own climate- and resource-saving processes and introducing more sustainable products.

Target: climate-neutral steel production by 2045 at the latest

The most prominent example of our green transformation is our target of climate-neutral steel production by 2045 at the latest. To achieve this goal, at the beginning of March 2023 we awarded the contract for the construction of our first hydrogen-powered direct reduction plant and two innovative smelters.

The two electricity-powered smelting units enable the direct reduction plant to be integrated smoothly into the existing production network. This has the big advantage that all established, tried and tested processes at the oxygen steelworks in Duisburg can be retained. This is where the liquid product is processed into the well-known steel grades. You can find further information in the section "Segment review," subsection "Steel Europe."

Worldwide, wind power is a central element in the decarbonization of energy systems. Efficient operation of wind energy installations plays a key role in cost-effective energy production. In modern multi-megawatt wind energy installations, the angle of the rotor blades is adjusted flexibly to reduce the dynamic structural load and improve the yield per rotor revolution. This is enabled by the pitch bearing unit (PBU) developed jointly by thyssenkrupp rothe erde and HAWE. In addition, the solution allows modularization of the entire pitch system so it can be used as a standard solution in installations of different sizes. This allows the use of blades with larger diameters on the same hub size, thus increasing the yield of the installation. This broadens the spectrum for installations in areas with low wind speeds.

There is continued interest in green ammonia plants. The Han-Ho H2 consortium has asked thyssenkrupp Uhde to undertake a feasibility study. This study, which is part of a groundbreaking energy project to build up a green ammonia supply chain between Australia and South Korea, comprises an extensive technical and economic analysis of the power-to-ammonia value chain using methodology developed by thyssenkrupp Uhde. The aim is to evaluate the influence of various factors on the overall cost-effectiveness of the ammonia plant and to identify the best concept. Uhde will also provide technology, engineering and integration know-how for the green ammonia plant based on the uhde® ammonia synthesis technology.

A US cement producer is one of the first customers to source the polysius® booster mill, a new mill developed by Polysius to allow finer grinding of cement clinker. It enables the production of ultra-high-performance cements and sustainable cements with a lower clinker factor without losing grinding capacity. Reducing the clinker factor has considerable potential to cut CO₂ emissions from cement production. The modular design and smaller footprint of the newly developed mill allow integration into existing grinding plants.

Water electrolysis technology for the production of green hydrogen is an innovative industrial-scale solution developed by thyssenkrupp nucera for green value chains. The R&D activities in this area focus on the developing and testing of technologies for large-scale serial production of electrolyzers. Key areas of focus are stack and cell development and optimization and automation of production and assembly. A development laboratory for automation of the assembly process has been erected in Dortmund to complement the serial production of cells and the production of Gigawatt-scale

modules. We have also made further progress in the automation of cell assembly in our Install AWE project. This is necessary to raise production capacity from 1 GW to 5 GW in order to meet growing demand for plants for the production of green hydrogen and at the same time reduce production costs.

To ensure that solar parks generate green energy on a lasting and cost-effective basis, they need robust mounts with effective corrosion protection. With ZM Ecoprotect® Solar, thyssenkrupp Steel now offers high-performance, zinc-magnesium-coated steels for photovoltaic mounting systems. Customers are also offered ZM Ecoprotect® Solar as bluemint® Steel, which considerably reduces CO₂ during production.

Digitalization of supply chains, processes and products

As part of its “materials as a service” strategy, thyssenkrupp Materials Services has made further progress in extending supply chain capacity and invested in a new business models through its corporate venture activities. In addition, this segment has driven forward digital solutions in the area of sustainability.

The online marketplace SteelBuy was launched in the UK in December 2022. This platform reduces the worked involved in entering into business transactions, making payments and logistics. The technology behind SteelBuy provides seamless and efficient trading in metals for mills, service centers, dealers and end-users. Algorithms connect buyers and sellers directly and dashboards deliver anonymized real-time offer, demand and selling data, enabling dynamic pricing.

Materials Services has acquired the data analysis and data science company Westphalia DataLab GmbH. This acquisition strengthens its expertise in digital supply chain services and will speed up the development of specific solutions such as the “pacemaker” forecasting solution. Pacemaker aims to use artificial intelligence to improve the service level for customers and reduce inventories.

We also use digital platforms for sustainability activities. Together with machinery manufacturer Trumpf and the Fraunhofer Institute IPA, Materials Services is involved in the de:karb research project exploring ways of reducing CO₂ emissions in sheet metal processing. The aim is to create an open online platform that companies can use to determine the carbon footprint of specific components.

Digital platforms create value in materials trading

Digitalization is also being driven forward in the construction machinery components sold by Forged Technologies under the Berco brand. Thanks to smart components equipped with suitable sensors, in the future customers will be able to monitor the wear of key components so they can plan maintenance and reduce downtimes. Moreover, our e-commerce platform has become established in the Berco aftermarket, offering customers benefits in the sourcing of Berco components.

Mobility of the future

The Dynamic Components business unit in the Automotive Technology segment is making further progress in the transformation from a manufacturer of conventional powertrain components to a solution provider for e-mobility.

Transformation of business activities
in the field of mobility

Production of rotor shafts for electric engines has been established at the Chemnitz and Ilsenburg sites for a number of years. Now we have started to expand the production network with sites in China and Mexico.

Our core competencies and decades of experience in the development and production of camshafts has been transferred to the manufacture of rotor shafts for high-performance engines for electric vehicles. Rotor shafts are a central component in electric engines. Torque transmission is many times higher than with conventional automotive camshafts. thyssenkrupp rotor shafts are multi-part structures. One advantage is that they are hollow, so the built shaft allows the integration of additional function in high-end electric engines, for example, rotor cooling to enhance engine performance. Including rotor shafts in our product portfolio is a step towards making us less dependent on conventional combustion engines.

The forgings business at thyssenkrupp Forged Technologies is also diversifying into products that are independent of combustion engines. We have started production of front axles on one of the world's largest and most modern forging lines at our Homburg site. The centerpiece of this new, energy-efficient forging line is a 16,000 ton forging press. This highly automated line enables production of new components that have been added to the portfolio.

Purchasing

thyssenkrupp buys in a wide variety of products, product groups and services. We strive to achieve an optimum balance between various aspects such as quality, price, and supplier assessments.

www.thyssenkrupp.com >
Company > Procurement

Materials expense

Materials expense comprises the group's total spend on products and services. Compared to fiscal year 2021 / 2022, it decreased by 8% to €26 billion in the reporting year. While price increases were incurred for some materials, this decrease was mainly due to the divestment of the multi-track stainless steel, infrastructure and mining businesses and the impact of their material expenses on the total spend until the time they were sold. Materials expense as a percentage of sales therefore came to 70% (prior year: 69%). Depending on the business model, the percentages of the individual businesses ranged between 32% (Marine Systems) and 85% (Materials Services). The following table shows the materials expense of each individual business in absolute figures:

70%

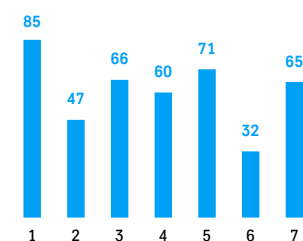
Materials expense in relation to sales

MATERIALS EXPENSE

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Change in %
Materials Services	13,561	11,523	(15)
Bearings ¹⁾	580	545	(6)
Forged Technologies ¹⁾	1,030	1,061	3
Automotive Technology	2,887	3,311	15
Steel Europe	8,873	8,824	(1)
Marine Systems	900	597	(34)
Multi Tracks ¹⁾	2,788	2,063	(26)
Corporate Headquarters	1	1	(58)
Reconciliation	(2,128)	(1,727)	19
Group continuing operations¹⁾	28,490	26,198	(8)
Discontinued elevator operations ¹⁾	0	0	—
Full group	28,490	26,198	(8)

¹⁾ See preliminary remarks.

Materials expense of the segments as % of sales 2022/2023



1	Materials Services	85 %
2	Bearings	47 %
3	Forged Technologies	66 %
4	Automotive Technology	60 %
5	Steel Europe	71 %
6	Marine Systems	32 %
7	Multi Tracks	65 %

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. More information is provided in the “Opportunity and risk report” under “Procurement risks.”

Sustainability in supplier management

As an international corporation, 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. To ensure responsible corporate governance aligned to long-term value creation, we include our suppliers directly into our sustainability strategy.

To comply with the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), which came into force on January 1, 2023, a risk management system for specific human rights and environment-related risks has been set up at thyssenkrupp.

Using the SCA risks as a basis, we subject our immediate suppliers to a basic risk analysis and identify their risk potential. We weight the individual SCA risks and take factors such as external risk indices, the supplier's location and industry, the scope of business activities (purchasing volume), the type of goods supplied and the severity and reversibility of potential events into account in our ongoing risk analysis. Based on the results of the risk analysis of specific suppliers, a risk category is determined for each supplier. Our group companies refer to this risk category to take appropriate prevention measures in order to mitigate the risk posed by suppliers. At the same time, prioritization takes place on the basis of the established risk, our contribution to the cause, the degree of our influence, and taking into account the characteristics of the business in question. Findings on indirect suppliers are included in our risk analysis on an ad hoc basis.¹⁾

thyssenkrupp has drafted an appropriate catalog of measures on the basis of the SCA risks of the risk analysis. These measures allow us to mitigate the risk of potential violations of human rights and environmental rights and legal interests at our suppliers.¹⁾

Our preventive measures include, for example, our Supplier Code of Conduct. This 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 human right violations caused by environmental harm, combat corruption, and create transparency on the origin of certain raw materials (so-called conflict minerals).

We expect all our suppliers to acknowledge the Supplier Code of Conduct and to meet the expectations it specifies. We expect suppliers that have been identified as having a heightened risk potential to provide contractual assurances that our human rights and environmental expectations are complied with and agree individual prevention and remedial measures, such as supplier audits.¹⁾

¹⁾ Cf. thyssenkrupp Principles of compliance with human rights and environmental due diligence requirements

Sustainability audits are conducted to verify on site that suppliers comply with the Supplier Code of Conduct, thus meeting our sustainability requirements. Beyond checking integrity in the business environment, special attention is paid to the protection of human rights, for example, with regards to working conditions, and to environmental protection, for example, concerning the disposal of waste and waste-water as well as the measuring of pollutants. The suppliers to be audited are largely selected based on country- and industry-related risk criteria, or due to specific events, for example, we become aware of potential risk issues. As part of the sustainability audits, improvement measures are agreed with the suppliers if necessary, followed by the tracking of measure implementation and effectiveness. This way we aim to support supplier development while reducing potential sustainability risks along our supply chain.

More than 100 sustainability audits were carried out in fiscal year 2022 / 2023. As a rule, these audits address working hours, occupational health & safety as well as the documentation of business processes as key areas of potential improvements.

If any violations of a human rights or environmental requirements at a direct or indirect supplier become known, thyssenkrupp will initiate immediate and appropriate measures aimed at ending these violations.¹⁾

¹⁾ Cf. thyssenkrupp Principles of compliance with human rights and environmental due diligence requirements

Employees

Employees in figures

thyssenkrupp had 99,981 employees as of September 30, 2023. That was an increase of 3,487 or 3.6% compared with September 30, 2022.

▶ www.thyssenkrupp.com >
Company > Sustainability >
Social Responsibility >
Employees at thyssenkrupp

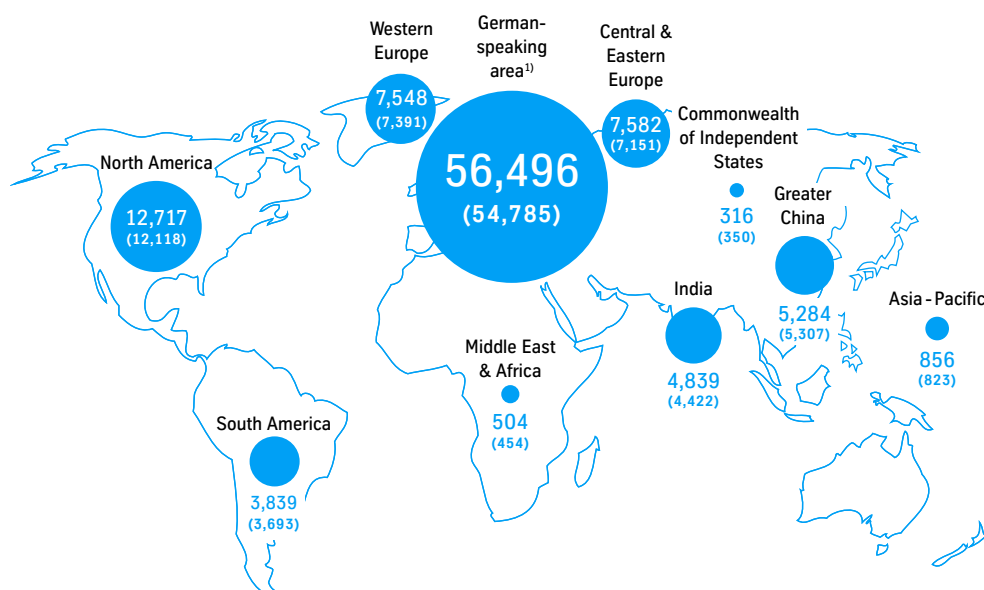
EMPLOYEES

	Sept. 30, 2022	Sept. 30, 2023	Change in %
Materials Services	15,914	16,329	3
Bearings ¹⁾	6,211	5,996	(3)
Forged Technologies ¹⁾	5,808	5,612	(3)
Automotive Technology	20,266	21,563	6
Steel Europe	26,304	26,822	2
Marine Systems	6,943	7,772	12
Multi Tracks ¹⁾	12,892	13,619	6
Corporate Headquarters	615	625	2
Reconciliation	1,541	1,643	7
Full group	96,494	99,981	4
Germany	51,649	53,238	3
Other countries	44,845	46,743	4

¹⁾ See preliminary remarks.

EMPLOYEES BY REGION

(prior-year figures in brackets)



¹⁾ Germany, Austria, Switzerland, Liechtenstein combined; in Germany 53,238 (51,649)

Priorities in HR work in fiscal year 2022 / 2023

The safety and health of our employees remained key elements of human resources work at thyssenkrupp in the past fiscal year. The personnel-related measures accompanying the transformation of the businesses and the strategic development of thyssenkrupp were further important aspects. Changes on the labor market and the corresponding increase in the demands made on HR work are becoming increasingly important for the future business success of thyssenkrupp. A separate subsection outlines the intensified activities undertaken in the past year to recruit, develop and retain employees.

Zero compromise on safety and health. That is our value. Because we care

Occupational safety and health are very important at thyssenkrupp. Our aim is to avoid accidents, work-related illnesses and stress. We therefore expect our managers to organize work so that no one is harmed. The health promotion and protection concept developed at the start of fiscal year 2021 / 2022 for the period after the pandemic pays special attention to the resilience of employees and managers. This is therefore a focus of occupational safety and health worldwide, initially for a three-year period. Managers play a special role in this and the “Leaders care” initiative helps them discharge this responsibility.

Focus on the resilience of employees and managers

The “Safety Gemba Walks” performed by our senior managers are an important tool for direct communication with employees. When visiting sites, senior managers are expected to plan time for these walks to gain an insight into the workplaces and talk with employees about safety. Because we are not satisfied with offering good working conditions alone: we want to foster health, performance and motivation through effective interaction. The Safety Gemba Walks were very well received in the reporting period. Two business units met the full-year target by mid-year.

The development of accident statistics is the benchmark for occupational safety at thyssenkrupp. The accident situation in the company is regularly discussed at Executive Board meetings. The key indicator in this context is the accident frequency rate¹⁾. This is reported monthly by all units worldwide. In the past fiscal year, it was 2.4, which was the target set by thyssenkrupp. Therefore, thyssenkrupp has already almost achieved the target of 2.3 set for fiscal year 2023 / 2024. As a result, the target has been reduced to 2.2.

Accident frequency of 2.4 was in line with the target set

The number of fatal accidents at work involving thyssenkrupp employees was once again 0. The reporting period was therefore the second consecutive year in which there were no fatalities in our workforce resulting from an accident in the workplace. Nevertheless, some unplanned events did happen and we are continuing our preventive measures, which also includes contracted companies.

¹⁾ Occupational accidents of own employees that result in at least one day lost time per million hours worked.

Worldwide, further indicators of health and health maintenance are compiled. Alongside those relating to health promotion offerings, they include a ratio of first aid-trained employees, which is currently 17.4%, and access to an “Employee Assistance Program” – confidential counseling by external psychologists, medics, and educational specialists. At present, this is available to 87% of employees.

This year, we again used the “we care Days” to draw attention to focal areas of occupational safety and health. Under the motto “Your health matters!”, the focus was on five topics: medical screening and preventive care examinations, nutrition, exercise, resilience & stress management, and “we stop reloaded” as an occupational safety topic. The “we care Days” were once again a big success, with 25 countries taking part. As in the past, the “we care Award” was presented to teams that advance the safety and health culture through outstanding initiatives extending beyond the “we care Days”. Three winners were chosen from 40 applications.

“We care Days” were again a big success with 25 countries taking part

At thyssenkrupp, the focus extends beyond company employees. In the area of occupational safety we also keep an eye on the contractors working for us. The declared aim is to apply the defined standards at contractors as well. To further enhance management of our contractors, we introduced a cross-segment focus dialog in the past fiscal year. Our goal was to identify potential for improvement in the selection of contractors and in on-site monitoring of their activities. The results provided a basis for measures at group and segment level, which are now being detailed and implemented.

HR measures in connection with the transformation

Another focus of HR work also in fiscal year 2022 / 2023 was on the operational implementation of measures to refocus thyssenkrupp’s portfolio and on continuing the extensive restructuring of our businesses, which started in fiscal year 2019 / 2020. Based on our planning, a total of around 13,000 job reductions is necessary. The main focus of the restructuring is on Germany. By September 30, 2023 thyssenkrupp had implemented more than 85% of the planned headcount reductions as scheduled; that was over 11,000 employees. Most of the measures in the past fiscal year concerned the Steel Europe, Automotive Technology, and Materials Services segments. The regional focus was once again on Germany, which accounted for over 50%.

In connection with the refocusing of the portfolio, various M&A, restructuring and reorganizational measures were examined, prepared and in some cases realized in fiscal year 2022 / 2023. A network of experts from different businesses and functions was available to provide advice and help find sustainable solutions for all of these measures in the interest of group companies and employees.

Our response to the changing working world

Almost all of thyssenkrupp's businesses have a great need for personnel as a result of demographic change and staff turnover. Especially in the German-speaking regions and North America, which account for around two-thirds of our workforce, this situation is very challenging for thyssenkrupp in several respects. In these regions, the recruitment market, which is characterized by demographic change, a greater willingness to change jobs and increased competition for skilled workers, requires us to step up our efforts to attract and retain employees. This situation has been exacerbated by the economically challenging situation at thyssenkrupp in recent years and the risk of a deterioration in our attractiveness as an employer.

In the following sections, we outline how we are responding to the changes in the working world, from our increased activities to recruit new employees through new approaches to lifelong learning to continuous improvements in the productivity of the working environment.

Attracting and retaining employees

Attracting and retaining employees is one of the central challenges on the labor market. We address this through a wide range of measures that position thyssenkrupp as an attractive employer and thus strengthen our employer branding.

Employer branding: thyssenkrupp as a progressive company

In 2023, thyssenkrupp's positioning as an employer is being supported by image campaigns on sustainability and diversity. Both of these future-oriented topics are reflected in our employer branding. The aim is to continue to position thyssenkrupp as an attractive employer on the external market and to continually strengthen identification amongst our employees.

The green transformation of thyssenkrupp is in the focus of the ongoing development of our company. The businesses are already engaged in many activities to drive this forward – not just for themselves, but also for the environment and upcoming generations. However, we do not simply want to pave the way for the green transformation; we also want to give people the opportunity to play an active part in shaping it – in a variety of future-oriented jobs at one of industry's largest employers. That is highlighted in the "green" employer branding campaign "Be active. Join #GENERATIONTK.", which we launched in summer 2023. It particularly appeals to younger target groups who want to play an active role in shaping the future of tomorrow.

Alongside these campaigns, thyssenkrupp is actively and directly raising its street cred as a green employer through a bicycle leasing program, which we launched in spring 2023. Every employee in Germany is offered tax relief on bicycle leasing – irrespective of brand or type – for a period of three years. As well as strengthening our profile as an attractive employer, this new offering is designed to support our employee's health. At the same time, it encourages sustainable mobility, which is part of our corporate strategy.

Diversity is another focus of our employer branding. At thyssenkrupp, we are constantly working on a corporate culture characterized by openness, equal opportunities and mutual respect. Attention is specifically drawn to this by our “Diversity is #GENERATIONTK” campaign. Its clear message is that stereotyping has no place at thyssenkrupp.

Diversity campaign with a clear message: stereotyping has no place at thyssenkrupp

Winning over tech talents for thyssenkrupp

A special focus in the past fiscal year was recruiting and retaining employees with a technical background. The thyssenkrupp-wide initiative tech@tk bundles the formats to attract and retain employees in this target group. tech@tk offers a platform to share best practices and leverage the synergies across our segments.

Cross-segment activities in the past fiscal year included target-group-specific employer branding campaigns and an increase of social media activities. With regards to the rising challenges of attracting employees, we strengthened the recruiting organization in the segments.

Within the established “Lean&Agile” format, thyssenkrupp launched further initiatives to attract employees in several important regions. These included developing dedicated measures to attract female tech talents in China and extending the TechCenter in India.

Going forward: we want to encourage growth and innovation

A key belief at thyssenkrupp is that all employees have potential that should be encouraged and developed throughout their working lives. thyssenkrupp can only remain an innovative company if we succeed in that. Below, we provide an insight into some of the key aspects of growth and innovation in the past year.

thyssenkrupp Academy: a reliable partner for the present challenges

In fiscal year 2022 / 2023, the thyssenkrupp Academy remained a reliable partner and supported the transformation with a curriculum of 289 openly bookable programs, as well as specific solutions for various internal teams. During the past fiscal year, 4,581 participants used the academy's programs. The significant rise in the number of participants and the increased demand for specific solutions for teams and entire business units with 196 programs and 2,701 participants highlights the role played by the thyssenkrupp Academy as an enabler of the transformation.

One important aspect in times of fundamental change is dealing with the increasingly dynamic and complex world of work. 620 managers received training through formats such as impulse sessions, classroom and virtual training and field trips to enable them to support the businesses in their transformation initiatives and strengthen the performance culture.

The need for training in agile methods, new forms of collaboration, and lean management was also clear from the high demand for open curriculum offerings, which attracted 694 participants. To address critical challenges in the new working world, special attention was paid in fiscal year 2022 / 2023 to training in healthy leadership and resilience, with a total of 298 participants. In addition, corresponding content was available to the 12,651 registered users of the digital learning library.

The high quality of the programs offered by the thyssenkrupp Academy is shown by renewed certification in conformance with ISO 29993. The products and courses offered by the thyssenkrupp Academy therefore still meet the highest international standards of training and continuing professional

development outside a formal education setting. For the first time, the thyssenkrupp Academy welcomed participants from an external company to a variety of its programs.

Talent development and specific networking formats

In the past fiscal year, thyssenkrupp once again identified more than 1,500 talents worldwide (i.e., employees with the potential for more senior specialist and leadership roles). We aim to develop the potential of these employees and give them more challenging roles. The businesses bear the main responsibility for developing their talents. Intensive sharing of best practices and various networking formats within the personnel development community leverage synergies and secure the high standard of the programs. This provides a varied development landscape for talented employees with opportunities to network, raise their visibility within the organization and prepare for future specialist and leadership tasks. Targeted development is supported by regular development dialogs, feedback and the use of diagnostic methods to determine their status quo.

Cross-segment networking formats such as the Talent Summit, various forums and workshops contribute to the development and retention of this important target group.

Apprentice training – still a central element for securing skilled employees

Vocational training remains a central value at thyssenkrupp. We therefore held once again the company-wide apprenticeship event in Essen in 2023 with the goal of making training at thyssenkrupp even more attractive. In the reporting period, thyssenkrupp had more than 2,600 apprentices in Germany (prior year: more than 2,500) training for 63 different occupations. In Germany, the apprentice training rate – the ratio of apprenticeship places to the total workforce – remained constant at 4.9% (prior year: 5.0%). thyssenkrupp offers young people the option of a classic apprenticeship or an integrated degree course. Collective agreements provide a uniform framework for quality standards in apprenticeships and integrated degree courses across our businesses. Since the number of applications for apprenticeships is declining, we have a whole range of measures to interest young people in an apprenticeship. These include employer branding advertising campaigns, simplifying the application process and organizing digital parents' evenings in collaboration with the Federal Employment Agency. Our activities to counter the shortage of skilled workers are strengthened by regular exchange with companies outside the thyssenkrupp group, for example, through the "Opportunity Alliance," an initiative of currently 55 companies that addresses topics such as strengthening vocational training.

German sites:
2,600 apprentices training for
63 occupations

Creating a productive working environment

In the reporting year we again sought feedback on employee satisfaction and change-related success factors through our Employee Pulse Check in order to derive measures for improvement. Diversity and inclusion are furthermore important aspects for the creation of a productive working environment. The New Ways of Working and “Lean&Agile” programs are a response to the constantly changing labor market and the significance of work. Through these programs thyssenkrupp is encouraging knowledge sharing and networking, extending opportunities for mobile working and strengthening the use of agile working methods.

Employee Pulse Check shows overall improvements

In fiscal year 2022 / 2023 we conducted our third groupwide Employee Pulse Check. This is a brief online survey of employee satisfaction and success factors for change such as leadership and communication. The Employee Pulse Check has established itself as an important feedback tool, enabling us to regularly obtain a global picture of the mood of thyssenkrupp employees. In the past fiscal year, all segments took part in the Pulse Check; employees had the opportunity to participate over a four-week period. Even though the survey shows that overall we are moving in the right direction, given the difficult labor market situation, working on identified areas/potential for improvement and implementing measures to achieve even better scores in the future years are important objectives. Accordingly, the results of the Employee Pulse Check will be used as a basis for further talks and to derive areas of action; to this end, the companies will be working on local measures until the next Pulse Check.

Diversity and Inclusion

Openness, equal opportunities and mutual respect are part of the central values of our corporate culture. We stressed this in the past year, for example, through our extensive employer branding campaign on diversity (see “Employer branding” subsection above).

Our public commitment to tolerance and diversity was underscored by renewed participation in Christopher Street Day in Cologne, with the highest registration rate to date: more than 121 colleagues took part. For thyssenkrupp it is and remains important that both society and we as a company constantly take a clear stance against discrimination. That is why the various internal employee networks are so important and why we give them our support. Examples are the relaunch of the groupwide LGBTI network and the newly established *lgbtiq&friends @steel* network at thyssenkrupp Steel Europe AG. We also aim to use gender-neutral language in all areas of the company.

In the past fiscal year we again used a wide range of formats to raise awareness of diversity, both internally and externally, and strengthen inclusion, psychological safety and a sense of belonging, for example, on Diversity Day and International Women’s Day. We want everyone who works for us to feel free and 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.

With a view to equal representation of women, in 2011 thyssenkrupp set itself a voluntary target to increase the proportion of women in leadership positions (proportion of women at management levels A to L3, which cover the top 1,300 specialist and management positions at thyssenkrupp). The increase from just 8% in 2011 to 14.6% as of September 30, 2023 shows that thyssenkrupp has made progress. 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 target reflects the proportion of women in the overall workforce. 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 for the Executive Board of thyssenkrupp AG. Further details can be found under “Act on the Equal Participation of Women and Men in Executive Positions” on page 173. Various measures have been introduced, mainly in Germany, to support our targets and those set by law. In particular, we want to improve the compatibility of working and family life, for example, by providing support in childcare through company-owned childcare facilities at two sites, access to family-related services and an app-based tutoring service.

The proportion of women in management positions increased from 13.1% in the prior year to 14.6% as of September 30, 2023.

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

Company-wide networking, cross-functional collaboration and sharing knowledge are central issues that thyssenkrupp is working on intensively. In the past fiscal year we launched “we.match,” an internal platform for exactly that. It has a modular structure and currently offers two modules. The first is “peopl2projects” and enables temporary project assignments throughout the company. The second is “Call a Colleague,” which provides an easily accessible and protected space where employees can find assistance for specific questions and share their experience.

Launch of we match – the internal platform for networking and sharing knowledge

Mobile working is another key area in the changing world of work. The introduction of the “hybrid working” agenda in Germany in the past fiscal year facilitated mobile working for employees in suitable jobs.

In order to remain an attractive employer in times of a shortage of skilled employees and to gain and retain talented employees, scope for mobile working is now being extended to other countries. A digital solution is currently being developed to evaluate the risks arising from the at times complex legal regulations. In the future, mobile working abroad should be possible for up to 20 working days a year – initially in the European Economic Area, Switzerland, the UK and Turkey.

Mobile working abroad will be possible in the future

Lean&Agile: Establishing lean and agile working methods

The segments and Corporate Headquarters continued to work together on continuous improvements through Lean&Agile projects in fiscal year 2022 / 2023. The aims of the Lean&Agile projects are to directly improve workflows, embed lean and agile working methods at thyssenkrupp and offer employees a positive experience of successful cross-functional collaboration.

With topics ranging from “smart investment in photovoltaics” to “the role of managers in the recruitment of employees,” thyssenkrupp’s priorities were at the heart of the projects in the past fiscal year and included international projects for the first time.

Social responsibility

thyssenkrupp regards itself as an active corporate citizen. The company 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. Around 270 measures were documented worldwide in the reporting year.

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 theater and choral workshops for children, young people and adults in Campo Limpo in Brazil. thyssenkrupp Industries India supported the Government Industrial Training Institute in Mallepally in the training of job-seekers. At Steel Europe’s second “Social Day” in Duisburg, employees were able to volunteer during their working time. Over a six-week period in August and September, the company organized 45 activities with various partners and the help of more than 300 volunteers.

Support for local causes and for the victims of war and earthquakes

The massive earthquake in the border regions of Turkey and Syria at the start of February 2023 led to an outpouring of sympathy and help by thyssenkrupp and its employees. Several group companies in Germany and Switzerland made spontaneous donations to relief organizations to help the victims of the earthquake. thyssenkrupp Steel Europe, which has a large number of employees with roots in the region, doubled the amount donated by employees. In addition to financing emergency relief measures such as search and rescue teams, funding was made available for long-term assistance such as mobile health facilities and professional toolkits for various trades to support the reconstruction work.

In fiscal year 2022 / 2023 thyssenkrupp continued its assistance to relieve the suffering caused by the war in Ukraine. Automotive Technology and Materials Services supported various relief projects in Hungary and Ukraine respectively. Materials Services also made donations to the Essen and Dortmund food banks, which registered an increase in use, including by refugees from Ukraine. thyssenkrupp Bilstein assumed the training, accommodation and food costs for two young car mechanics and mechatronics technicians in the war-torn country.

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 thyssenkrupp’s values and so are not permitted.

Compliance

thyssenkrupp has a broad understanding of compliance: compliance with the law and internal regulations is a must for us and part of our corporate culture. Compliance creates the framework for our business actions and serves to safeguard our long-term business success. As well as providing comprehensive support for the core compliance areas anticorruption, antitrust law, data protection, anti-money laundering, and trade compliance, compliance work in fiscal year 2022 / 2023 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 thyssenkrupp Compliance Commitment and the entrepreneurial compliance responsibility of our executives as tone-from-the-top and renewal of the Board's commitment to the compliance program,
- antitrust law advice for 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 international sanctions in connection with the war in Ukraine,
- supporting the ongoing development of further compliance topics in the group, especially preparations to implement the German Act on Corporate Due Diligence Obligations in Supply Chains,
- implementation of the new legislation to protect whistleblowers
- event-driven investigations following reports by whistleblowers, and proactive compliance audits.

Embedding compliance in our corporate culture

Our compliance strategy is aimed at embedding a sustainable value culture at thyssenkrupp – a culture in which reliability, honesty, credibility, and integrity are the cornerstones of our actions. Because to us compliance is much more than just abiding by the law: compliance is a question of mindset. This includes our clear commitment that thyssenkrupp stands exclusively for fair and straight business. We would rather forgo a business opportunity or fail to meet our internal goals than act against the law. The Executive Board makes that clear in the thyssenkrupp Compliance Commitment, which it reiterated in the reporting year. In this context, our managers have a special role as they have entrepreneurial responsibility for compliance. The Executive Board also renewed its resolution on entrepreneurial compliance responsibility in the reporting period. This states that all executives in the thyssenkrupp group have a duty and a responsibility to ensure compliance with the law and internal regulations in their area 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:



compliance

www.thyssenkrupp.com >
Company > Compliance

- We systematically investigate all reports of violations of the law 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 group companies, managers and employees.

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

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

This program is closely interlinked with risk management and with our internal control system. In this way we ensure that compliance is an integral component of every single business process. The core topics 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 2022 / 2023 focused in particular on providing antitrust advice in connection with the various portfolio measures and continued strengthening and development of the compliance management system.

The Executive Board’s compliance commitment is an important element in reinforcing the tone-from-the-top within the group. This compliance commitment reflects the clear understanding that, in line with our positive compliance mindset, we abide by the rules out of conviction, even if that means failing to achieve business targets. 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 suspicious activities.

Moreover, we continued to integrate trade compliance into the compliance program. Special attention was paid to trade compliance 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 further compliance topics such as occupational safety, management of external workforce, 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. The Compliance function and the people responsible for the content engage in an intensive dialog and utilize synergies which arise in particular within the organization and in processes and methodology. 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.

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 and also advised on concrete individual cases. In the reporting period, more than 5,000 participants received awareness-raising training, partly at face-to-face sessions and partly in remote formats reflecting the new forms of collaboration. The training courses cover all the core topics in the thyssenkrupp compliance program. We are currently running the fifth round of our compliance e-learning program on corruption prevention and antitrust law. By the end of the past fiscal year, after adjustment for employees leaving the company, more than 23,200 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 7,100 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. Whistleblowers can choose to report potential violations of laws or regulations without disclosing their identity.
- **“Report & act”:** As well as regular reports to the Supervisory Board and Audit Committee, our intensive compliance reporting covers all levels of our group: 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.

Implementation of the German Act on Corporate Due Diligence Obligations in Supply Chains

Within our additional compliance topics, a particular focus in area of supplier compliance in the reporting period was the German Act on Corporate Due Diligence in Supply Chains (LkSG), which came into effect on January 1, 2023. The objective of this law is to improve national and 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 to ensure responsible management of supply chains on the one hand and of their own business areas on the other.

In a cross-function and cross-segment project, thyssenkrupp developed a groupwide concept and a corresponding organizational structure to create a sustainable culture for compliance with human rights and environment-related due diligence obligations. To make sure this is achieved, various corporate functions work together on an interdisciplinary basis. In collaboration with further experts, they are responsible for implementing the due diligence requirements of the legislation in their own business area.

The Supply Chain Act (SCA) Council Group oversees the implementation of the concept to ensure compliance with human rights and environment-related due diligence obligations in the group. Meetings are held regularly and as required. The SCA Council Group is coordinated by the SCA Officer Group, who acts as spokesperson for the SCA Council Group and reports to the Executive Board. The SCA Council Group is composed of various corporate functions and organizational units as well as representatives of the segments. The legally required oversight of risk management for thyssenkrupp AG as the company responsible for meeting the reporting obligations under the LkSG is performed by the Corporate Function Legal & Compliance. These tasks have been delegated to the Group General Counsel and Chief Compliance Officer.

To ensure early action to prevent violation of laws and internal group regulations and breaches of human rights and environment-related rights and legal interests and reduce damage for employees and business partners, thyssenkrupp has set up a complaints procedure for all group companies. This procedure enables us to take up and process information on such violations submitted by thyssenkrupp group employees and external third parties such as our direct and indirect suppliers or their employees. The complaints procedure offers an accessible and anonymous means of submitting complaints worldwide.

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.

thyssenkrupp employs more than 90 full-time compliance employees worldwide, of whom around 40 also have other legal tasks. They are supported by a network of over 240 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 and are available to employees seeking advice.

240

More than 240 compliance managers promote compliance at work and act as our mouthpiece in the businesses around the world.

EU Taxonomy

The European Union's Taxonomy Regulation (EU Taxonomy) is a key component of the Green Deal and the Action Plan on Financing Sustainable Growth to reach the environmental objectives adopted by the European Union by 2050. The objective of the EU Taxonomy is to use standardized evaluation criteria to create transparency on environmentally sustainable economic activities for capital market participants and establish a common understanding as a basis for directing financial flows and investments to the activities that are most urgently needed for the transition to a more sustainable economy.

In accordance with Article 8 (1) of the EU Taxonomy, as part of its Non-Financial Statement, which is integrated into this Management Report, thyssenkrupp provides information on how and to what extent its activities qualify as environmentally sustainable based on the classification system of the EU Taxonomy. For fiscal year 2022 / 2023, this reporting relates to the environmental objectives "climate change mitigation" and "climate change adaptation." For the first time, the proportion of taxonomy-aligned turnover, capital expenditure and operating expenditure is reported.

First thyssenkrupp report on the proportion of taxonomy-aligned turnover, capital expenditure and operating expenditure

KEY DATA ON EU TAXONOMY 2022 / 2023

million €	Sales	in %	Capital Expenditure	in %	Operating Expenditure	in %
thyssenkrupp total	37,536	100	1,779	100	1,562	100
Taxonomy-eligible	11,380	30	909	51	1,154	74
thereof Taxonomy-aligned	262	1	266	15	23	1
thereof not Taxonomy-aligned	11,117	30	643	36	1,132	72
Taxonomy-non-eligible	26,156	70	870	49	408	26

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.

Taxonomy-eligible economic activities

Economic activities are considered to be taxonomy-eligible if they are included in the delegated acts on the environmental objectives of the EU Taxonomy. Activities that are not listed in the delegated acts cannot be classified as taxonomy-eligible. In a groupwide analysis, thyssenkrupp has identified the following economic activities that are listed in the delegated acts on the environmental objectives of the EU Taxonomy (the numbering is as used the annex to the delegated acts):

Many of thyssenkrupp's economic activities are taxonomy-eligible

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

The taxonomy-eligible economic activities of the thyssenkrupp group comprise the production of slewing bearings for wind energy installations (3.1 Manufacture of renewable energy technologies) by the Bearings segment, the design and manufacture of plants for water electrolysis (3.2 Manufacture of equipment for the production and use of hydrogen) by thyssenkrupp nucera in the Multi Tracks segment, steel production (3.9 Manufacture of iron and steel) by the Steel Europe segment, and the slag treatment activities (5.9 Material recovery from non-hazardous waste) and logistics activities (6.6 Freight transport services by road) of MillServices & Systems GmbH, an industrial service provider in the Materials Services segment. thyssenkrupp nucera's Oxygen Depolarized Cathode (ODC) technology for chlor-alkali electrolysis for the production of chlorine and Uhde's EnviNOx® technology to reduce nitrous and nitrogen oxide emissions (both business units assigned to the Multi Tracks segment) are also classified as taxonomy-eligible (3.6 Manufacture of other low carbon technologies).

In the reporting period, the power plant operation by Hüttenwerke Krupp Mannesmann was allocated to its core economic activity (3.9 Manufacture of iron and steel) due to the direct technical and economic linkage between steel production and the formation of by-products which are used in this power plant operation, rather than reporting it as a separate power plant activity (4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels) pursuant to the delegated act (EU) 2022 / 1214. This decision was also taken based on the immateriality of the underlying amounts. Consequently, no additional standard templates as regards economic activities in certain energy sectors are reported in this period.

Many elements of thyssenkrupp's product portfolio are currently not included in the delegated acts on the EU Taxonomy and were therefore not taxonomy-eligible in the reporting period. These include the economic activities of the Automotive Technology, Marine Systems and Forged Technologies segments as well as all products and services grouped in the Materials Services and Multi Tracks segments.

Taxonomy-eligible proportion of economic activities

The amounts of taxonomy-eligible turnover, capital expenditure and operational expenditure are calculated using the same parameters as are used to calculate the denominators of the key performance indicators for the EU Taxonomy. Furthermore, these amounts are allocated to the economic activities using the same principles, c.f. subsection "Determination of the EU Taxonomy key performance indicators (KPIs)."

In the fiscal year 2022 / 2023, the turnover generated by the taxonomy-eligible economic activities outlined above amounted to €11,380 million, which was 30% of the group's total turnover. The proportion of taxonomy-eligible turnover was two percentage points higher than in the prior year, despite structural changes to the group's portfolio – the sale of the stainless steel business from the Multi Tracks segment at the beginning of 2022. The increase was mainly due to higher taxonomy-eligible turnover in the Steel Europe segment and at thyssenkrupp nucera. The taxonomy-eligible capital expenditure of €909 million in the reporting year was 51% of total capital expenditure, an increase of two percentage points from the prior year, mainly due to higher capital expenditure in the steel business. The taxonomy-eligible operating expenditure was €1,154 million in the reporting year, which was 74% of the group's total operating expenditure and thus nine percentage points more than in the prior year. This was also due mainly to higher operating expenditure in the steel business.

30% of thyssenkrupp's turnover is taxonomy-eligible

Taxonomy-aligned economic activities

Economic activities are taxonomy-aligned if they meet the technical screening criteria set out in the delegated acts and therefore make a significant contribution to achieving one or more of the environmental objectives of the EU Taxonomy, do no significant harm to one or more environmental objectives pursuant to Article 17 of the EU Taxonomy (DNSH criteria) and also meet the minimum social safeguards pursuant to Article 18.

For fiscal year 2022 / 2023, thyssenkrupp reports taxonomy-aligned turnover, capital expenditure, or operating expenditure for three of the six taxonomy-eligible economic activities.

- 3.1 Manufacture of renewable energy technologies
- 3.9 Manufacture of iron and steel
- 5.9 Material recovery from non-hazardous waste

thyssenkrupp reports taxonomy-aligned figures for three economic activities

For the economic activities classified in the reporting period as taxonomy-eligible, where a substantial contribution to the environmental objective “climate change adaption” is based on the implementation of adaptation measures that have to be derived from the results of a robust climate risk and vulnerability assessment, it is not possible to present any taxonomy-aligned turnover, capital expenditure and operating expenditure for these activities for the reporting period because an assessment of this type was only performed by thyssenkrupp for the first time in fiscal year 2022 / 2023. Consequently, only the screening procedure for taxonomy alignment for the economic objective “climate change mitigation” is presented below. This prevents double counting of amounts for the fiscal year when calculating KPIs for activities that contribute to several economic objectives in accordance with Annex I subsection 1.2.2.2 of the Delegated Regulation (EU) 2021 / 2178.

Compliance with the qualitative and quantitative screening criteria set out in the delegated acts on the EU Taxonomy is examined and documented by an interdisciplinary expert team comprising representatives of the corporate functions and operating segments at thyssenkrupp. The screening covers both the preconditions for economic activities to be classified as making a substantial contribution to one or several economic objectives as a basis for taxonomy alignment and whether these activities meet the DNSH criteria with regard to one or several of the environmental objectives and also fulfill the minimum social safeguards as necessary preconditions for taxonomy alignment. One special feature of this screening process comprises current CapEx projects at thyssenkrupp (capital expenditures made under a CapEx plan, see subsection “CapEx plan to extend taxonomy alignment” in this section). For these projects, the complete evidence required for the technical screening criteria will only be available in the future.

Systematic screening for compliance with the EU Taxonomy technical screening criteria

Substantial contribution to the “climate change mitigation” objective

To make a substantial contribution to the environmental objective “climate change mitigation,” the delegated act requires economic activities in category 3.1 Manufacture of renewable energy technologies that the technologies manufactured are used for the generation of renewable energy as defined in Article 2 (1) of Directive (EU) 2018 / 2001, namely energy from renewable non-fossil sources, i.e., wind, solar and geothermal energy, ambient energy and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas and biogas. The group’s activities in this category make a substantial contribution to this environmental objective because slewing bearings manufactured by this economic activity are used in facilities for the generation of wind power. Evidence is provided by outgoing invoices to specific customer groups.

According to the delegated act, economic activities in category 3.9 Manufacture of iron and steel make a substantial contribution to the economic objective “climate change mitigation” if they do not exceed the emissions thresholds in tons CO₂ equivalents per ton of product specified in Annex I subsection 3.9 of the delegated act (EU) 2021 / 2139 for the different manufacturing steps and fulfill the process-dependent requirements for the use of secondary raw materials. For activities in this category in connection with the flat steel products bluemint® pure and bluemint® recycled, the criterion of making a substantial contribution to the economic objective of “climate change mitigation” is met because the emissions thresholds for these products are achieved on a net basis. This is determined on the basis of an emissions calculation for which product-specific certifications from an independent verifier are available. The requirements for secondary raw materials in the manufacturing process are not relevant for the two bluemint® flat steel products due to the process used.

According to the delegated act, economic activities in category 5.9 Material recovery from non-hazardous waste make a substantial contribution to the economic objective “climate change mitigation” if the activity converts at least 50%, in terms of weight, of the processed separately collected non-hazardous waste into secondary raw materials that are suitable for the substitution of virgin materials in production processes. The economic activities of the thyssenkrupp group in category 5.9 of the EU Taxonomy make a substantial contribution to the economic objective “climate change mitigation” because the recycling rates in slag processing exceed the required thresholds and the secondary raw materials recovered can substitute primary construction materials and fertilizers. Determination of compliance with these criteria is based on an analysis of the production and use of slag from iron and steel works by a research institute specializing in construction materials.

The following taxonomy-eligible activities of the group were screened for compliance with the criterion of making a substantial contribution to the environmental objective “climate change mitigation” but did not meet the criteria. Therefore, they are not included in the following explanation on the assessment of the DNSH criteria. Renewed screening of these economic activities for taxonomy alignment will be performed in fiscal year 2023 / 2024.

Renewed screening of activities that are taxonomy-eligible but not currently taxonomy-aligned in fiscal year 2023 / 2024

- 3.2 Manufacture of equipment for the production and use of hydrogen
- 3.6 Manufacture of other low carbon technologies
- 3.9 Manufacture of iron and steel (excluding bluemint® Steel)
- 6.6 Freight transport services by road

DNSH criteria “climate change adaptation”

For the economic activities for which the group discloses taxonomy-aligned KPIs for fiscal year 2022 / 2023, the delegated act requires a robust climate risk and vulnerability assessment to ensure that they do no significant harm to the economic objective “climate change adaptation” (DNSH criteria). This assessment was performed in the reporting year by analyzing the climate risk potential for the thyssenkrupp sites of relevance for the reporting period on the basis of climate scenarios – Representative Concentration Pathways RCP2.6 and RCP8.5.

The sites for which an elevated risk potential was determined were informed of potential climate risks so that they could validate their actual vulnerability to these risks by means of local sensitivity analyses. On the basis of these findings, solutions to reduce potential climate risks were evaluated.

In the context of the DNSH assessment for economic activity 3.1 Manufacture of renewable energy technologies, some production countries were prioritized for a climate risk and vulnerability assessment in the reporting period on materiality grounds. These were Germany and France. For the coming reporting period, the assessment will be performed for all countries of relevance for this economic activity.

DNSH criteria “Sustainable use and protection of water and marine resources”

For economic activities in categories 3.1 Manufacture of renewable energy technologies and 3.9 Manufacture of iron and steel, the delegated act requires an assessment of the risks relating to water quality and the avoidance of water shortages as well as the elimination of such risks if these have not already been identified and eliminated in the environmental impact assessments pursuant to Directive 2011 / 92 / EU to ensure that they do no significant harm to the environmental objective of “Sustainable use and protection of water and marine resources.” For operations in third countries, risks analyses of this type must be performed in accordance with the applicable national laws or international standards. Further, it is required that the aspirational level for good quality water resources is comparable to that of the European regulations. The delegated act does not specify any DNSH requirements for economic activities in category 5.9 Material recovery from non-hazardous waste. Environmental impact assessments or equivalent assessments which provide a comparable basis for decision making are carried out for thyssenkrupp production sites in accordance with the applicable national legal requirements for the site or with international standards because they are often a basic prerequisite for the granting or extension of operating permits. Furthermore, requirements relating to the protection of water resources are addressed at thyssenkrupp through its operational environmental management systems. Fulfillment of the DNSH criteria with regard to water resources in the reporting period was examined using evidence of these processes; adequate fulfillment was not determined for the production sites with activities in category 3.9 Manufacture of iron and steel (bluemint® Steel). For economic activities in category 3.1 Manufacture of renewable energy technologies, fulfillment of the DNSH criteria was demonstrated for production sites in Germany and France.

Screening for compliance with sustainable use of water resources at relevant thyssenkrupp sites

DNSH criteria “Transition to a circular economy”

For economic activities in category 3.1 Manufacture of renewable energy technologies, the delegated act specifies the following DNSH criteria in respect of the economic objective “transition to a circular economy”: assessment of the availability of and, where feasible, adoption of techniques that support the use of secondary raw materials and reused components in products; design for high durability, recyclability, easy disassembly and adaptability of products; waste management that prioritizes recycling over disposal in the manufacturing process; and in addition information on and traceability of substances of concern in products. By contrast, the delegated act does not specify any DNSH requirements for activities in categories 3.9 Manufacture of iron and steel and 5.9 Material recovery from non-hazardous waste. At thyssenkrupp, the points listed under this DNSH criterion are essentially covered by the environmental policy and the policy on product lifecycle management, which specify that environmental impacts of products and processes over their lifecycle must be minimized and end-of-lifecycle requirements must be integrated in the development phase. Furthermore, for the group’s economic activity in category 3.1 Manufacture of renewable energy technologies, it was determined on the basis of documentation on environmental audits that waste

generation in this activity is reduced where possible and that any waste generated is disposed of correctly and recycled where possible.

DNSH criteria “Pollution prevention and control”

In the reporting period, the following assessment of the DNSH criteria for this environmental objective was performed on the basis of the revised Annex C pursuant to the amendments to Delegated Regulation (EU) 2021 / 2139 which only come into effect on January 1, 2024 or, for some aspects, 2025.

Revised Annex C used for the DNSH assessment in the reporting year

For economic activities in categories 3.1 Manufacture of renewable energy technologies and 3.9 Manufacture of iron and steel, the delegated act specifies the following DNSH criteria with respect to the environmental objective “Pollution prevention and control”: the activity shall not lead to the manufacture, placing on the market or use of substances or groups of substances subject to European regulation such as persistent organic pollutants listed in Annexes I and II to Regulation (EU) 2019 / 1021, mercury and mercury compounds or mercury mixtures as defined in Article 2 of Regulation (EU) 2017 / 852, ozone-depleting substances as defined in Annexes I and II to Regulation (EC) No. 1005 / 2009, hazardous substances in electrical and electronic appliances as defined Annex II to Directive 2011 / 65 / EU and chemical substances as defined in Article 57 or Annex XVII to Regulation (EC) NO. 1907 / 2006. Compliance with the DNSH criteria was established for both economic activities in the reporting period. Evidence comprised safety data sheets, written confirmations and declarations of conformity.

Furthermore, as DNSH criteria for the environmental objective “pollution prevention and control” for economic activities in category 3.9 Manufacture of iron and steel, the delegated act specifies that emissions must be within or below the thresholds associated with the latest relevant best available techniques (BAT), including the BAT conclusions for the manufacture of iron and steel. Furthermore, the economic activity must not cause any significant cross-media effects. Compliance with the associated emissions thresholds on the basis of the BAT conclusions for iron and steel production was established for the relevant thyssenkrupp production site on the basis of the existing operating permit because compliance with these thresholds is a prerequisite for the granting and maintenance of such permits under European and national regulations on industrial emissions. Compliance with the emissions thresholds is also verified in regular plant inspections. In addition, the production site has a monitoring system that centrally evaluates emissions data and transmits them to the responsible state supervisory authority. In the reporting period, no significant cross-media effects caused by the production site were registered.

DNSH criteria “Protection and restoration of biodiversity and ecosystems”

For economic activities for which the group discloses taxonomy-aligned amounts for fiscal year 2022 / 2023, the delegated act requires the completion of an environmental impact assessment or screening in accordance with Directive 2011/92/EU together with the required mitigation and remedial measures resulting from the impact assessment or screening in order to establish that they do no significant harm to the environmental objective “Protection and restoration of biodiversity and ecosystems.” Furthermore, for activities located in or near biodiversity-sensitive areas (e.g., the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas) an appropriate assessment must be conducted in accordance with Directives 2009/147/EC and 92/43/EEC or, in the case of activities in third countries, comparable national laws or international standards and based on the conclusions the necessary mitigation measures have been implemented to avoid negative impacts on the protection objectives of such areas. Environmental impact assessments or equivalent assessments which provide a comparable basis for decision making are carried out for thyssenkrupp production sites in accordance with the applicable legal requirements for the site or with international standards because they are often a basic prerequisite for the granting or extension of operating permits. Furthermore, the requirements relating to the protection of biodiversity and ecosystems are addressed at thyssenkrupp through operational environmental management systems. Fulfillment of the biodiversity-related DNSH criteria was examined using evidence of these processes in the reporting period; adequate fulfillment was not determined for the production sites with activities in category 3.9 Manufacture of iron and steel (bluemint® Steel). For economic activities in category 3.1 Manufacture of renewable energy technologies, fulfillment of the DNSH criteria was demonstrated for production sites in Germany and France.

Compliance with the minimum safeguards

Article 18 of the EU Taxonomy specifies minimum safeguards that companies are required to fulfil in order to disclose taxonomy-aligned turnover, capital expenditure and operating expenditure. These require companies to have implemented procedures to ensure compliance with the OECD Guidelines for Multinational Enterprises, including the requirements for responsible business conduct in the areas of taxes, competition and fighting corruption, the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work, and the International Bill of Human Rights. At thyssenkrupp, the minimum standards for human and workers' rights addressed in the EU Taxonomy and the principles of good corporate governance are embedded in binding corporate policies and regulations such as the Code of Conduct, the principles of compliance with human rights and due diligence obligations, and the corporate governance statement. Moreover, the group has implemented various mechanisms such as the compliance, risk management and internal control systems to ensure that these minimum safeguards are met and to take mitigating action where necessary (see also the sections “Compliance” and “Forecast, opportunity and risk report” in this Annual Report). These processes are audited regularly.

Governance mechanism at thyssenkrupp supports compliance with the minimum safeguards set forth in the EU Taxonomy

Determination of the EU Taxonomy key performance indicators (KPIs)

The EU Taxonomy KPIs are determined on the basis of Article 2 and Article 8 of the Delegated Regulation (EU) 2021 / 2178 using the disclosure rules set out in Annex I to the delegated act. The KPIs are disclosed below, along with additional disclosures in tabular form using the EU Taxonomy reporting templates.

As a basis for calculating the EU Taxonomy KPIs, an interdisciplinary expert team comprising representatives of the corporate functions and operating business segments at thyssenkrupp analyzes relevant turnover, capital expenditure and operating expenditure along with recording processes and posting accounts. The information is initially compiled at business level and then aggregated and validated at group level. Double counting of amounts is avoided when calculating KPIs across several economic activities in accordance with Annex I subsection 1.2.2.2 of the Delegated Regulation (EU) 2021 / 2178 by allocating turnover, capital expenditure and operating expenditure directly to economic activities. If direct allocation is not possible, taxonomy-aligned amounts are determined with the aid of appropriate allocation criteria. For all three KPIs, turnover with certain customer groups can be used as an allocation criterion. For the turnover-based KPI, allocation can be based on representative samples, taking local market conditions into account. Allocation of amounts for the capital expenditure and operating expenditure-related KPIs can be allocated using unit-based allocation criteria. In the method currently applied by thyssenkrupp, turnover is also the lead parameter used to derive the technical screening criteria for the taxonomy alignment of capital expenditure and operating expenditure, even if these could be allocated to other economic categories listed in the delegated act, which may stipulate different screening criteria. Furthermore, as permitted by the EU Taxonomy, economic activities of reporting units that are not fully consolidated or included in the consolidated financial statements of thyssenkrupp on a pro rata basis, for example, joint ventures accounted for using the equity method and associated companies, are excluded from the analysis.

Avoidance of double-counting by direct allocation or appropriate allocation criteria

Turnover

Total turnover corresponds to the total sales reported by thyssenkrupp in the statement of income (see section "Statement of income" in this Annual Report. In accordance with Annex 1 subsection 1.1.1 of the Delegated Regulation (EU) 2021 / 2178, this amount forms the denominator in the calculation of the turnover KPI. The group's total sales (turnover) are based on the external revenues from contracts with customers pursuant to IFRS 15 and from leases pursuant to IFRS 16. The proportion of this amount that can be disclosed as taxonomy-aligned is determined in accordance with the EU Taxonomy, taking into account the technical screening criteria and compliance with the minimum safeguards. In accordance with the Delegated Regulation, this proportionate amount is used as the numerator to calculate the turnover KPI.

Capital expenditure (CapEx)

The thyssenkrupp group's total capital expenditure within the meaning of the EU Taxonomy comprises additions from outside the group of property, plant and equipment in accordance with IAS 16 and investment property in accordance with IAS 40, intangible assets in accordance with IAS 38 and right-of-use assets under leases in accordance with IFRS 16 less depreciation, amortization and remeasurements, including those from impairments and reversals of impairments, see Note 04 Intangible assets and Note 05 Property, plant and equipment (including investment property) to the consolidated financial statements. Furthermore, additions to the above assets due to business combinations are included. In accordance with Annex I subsection 1.1.2.1 of Delegated Regulation (EU) 2021 / 2176, this amount is used as the denominator in the calculation of the CapEx

KPI. Based on total capital expenditure, the proportions that can be disclosed as taxonomy-aligned are determined, taking into account the technical screening criteria and compliance with the minimum safeguards. In accordance with the Delegated Regulation, this amount is used as the numerator in the calculation of the CapEx KPI. In addition to capital expenditure for economic activities that are already taxonomy-aligned, e.g., for production machinery or buildings or for the provision of services, the numerator may also include capital expenditure to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned and which is thus part of a CapEx plan in accordance with Annex I subsection 1.1.2.1 of the Regulation or for individual measures enabling the target activities to become lower-carbon or reduce greenhouse gases.

Operating expenditure (OpEx)

The total operating expenditure of thyssenkrupp within the meaning of the EU Taxonomy comprises certain expenditures that cannot be capitalized under IFRS. These include research and development expenses, expenditures for the renovation of buildings, expenditures for short-term or low-value leases and for regular or unplanned maintenance and repairs as well as other expenditures for the day-to-day servicing of assets to safeguard their functioning. In accordance with Annex I subsection 1.1.3.1 of Delegated Regulation (EU) 2021 / 2178, the total amount of operating expenditure is used as the denominator in the calculation of the OpEx KPI. The proportion of this amount that can be disclosed as taxonomy-aligned is determined in accordance with the EU Taxonomy, taking into account the technical screening criteria and fulfillment of the minimum safeguards. In accordance with the Delegated Act, this amount forms the numerator in the calculation of the OpEx KPI. In addition to operating expenditure for economic activities that are already taxonomy-aligned, the numerator may also include operating expenditure to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned and which is thus part of a CapEx plan in accordance with Annex I subsection 1.1.3.2 of the Regulation, or for individual measures enabling the target activities to become lower-carbon or to reduce greenhouse gases.

Taxonomy-aligned proportion of economic activities

In fiscal year 2022 / 2023 taxonomy-aligned turnover was €262 million, which was 1% of thyssenkrupp's total turnover. This amount is composed exclusively of external turnover and does not include any turnover from activities designed to meet captive requirements. The taxonomy-aligned capital expenditure was €266 million in the reporting year, which was 15% of the group's total capital expenditure. The taxonomy-aligned operating expenditure totaled €23 million in the reporting year, which was 1% of the group's total operating expenditure. The other operating expenditure for the day-to-day servicing of assets in the reporting year included in particular expenses for economic activities in category 3.1 Manufacture of renewable energy technologies. Further background information on the KPIs is presented in the tables below. Since the KPIs are presented for the first time for fiscal year 2022 / 2023, it is not possible to explain the year-on-year changes in the indicators.

15% of thyssenkrupp's capital expenditure is taxonomy-aligned

CONTEXTUAL INFORMATION ABOUT CAPEX- AND OPEX-RELATED PERFORMANCE INDICATORS

million €	2022/2023
Capital Expenditure	
Additions to property, plant and equipment	266
Additions to intangible assets	0
Additions to right-of-use assets (IFRS 16)	0
Additions to investment properties	0
Total	266
Operating Expenditure	
Expenses for research and development and others	6
Expenses for building renovation measures, maintenance and repair	15
Expenses for short-term or low value leases	2
Total	23

CapEx plan to expand taxonomy alignment

The objective of the following CapEx plan is to expand the taxonomy alignment of the thyssenkrupp group in accordance with Delegated Regulation (EU) 2021 / 2178. This can be achieved by enabling taxonomy-eligible economic activities to become taxonomy-aligned or by expanding activities that are already taxonomy-aligned. In accordance with the provisions of the regulation, the CapEx plan is reported at the level of economic activities. Moreover, it has been approved directly by the Executive Board of thyssenkrupp or a delegated body.

CAPEX PLAN TO FURTHER ALIGN WITH EU TAXONOMY

million €	Environmental objective	Lever	2022/2023	2023/24 – 2026/27	Total
Economic activities					
3.9 Manufacture of iron and steel	Climate change mitigation	Upgrading	255	509	764

In the reporting period, thyssenkrupp's CapEx plan comprised capital expenditure to enable the group's taxonomy-eligible activities within the scope of category 3.9 Manufacture of iron and steel to become taxonomy-aligned activities with respect to the environmental objective "climate change mitigation." The purpose of the capital expenditure is the construction and operational capability of a 100% hydrogen-capable direct reduction (DR) plant, allowing low-carbon manufacture of iron and steel by thyssenkrupp. Start-up of the direct reduction plant is scheduled to take place by year-end 2026 and the taxonomy alignment of the economic activities associated with the operation of the plant is expected to be achieved in fiscal year 2026 / 2027. The capital expenditure disclosed both for the reporting period and for the entire period of the CapEx plan has been reduced by the government grants thyssenkrupp received and receives for this project, see Group financial statements, Note 5 Property, plant and equipment (inclusive of investment property) and Note 12 Other non-financial assets.

Direct reduction plant for low-carbon iron and steel production is currently the core element of thyssenkrupp's CapEx plan

EU Taxonomy KPI reporting tables

The reporting tables for the EU Taxonomy KPIs in accordance with Annex II of the Delegated Regulation (EU) 2021 / 2178 are presented below.

PROPORTION OF SALES FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022 / 2023

Economic activities	Absolute Sales	Proportion of Sales	Climate change mitigation	Climate change adaptation	DNSH criteria	Minimum safeguards	Taxonomy-aligned proportion of Sales, year N-1	Enabling or transitional activities
	million €	%	%	%	Y/N	Y/N	%	E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES								
A.1. Environmentally sustainable activities (Taxonomy-aligned)								
3.1 Manufacture of renewable energy technologies	248	1	1	0	Y	Y	—	
5.9 Material recovery from non-hazardous waste	15	0	0	0	Y	Y	—	
Sales of environmentally sustainable activities (Taxonomy-aligned) (A.1)	262	1	1	0				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)								
3.1 Manufacture of renewable energy technologies	252	1						
3.2 Manufacture of equipment for the production and use of hydrogen	321	1						
3.6 Manufacture of other low carbon technologies	35	0						
3.9 Manufacture of iron and steel	10,407	28						
5.9 Material recovery from non-hazardous waste	3	0						
6.6 Freight transport services by road	98	0						
Sales of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)	11,117	30						
Total (A.1 + A.2)	11,380	30						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES								
Sales of Taxonomy-non-eligible activities (B)	26,156	70						
Total (A + B)	37,536	100						

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022 / 2023

Economic activities	Absolute CapEx million €	Proportion of CapEx %	Climate change mitigation %	Climate change adaptation %	DNSH criteria Y/N	Minimum safeguards Y/N	Taxonomy-aligned proportion of CapEx, year N-1 %	Enabling or transitional activities E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES								
A.1. Environmentally sustainable activities (Taxonomy-aligned)								
3.1 Manufacture of renewable energy technologies	11	1	1	0	Y	Y	—	
3.9 Manufacture of iron and steel (CapEx plan)	255	14	14	0	Y	Y	—	
5.9 Material recovery from non-hazardous waste	0	0	0	0	Y	Y	—	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	266	15	15	0				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)								
3.1 Manufacture of renewable energy technologies	41	2						
3.2 Manufacture of equipment for the production and use of hydrogen	4	0						
3.6 Manufacture of other low carbon technologies	0	0						
3.9 Manufacture of iron and steel	598	34						
5.9 Material recovery from non-hazardous waste	0	0						
6.6 Freight transport services by road	1	0						
CapEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)	643	36						
Total (A.1 + A.2)	909	51						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES								
CapEx of Taxonomy-non-eligible activities (B)	870	49						
Total (A + B)	1,779	100						

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022 / 2023

Economic activities	Absolute OpEx million €	Proportion of OpEx %	Climate change mitigation %	Climate change adaptation %	DNSH criteria Y/N	Minimum safeguards Y/N	Taxonomy-aligned proportion of OpEx, year N-1 %	Enabling or transitional activities E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES								
A.1. Environmentally sustainable activities (Taxonomy-aligned)								
3.1 Manufacture of renewable energy technologies	18	1	1	0	Y	Y	—	
5.9 Material recovery from non-hazardous waste	4	0	0	0	Y	Y	—	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	23	1	1	0				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)								
3.1 Manufacture of renewable energy technologies	12	1						
3.2 Manufacture of equipment for the production and use of hydrogen	15	1						
3.6 Manufacture of other low carbon technologies	1	0						
3.9 Manufacture of iron and steel	1,093	70						
5.9 Material recovery from non-hazardous waste	1	0						
6.6 Freight transport services by road	11	1						
OpEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)	1,132	72						
Total (A.1 + A.2)	1,154	74						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES								
OpEx of Taxonomy-non-eligible activities (B)	408	26						
Total (A + B)	1,562	100						

Overview of non-financial disclosures

The non-financial statement pursuant to Art. 289b ff. and Art. 315b ff. of the German Commercial Code (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 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 additional disclosures within the framework of the EU Taxonomy on the taxonomy alignment of our economic activities. These disclosures 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 our risk analysis, no additional material non-financial risks that have to be reported in accordance with Art. 289c of the German Commercial Code (HGB) have been identified. The aspects "respect for human rights" and "social issues" are addressed as crosscutting issues. Here, there are large overlaps both 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	Sustainability and Indirect Financial Targets	Sustainability and Indirect Financial Targets	Social responsibility	Sustainability and Indirect Financial Targets
	Climate, energy and environment	Sustainability in supplier management	Sustainability in supplier management		Sustainability in supplier management
	Sustainability in supplier management	Employees	Employees		Compliance
	EU Taxonomy	EU Taxonomy	EU Taxonomy		EU Taxonomy
	Opportunity and risk report	Opportunity and risk report	Opportunity and risk report		Opportunity and risk report
					Key corporate governance principles and practices

Forecast, opportunity and risk report

2023 / 2024 forecast

Basic conditions and key assumptions

In fiscal year 2023 / 2024, the overriding focus – against the backdrop of continuing economic uncertainties – is on performance, portfolio, and the green transformation.

The realignment of the portfolio was implemented at the beginning of fiscal year 2023 / 2024 and the structure of thyssenkrupp was simplified significantly. Since October 1, 2023, the group comprises the Automotive Technology, Decarbon Technologies, and Materials Services segments as well as the Marine Systems and Steel Europe units (see also the “Strategy” subsection in “Fundamental information on the group”). This is the structure used for the fiscal year 2023 / 2024 forecast. The prior-year sales and adjusted EBIT figures for the Automotive Technology and Decarbon Technologies segments are presented on a pro forma basis. The forecast assumes no effects from additional portfolio measures.

In parallel with the realignment of the portfolio we are driving forward the holistic performance program APEX launched at the end of the reporting period in order to support the financial targets announced at the Capital Market Day in December 2021 – which have now been adjusted to reflect the new structure – even in the continued challenging environment (see the “Strategy” subsection in “Fundamental information on the group”).

The expected economic conditions and the main assumptions on which our forecast is based can be found in the section headed “Macro and sector environment” in the “Report on the economic position.” For the corresponding opportunities and risks see the “Opportunity and risk report,” which follows this section. We also expect a continuation of the challenging market environment and further volatile price levels on sales and procurement markets (e.g., for raw materials and energy). The development of sales and earnings could therefore be exposed to corresponding fluctuations.

In fiscal year 2023 / 2024, these basic conditions will probably be visible in particular at Steel Europe. Against this background, we predict that shipments in this unit will remain 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 and address the macroeconomic challenges. We are continuing along our green transformation route by building Germany’s largest direct reduction plant for CO₂-reduced steel.

We anticipate the following specific conditions for our other businesses in fiscal year 2023 / 2024:

At Marine Systems, we see the forecasted increase in demand as a result of rising defense budgets as a growth opportunity for our core segments. Furthermore, alongside the production of conventional submarines, naval vessels, and marine electronics and the provision of services for navies, we are continuing to focus on developing and extending our activities in the commercial sector. Moreover, we still anticipate that positive effects will come from our transformation and growth program.

At **Automotive Technology**, we expect to expand our business activities in stable market conditions in the new fiscal year, partly due to the ramp-up of new projects. As a result of structural problems in the supply chains, including the supply of semiconductors, it may not be possible to fully meet market demand. We will continue our price and efficiency measures to counter rising factor costs.

For the businesses in the **Decarbon Technologies** segment, we expect the basic conditions to be as follows: At our bearings business, demand from the wind energy sector should pick up overall despite the postponement of some projects. There are signs of cyclical weakness in some industrial applications; nevertheless, we still assume that the overall level of demand will remain good. At our plant engineering businesses we expect the ammonia activities at Uhde to register a growing appetite for investment by our customers and anticipate an increase in service volume in the cement plant engineering business at Polysius. thyssenkrupp nucera is forecasting further strong growth in the market for its hydrogen business. There are ambitious programs of measures to mitigate rising factor costs.

At **Materials Services**, we expect to see an overall increase in total shipments and a steady improvement in productivity. Together with our ongoing efficiency measures, we therefore expect the margin to improve. Moreover, we do not anticipate any significant restrictions in the availability of materials on the purchasing side.

Expectations for 2023 / 2024

Based on the expected economic conditions as of the date of this forecast and the underlying assumptions, we consider the following view on fiscal year 2023 / 2024 to be appropriate.

EXPECTATIONS FOR THE SEGMENTS AND THE GROUP

			Fiscal year 2022 / 2023	Forecast for fiscal year 2023 / 2024
Steel Europe	Sales	million €	12,375	Slightly below the prior year
	Adjusted EBIT	million €	320	Increase; figure in the mid three-digit million euro range
Marine Systems	Sales	million €	1,832 ¹⁾	Significantly above the prior year
	Adjusted EBIT	million €	73 ¹⁾	Increase; figure in the high two-digit million euro range
Automotive Technology	Sales	million €	7,910 ²⁾	Slightly above the prior year
	Adjusted EBIT	million €	266 ²⁾	Increase; figure in the low to mid three-digit million euro range
Decarbon Technologies	Sales	million €	3,438 ²⁾	Significantly above the prior year
	Adjusted EBIT	million €	28 ²⁾	Largely stable
Materials Services	Sales	million €	13,613	At the prior-year level
	Adjusted EBIT	million €	178	Increase; figure in the low three-digit million euro range
Corporate Headquarters	Adjusted EBIT	million €	(169)	Decrease; negative figure in the low three-digit million euro range
Group	Sales	million €	37,536	Slightly above the prior year
	Adjusted EBIT	million €	703	Increase to a figure in the high three-digit million euro range
	Capital spending including IFRS 16	million €	1,823	Significantly below the prior year
	Free cash flow before M&A	million €	363	Decrease; figure in the low three-digit million euro range
	Net income	million €	(1,986)	Increase to a positive figure in the low to mid three-digit million euro range
	tkVA	million €	(2,818)	Increase to a negative figure in the high three-digit million euro range
	ROCE	%	(9.3)%	Increase to a figure in the mid single-digit percentage range

Note on the forecast for sales and capital spending including IFRS 16: "Significantly" indicates a change of at least +/- 5%

¹⁾ Excluding Transrapid GmbH, which has been allocated to "Reconciliation" in the segment reporting since October 1, 2023

²⁾ Pro forma

- **Sales** are expected to increase slightly despite declines at Steel Europe. Contributions will come above all from significant growth at Decarbon Technologies and Marine Systems. In addition, slight sales growth is expected at Automotive Technology.
- For **adjusted EBIT**, we anticipate an increase to a figure in the high three-digit million euro range, with Steel Europe planning to make a substantial contribution in the mid-three-digit million euro range despite the continued challenging market conditions. The performance of the individual businesses will be supported in particular by the measures forming part of the APEX performance program, which will have a positive impact in fiscal year 2023 / 2024 and mitigate the present macroeconomic challenges and uncertainties.
- **Capital spending** is expected to be significantly lower than in the previous year. The year-on-year decline will come mainly from shifts in the receipt of funding payments and other anticipated funding payments in connection with the construction of the direct reduction plant at Steel Europe. In addition, investments for targeted growth initiatives in our other businesses are planned. Overall, investments will be approved on a restrictive basis, depending on the performance of the businesses and the group.

- For the **free cash flow before M&A**, which was supported in particular by improvements in net working capital in the past fiscal year, we are aiming for a figure in the low three-digit million euro range. We expect to see further – albeit significantly lower – improvements in net working capital in fiscal year 2023 / 2024, partly as a result of the APEX performance program. Moreover, the economic environment at Steel Europe and the payment profiles in the project businesses (especially pre-payments at Marine Systems) have a major influence on this development.
- **Net income** is expected to increase to a positive figure in the low to mid three-digit million euro range.
- For **tkVA**, which was severely impacted by impairment losses at Steel Europe in the past fiscal year, we anticipate an increase to a negative figure in the high three-digit million euro range as a consequence of the developments outlined above and the simultaneous increase in the cost of capital. Consequently, **ROCE** is also expected to increase to a figure in the 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 an enabler of the green transformation

Opportunities open up for thyssenkrupp if we use the transformation to align our company specifically to future-oriented areas for our technologies. We consider that the green transformation offers 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, e-mobility and supply chains.

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, they take account of the opportunities and risks of their businesses in planning discussions. The assessment addresses, among other things, 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 all relevant decision makers – from the Executive Board of thyssenkrupp AG to the segment management boards and the management 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 arise if we transform thyssenkrupp into a high-performing and sustainable company with a lean management model and a clearly structured portfolio geared to growth opportunities and achieve the planning improvements in the performance of our businesses. The framework for this comprises our brand and values and our three areas of action: portfolio, performance and green transformation.

Through the establishment of the new Decarbon Technologies segment and the key technologies for the decarbonization of industry grouped in this segment, thyssenkrupp is positioning itself as a technology leader for the energy transition. We have set ourselves the goal of being an enabler for the green transformation of our customers through our products and technologies. Thanks to our expertise in sustainable solutions in various sectors, we are excellently positioned to drive forward the decarbonization of industry and benefit from the associated business opportunities.

The green transformation is a big opportunity for thyssenkrupp

In the next step, we need to drive forward the transformation of our business models. Greater modularization and standardization of products and expansion of our profitable service activities offer further opportunities for our businesses.

The overarching goal of the transformation process is still to boost the performance and competitiveness of all our businesses. To achieve our financial goals quickly and sustainably and to support us in the long-term improvement of our performance, in September 2023 we rolled out the holistic performance program APEX groupwide. We see consistent implementation of this program as offering opportunities to raise the profitability of our businesses to benchmark level and make optimal use of market opportunities.

Alongside the products and solutions that we are driving forward for our customers and partners, we are working intensively on the decarbonization strategy for our own group. The investment in a 100% hydrogen-capable direct reduction plant makes thyssenkrupp a pioneer in climate-neutral steel production and a driver of the European hydrogen economy, opening up additional business opportunities.

Further details of our corporate strategy, our global research and development activities and the related opportunities can be found in the “Strategy” subsection of the section “Fundamental information on the group” and in the “Technology and innovations” section.

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

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, significantly higher inflation rates, problems with the availability of semiconductors and considerable uncertainty about gas supply and energy prices, based on the new business booked we expect to see 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.

All businesses have operational opportunities in their specific markets.

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 efficient and environmentally friendly 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.

A key factor for the future performance of our forgings business (Forged Technologies), which has been allocated to the Automotive Technology segment since October 1, 2023, 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.

In the automotive plant engineering sector, we are a recognized partner for sophisticated assembly solutions, for example, for electric powertrains and battery modules. Given the need to increase capacity in the automotive industry and the wide-ranging technical challenges, this offers attractive growth potential.

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.

Decarbon Technologies – This new segment, which was established on October 1, 2023, includes the bearings business (rothe erde). This business offers positive growth prospects, in particular in view of the development of the (onshore and offshore) wind energy market, driven by the long-term global climate targets. Despite short-term fluctuations in demand, partly in connection with the phasing out of individual government incentive programs, the mid- to long-term growth trend remains intact or is increasing, with some support coming from new state incentive programs. Most of the growth is attributable to the increasing size of wind energy installations, which are increasingly being installed offshore.

We are convinced that Rothe Erde is well-positioned for this market trend with its machinery, specialist technical knowledge and global production network. Demand for industrial applications for our bearings has stabilized following the pandemic-related downturn. We are still predicting moderate growth here in the medium- to long-term. The cost side could open opportunities to moderately exceed our forecast if material prices develop more favorably than expected at present.

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 the chemical plant engineering business at Uhde 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.

In the reporting year, the cement plant engineering business at Polysius paved the way to successfully use our solutions for reducing CO₂ (Oxyfuel) in many projects. We see good prospects of establishing this technology for the avoidance of CO₂ 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. Therefore, we successfully listed thyssenkrupp nucera in the Prime Standard on the Frankfurt Stock Exchange in July 2023. The gross proceeds of the stock market listing of around €526 million will be invested in further growth of thyssenkrupp nucera's hydrogen business.

The forecasts for the Decarbon Technologies 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.

Materials Services – In the context of the successive transformation of the global economy, three trends offer opportunities for our Materials Services segment: first, the (re)location of steps in the value chain to strategic neighboring countries; second, the need for stronger and more resilient supply chains; and third, the growing demand for products and solutions that are demonstrably sustainable. We prepared for this early on with our “Materials as a Service” strategy in order to leverage potential from these trends for our own business by developing scalable answers and shifting our role from network partner to network designer.

That includes using the advantage of the smart geographical distribution of our network of sites in Europe and North America. Intelligent networking of all relevant partners and parameters is a critical success factor for the goal of resilient supply chains. Thanks to our global market access and extensive sector and process know-how, we have enormous flexibility and scope – from procurement through processing to supply chain management. Moreover, we are developing new ecosystems for the intelligent and resource-saving management of complex flows of goods. We are convinced that our innovative approach will enable us to achieve higher profitability and stronger market growth than conventional materials wholesaling.

In the light of rising customer requirements, supply chain management in particular opens up wide-ranging opportunities for the segment. We are already building digital supply chain solutions for our customers. These generate a big data picture covering all elements in the supply of materials which ensures transparency and allows real-time adjustments where necessary. By offering customized solutions and enabling customers to access our products and services 24/7 via customer portals, online shops and ordering apps, we aim to increase customer retention. 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. This aspiration is underscored, for example, by the voluntary publication of our first separate sustainability report. In addition, Materials Services is systematically extending its portfolio of sustainable products and services. The aim is to reduce physical goods in the supply chains, shape transportation routes without efficiency losses and thus reduce CO₂ emissions. Moreover, starting this year we are offering emission reduction certificates to offset currently unavoidable emissions in our production and value chain. Materials Services sees sustainability as an opportunity to work even more closely with its customers and for further innovations. For our strategic approach in this area, the Berlin Institute Supply Chain Management presented us with its Sustainability Award in fiscal year 2022 / 2023.

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, through increased use of agile methods.

As part of its transformation and efficiency programs, Materials Services is working to further improve its cost and earning situation. Since we are gradually implementing the identified potential for optimization, we are confident that we will achieve the targets set. If we can realize these optimizations faster than planned, the forecasts for our key performance indicators could be moderately exceeded.

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 and the hot-dip coating line 10 in Dortmund at the end of 2022 marked the successful completion of the first elements in this program. Through these investments, we aim to serve market demand for premium sheet products with top surface quality, for example, for automotive skin panels.

Other opportunities are arising in e-mobility. Here, there is likely to be rising demand for high-quality non-oriented electrical steel, which has an attractive revenue structure. We aim to support this market trend by investing in a double reversing mill (start-up: end-2023) and an annealing and isolating line to further extend our competency in steel for e-mobility. Here it should be noted that there is particularly high market demand for the powercore® brand of premium-quality grain-oriented electrical steel with very low hysteresis losses for highly efficient current transformation.

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 attractive 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 CO₂-reduced products. In fiscal year 2021 / 2022, we successfully launched bluemint® Steel, our first certified CO₂-reduced steel on the market. bluemint® products are now in use. We want to significantly increase output in the coming years.

As part of the "tkH2Steel" decarbonization project, we are investing in a direct reduction plant with two smelters. This offers us an opportunity 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. We have already signed letters of intent with many customers for future deliveries of bluemint® Steel from the direct reduction plant. In addition, the European Green Deal and the goal of decarbonization by 2045 have clearly shifted the focus in Germany to renewable energies from photovoltaic (PV) installations. Our zinc magnesium product ZM Ecoprotect® Solar for PV mounting systems has excellent market prospects because of its durability, robustness and sustainability.

Marine Systems – Based on the good overall level of orders on hand, which safeguards long-term capacity utilization, Marine Systems is pursuing various options to strengthen its market and competitive position in the present favorable market conditions. Although order intake was below the prior year's exceptionally high level, further relevant projects are expected to be acquired in the short and medium term. Orders on hand now cover around six years, bringing Marine Systems' submarine production in Kiel to its medium-term capacity limits.

The structural increase in defense budgets in Germany and other potential customer countries offers good sales prospects, especially for submarines. There are also good national and international prospects for projects in the areas of surface vessels, electronics and services. Following the acquisition of the MV Werft Wismar, we have started to integrate selected expertise from former personnel at this site to secure and work through the good order situation at Marine Systems. Depending on order intake, the Wismar site prepares projects for submarines, surface vessels or commercial vessels.

Commercial maritime business includes projects for offshore energy generation, recovery of ordnance and autonomous underwater vehicles.

We continued to drive forward the extensive concept for the Kiel site as planned by constructing a large shipbuilding shed for submarines as well as the manufacture production of fuel cell modules. This effectively supports growth opportunities in this field. If we can implement these optimizations faster than planned, the forecasts for our key performance indicators could be moderately exceeded.

Risks

thyssenkrupp defines risks as events or developments that reduce our ability to achieve our forecasts and targets. Our holistic definition of risks 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.

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.

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

Risk strategy and risk policy

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

Our Governance, Risk and Compliance (GRC) Policy defines basic principles for corporate governance and risk management at thyssenkrupp. 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 and establishing a value-based risk culture. For this, it is important to analyze risks and opportunities transparently and to systematically incorporate them into business decisions.

Binding principles defined for risk strategy and risk policy

Risk management process

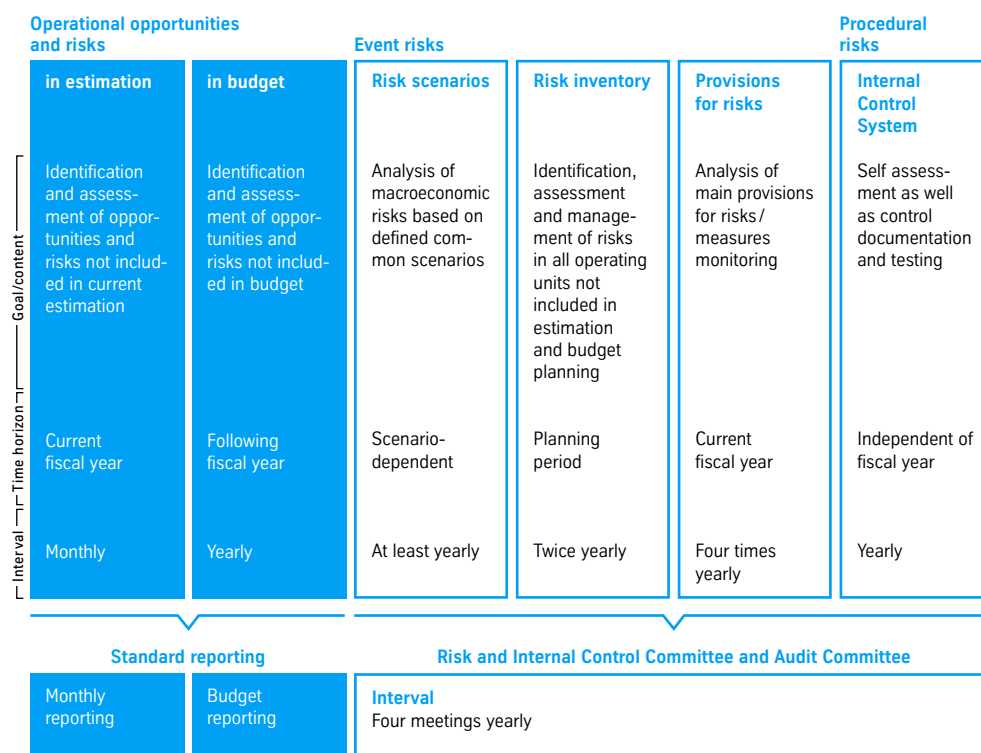
We continuously enhance thyssenkrupp's risk management system, align it with the internationally recognized COSO model and integrate it with our internal control system and other management systems. Our corporate governance statement outlines the interaction of the individual governance systems at thyssenkrupp 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



Risk identification

The operational opportunities and risks not included in the updated monthly projections or in the annual 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.

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.

Customized procedures are used to identify risks

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 at thyssenkrupp.

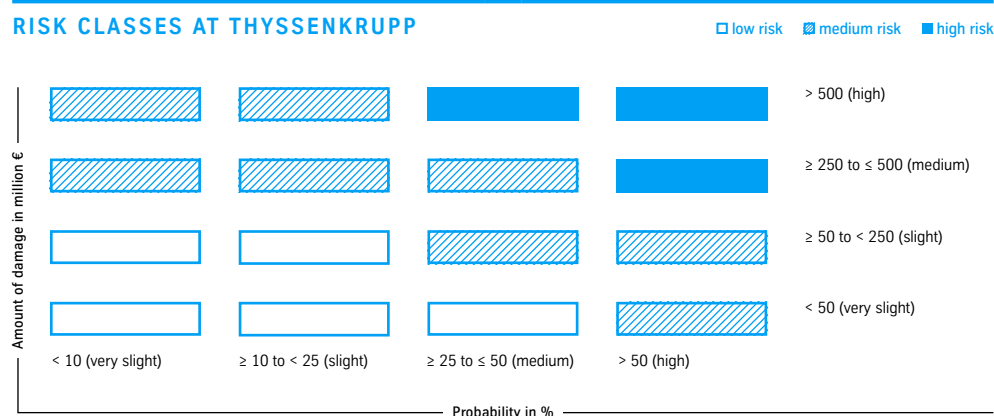
Risks that have already been taken into account through provisions are also part of the standardized analyses and groupwide risk management reporting. This ensures systematic management of these risks as well.

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

Risk assessment

The identified risks are assessed uniformly using central principles. 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. At the end of the fiscal year, the main individual risks are aggregated at group level and bundled in defined risk classes, which we address in the following sections. They are then assigned to the risk classes “high,” “medium” or “low” as shown in the following graphic.

Risk assessment is based on clearly defined criteria.



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

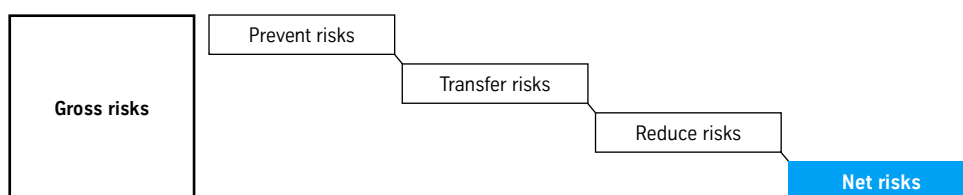
Risk control

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

Risk control measures defined for all risks

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

RISK MANAGEMENT MEASURES AT THYSSENKRUPP



We prevent risks 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 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

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. The balanced insurer portfolio ensures risks are spread appropriately across the insurance market.

The insurance department at thyssenkrupp manages the transfer of risk.

Binding standards are in place for all group companies 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 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.

The internal control system reduces process-related risks.

For example, various monitoring measures and controls within the accounting process help ensure compliant financial reporting. For consolidation we use a system based on standard software. In this way we ensure consistent procedures, which minimize the risk of misstatements in our accounting and external reporting. 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, the German Commercial Code (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, for example, on the basis of new regulatory requirements, 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

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 as required. We also use our groupwide web-based IT applications to deliver targeted information and training material.

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

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 at thyssenkrupp.

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. There have not been any material changes in the risk assessments compared with the prior year.

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.

The outlook for global economic growth remains beset by uncertainty. Although the pace of inflation appears to have slowed, inflation rates will remain very high in the foreseeable future and hold back both capital spending and consumer spending. It is unclear whether and if so, when central banks will raise interest rates again. This could lead to instability in the financial sector and the failure of individual banks. A possible worsening of the debt problem, especially in some European countries, as a result of central bank interest rate policies could cause major euro-zone countries to slide into recession.

Further escalation of the war in Ukraine could greatly hamper economic development, especially in western Europe. Moreover, possible intensification of the numerous other geopolitical and trade conflicts such as an escalation of the China-Taiwan conflict could lead to major distortion of economic trends.

There are also risks for various key sectors resulting from the continued difficult supply situation for semiconductors. High energy, material and raw material prices, especially in industrialized regions, entail serious risks for global growth prospects.

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

Floods and natural catastrophes caused by global climate change are a constant threat in many regions.

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.”

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.”

New legislative requirements could entail risks for our business model.

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

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

Financial risks limited by centrally controlled measures

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

Liquidity risks – To secure the solvency and financial flexibility of the group at all times, we maintain committed 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 group companies internally according to requirements.

Market risks – To hedge market risks (currency, interest rate and commodity price risks) we use derivative hedging instruments.

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 group companies 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.

Central interest rate management concentrates on controlling and optimizing 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.”

Valuation risks – For the success of our strategic realignment it is important to have an organization in which the businesses can develop optimally. Therefore, portfolio measures and restructuring of existing business activities are possible; these are generally associated with execution risks. In addition our strategic businesses are regularly tested for impairment. The risks identified in this category, which do not affect the key performance indicators adjusted EBIT and free cash flow before M&A and only become visible in net income, are currently considered to be “medium” and recognized as provisions in the balance sheet as needed.

Portfolio measures and restructuring involve execution risk.

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. thyssenkrupp 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.

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 and consider the probability of occurrence to be low.

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. Important purchase prices are high at present; 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. We consider the individual risks identified in this category to be “medium.”

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

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.”

We address the risk of human rights and environment-related violations in the supply chain, which is taken up in German Act on Corporate Due Diligence Obligations in Supply Chains, by undertaking a systematic risk analysis of our suppliers. Suitable preventive measures can be taken if the risk assessment of individual suppliers is elevated.

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 business interruption risks.

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 and during transportation, 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 company 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.

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.

Cybersecurity remains a permanent challenge.

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 takes corrective action.

Sensitizing our employees to the risks involved in handling business-related information is very important. 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 – In all areas of business, we need committed and motivated employees and managers in order to meet our performance requirements and strategic targets. There is a risk of not being able to find enough key personnel or specialists with the necessary qualifications to fill vacancies or of losing competent employees. Extreme events, such as natural catastrophes, pandemics, 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 – for example, through employer branding campaigns aimed at specific target groups – and promotes the long-term retention of employees in the group. That includes targeted management development, career prospects and attractive incentive systems, including fringe benefits and modern working conditions. We 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.

We address the risk of human rights violations at thyssenkrupp companies in the context of the German Act on Corporate Due Diligence Obligations in Supply Chains through a system risk analysis of our areas of business. On this basis, appropriate preventive measures can be taken in the event of elevated risks. To comply with the statutory due diligence obligations, we run mandatory training sessions for defined employee groups. In addition, we have set up a whistleblowing system for reporting possible violations of human rights at thyssenkrupp.

Operational risks of the businesses

Automotive Technology – The performance of Automotive Technology is directly linked to the performance of the automotive markets around the world. Although the automotive sector continued to recover from the economic effects of the coronavirus pandemic in the past fiscal year, it did not regain the pre-pandemic level, especially in Europe; moreover, supply bottlenecks in starting materials and products and the lockdowns in China had a major impact on the market.

The supply bottlenecks caused by war and the pandemic, especially the continued shortage of semiconductors, are resulting in massive delivery delays and higher transport costs. Moreover, the war in Ukraine and the sanctions against Russia are pushing up 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 producers and increasing inventories.

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

We are a leading global player, for example, in components for the powertrain sector. However, this market 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.

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.

Sales and earnings in Forged Technologies 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. In parallel with the ramp-up of the new line for forged front axles, 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.

At Springs & Stabilizers, there is ongoing uncertainty about future call-off volumes because the supply chain bottlenecks in the automotive sector are continuing and holding back demand. Risks also stem from the recent dynamic development of material and energy price rises.

We have implemented extensive restructuring measures to adjust capacity at Automation Engineering. The powertrain assembly market is still exposed to uncertainty. Moreover, operational development is dependent on the stability of supply chains and the efficiency of order processing.

In view of the shift in the automotive industry towards 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. We are also continuously improving our attractiveness as an employer in line with changing market conditions. In Germany we have introduced extensive hybrid working models and additional benefits such as the tkBike program. Filling vacancies is supported by our internal groupwide job portal and modern recruiting processes, which we are continuously optimizing to reflect conditions on the labor market.

The Automotive Technology businesses are stepping up digitalization in administration and production. That potentially increases exposure to cyberattacks. The internal "Accelerate IT Security" program supports a reduction in the risk of third parties gaining unauthorized access to our IT systems. This program includes the introduction of an information security regulation, extensive certifications in compliance with TISAX standard (Trusted Information Security Assessment Exchange), which are aligned to the specific requirements of the automotive industry and systematic progress with a defined action plan.

Decarbon Technologies – The risks to which our bearings business is exposed arise principally from the volatility of the economic environment, which has increased as a result of political crises. This could dampen economic expectations in its main markets: Germany, Europe and China. 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. Other risks come from the potential postponement of some major orders. 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 possible we mitigate 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.

The plant engineering market is challenging, especially because of its volatility. One reason for this is that supply chains are not sufficiently stable. By contrast, the services business is basically stable.

In the plant engineering business, risks in connection with the execution of 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.

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. For example, in the reporting period the economy cooled significantly. This was reflected, among other things, in declining demand, price erosion and lower margins.

We mitigate risks from the demand side through our broad international customer base – in terms of both the total number of customers and their sectors – and by our high level of diversification. Materials Services can therefore cushion a drop in demand from individual customers and specific sectors and overall risk diversification is significant. Moreover, by extending our range of more complex services, we want to reduce our dependence on the volatility of the materials market and increase our margins.

In addition, supply chain disruption is becoming increasingly frequent and widespread – whether due to the war in Ukraine, sanctions, market foreclosure or climate change. This shows even more clearly how vital strategic partnerships with suppliers are for the stability of our purchasing process. Thanks to its multi-sourcing strategy, Materials Services is able to react at short notice to possible supply chain disruption. 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 broad customer base and high diversification cushion demand 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, we are making systematic improvements to net working capital management and efficient receivables management to counter the risk of defaults. These tools remain highly significant at present in light of the prevailing economic weakness.

Steel Europe – Our steel business is particularly exposed to the risk of fluctuating demand caused by disruption in our customers' supply chains. Price rises are putting additional pressure on our entire production chain. The Steel Europe segment is addressing these risks to sales volumes through distribution activities, cost optimizations in all areas and by concentrating on demanding market segments that are less dependent on cyclical demand.

Steel Europe has monitoring systems to counter trading risks on our export markets and unfair competition resulting from the dumping and/or subsidization of imports.

Steel Europe counters the increased competitive intensity on the market for premium flat carbon 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 resulting from 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.

While gas storage levels are developing positively as expected and are actually well above the levels prescribed by law, there is still a risk of gas shortages in winter 2023 / 2024 in the event of extremely low temperatures. Even if gas storage facilities were once again full before the start of winter, assuming unchanged consumption patterns and extremely cold weather, it would presumably not be possible to fully cover the demand for gas. Given the possible shortage of natural gas ("emergency" or "gas shortage" level) and the fact it is not possible to switch production to oil or coal ("fuel switch"), 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. We have little additional scope to reduce consumption of natural gas as we already take steps to continuously optimize our production processes – including the use of energy. These risks can only be countered to limited extent. As a representative of the steel industry, Steel Europe is actively working with the Federal Network Agency in Germany to define the procedure for a possible shutdown of industrial facilities in the event of a gas shortage.

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 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 reduction in 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 adjustments to EU emissions trading, especially the allocation of free allowances, accompanied by the introduction of a carbon border adjustment mechanism, we are speeding up the transformation by dimensioning our first direct reduction plant larger than originally planned. If there are delays in the construction of the direct reduction plant, there is a risk of higher CO₂ costs, especially in the year when start-up is scheduled.

To reduce business interruption risks and improve 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. These set out measures to remedy the damage. The segment has integrated a business and technical risk controlling system for property insurance into its risk management process.

The move towards an energy system dominated by renewables in Germany is creating major additional challenges 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 and hydrogen 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 CO₂-neutral steel production. We are actively monitoring the current debate on budget, regulatory and distribution policy.

Following the recent adoption of the German government's revised National Hydrogen Strategy, there are plans to implement numerous initiatives by year-end 2023. In the H₂ import strategy it is important to ensure that alongside partnerships outside Europe, consideration is given to readily accessible European import sources. For the core H₂ network, it is important to realize all relevant connection and supply lines insofar as possible and for state guarantees to cover the risk of outages. These could be provided to either the network operators or the H₂ customers. The steel industry is in close dialog on this with the parties involved.

Since November 2021, the EU and USA have been engaged in negotiations on a sector-specific trade agreement for steel and aluminum. The USA wants a new CO₂-based customs regime that protects the contracting parties' markets from overcapacities from third countries. The EU is skeptical about the effect of customs tariffs and considers the present trade protection instruments together with the new CO₂ border adjustment mechanism to be adequate. If it is not possible to find a viable solution for the industry, US customs duties would be due, while the EU's protection measures would probably expire in 2024. This would make exports more expensive, reducing the competitiveness of the industry. The EU steel industry is liaising closely with the political decision makers on this.

Besides, companies only receive energy and CO₂-related funding from the EU if they actually invest in energy efficiency and/or climate protection measures. All measures have to be validated by an authorized external auditor. For us, that entails adapting the processes in our operational energy management system. To implement this, we are consulting external advisors and working closely with the responsible certification bodies. If our measures are not recognized by the relevant authorities and/or certification bodies, there is a risk that we could lose any funding that we have already received.

Marine Systems – To limit technical and timing risks relating to existing contracts, in the past fiscal year we focused on extending the number of possible subcontractors. For the development of new systems and components, which are defined as necessary in its business model, Marine System combines its own mitigation measures with structured supplier management.

In the export business, Marine Systems is exposed to a risk of withdrawal of or inability to obtain export permits as a consequence of possible political developments in customer countries or neighboring regions. The delay in the issue of an export permit for one contract, which we reported in the previous year, has continued, but Marine Systems has no indication of a lasting or general failure by the German government to issue such permits.

Shortages of raw materials and components and supply chain disruption are now daily occurrences as a result of the overall change in the market environment, forcing both Marine Systems and its competitors to accept altered pricing and timing conditions for deliveries. Within the long-term project horizon at Marine Systems, the impact of these risks is still manageable.

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

So far, Marine Systems has managed to meet its needs well in the more difficult market for skilled employees. Despite intensive recruitment activities, it is closely monitoring the risk relating to timely sourcing of the necessary personnel. To date, it has successfully prevented significant disruption caused by a lack of expertise or specialist staff.

Takeover-related disclosures

The following information, valid September 30, 2023, is presented in accordance with Art. 289a and 315a of the German Commercial Code (HGB). Details under Art. 289a and 315a of the German Commercial Code (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 2023, as of September 30, 2023 the Alfried von Bohlen und Halbach Foundation, Essen, had a direct shareholding of 21% of the voting rights of thyssenkrupp AG.

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

The appointment and dismissal of members of the Executive Board of thyssenkrupp AG are subject to §§ 84, 85 AktG and § 31 Codetermination Act (MitbestG) in conjunction with § 6 of the Articles of Association. Amendments to the Articles of Association are subject to the approval of the Annual General Meeting with a majority of at least three quarters of the capital stock represented; §§ 179 ff. AktG apply. Under § 11 (9) of the Articles of Association, the Supervisory Board is authorized to resolve amendments to the Articles of Association which relate only to their wording. The Annual General Meeting recently extended § 17 of the Articles of Association and resolved to authorize the Executive Board to allow for General Meetings to be held as virtual General Meetings within two years after amendment of this provision of the Articles of Association.

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, 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 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 price 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. 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 €2.2 billion. A change of control, i.e. cases where a third party or third parties acting in a concerted manner towards thyssenkrupp AG acquire(s) or hold(s) 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. In the case of Oliver Burkhard, the above change-of-control ruling was withdrawn completely with effect from the start of his new term of office on October 1, 2023.

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 the thyssenkrupp group. 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 Art. 289 f Par. 1 Sentence 2 and 315 d of the German Commercial Code (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, 2023:

 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 submission of the last declaration of conformity on October 1, 2022, thyssenkrupp AG has complied with all recommendations in the German Corporate Governance Code.

Duisburg/Essen, October 1, 2023

For the Supervisory Board

For the Executive Board

– Russwurm –

– López –

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

Our listed subsidiaries thyssenkrupp nucera AG & Co. KGaA (nucera) and Eisen- und Hüttenwerke AG (EHW AG) also comply with the German Corporate Governance Code (GCGC). The declarations of conformity were issued by thyssenkrupp nucera in September and by EHW AG on October 1, 2023. Individual deviations resulting from the IPO or the specific nature of inclusion in the thyssenkrupp group are presented and explained in these declarations of conformity. They are available on the subsidiaries' websites.

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 AktG for fiscal year 2022 / 2023 can be found in the corresponding section of this Annual Report.

▶ www.thyssenkrupp.com >
Company > Management >
Corporate governance >
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 can be found in the sustainability report, which is integrated into the Annual Report (see "Fundamental information on the group," subsection "Targets," and "Overview of non-financial disclosures"), and on our website.

▶ www.thyssenkrupp.com >
Company > Sustainability >
Sustainability Strategy and
Targets

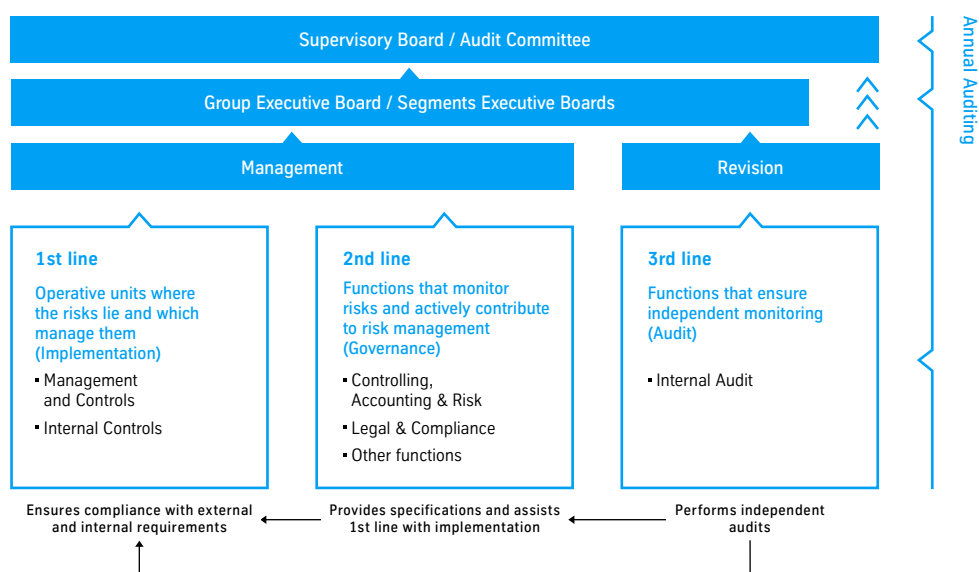
Integrated governance, risk and compliance model

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. 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 level at 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 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 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. In this context special responsibility is assumed by our executives, who have entrepreneurial responsibility for compliance. The Executive Board’s resolution on entrepreneurial compliance responsibility (most recently updated on July 11, 2023) states that all executives at thyssenkrupp 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 (obligation to set an example, compliance as a key leadership task). Any identified breaches of laws or binding internal regulations, especially those related to our core compliance areas – antitrust law, corruption prevention, data protection, anti-money-laundering and export control legislation – are halted immediately. To prevent any recurrence in the future, suitable risk-mitigation remedies are implemented without delay. In the event of proven violations, our “zero tolerance” policy applies: where necessary, sanctions are systematically imposed on those concerned. At the same time the Compliance Commitment expresses our positive compliance mindset: we stick to the rules out of conviction.

The Group General Counsel, who is also the Chief Compliance Officer, is responsible for the compliance program and reports directly to the CEO of thyssenkrupp AG.

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

As the third line, Corporate 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 Internal Auditing 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 Chairman (CEO) is responsible for coordinating all the directorates of the Executive Board and for communicating with the Supervisory Board; he 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 regularly advised by the CEOs of the segments, the heads of the corporate functions and the representatives of the regions.

 www.thyssenkrupp.com >
Company > 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.

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 2022 / 2023 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 >
Supervisory Board

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 is entitled to designate a Supervisory Board member.

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 Tekin Nasikkol. As part of its activities the Personnel Committee handles the topic of succession planning, which the chair of the Supervisory Board also discusses with the

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

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 Tekin Nasikkol). The Audit Committee is composed of six members: (Dr. Verena Volpert [Chair], Dr. Wolfgang Colbert, Dr. Bernhard Günther, Tanja Jacquemin, Tekin Nasikkol and Ulrich Wilsberg) and the Strategy, Finance and Investment Committee has eight members (Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm [Chair], Stefan E. Buchner, Prof. Dr. Dr. h.c. Ursula Gather, Daniela Jansen, Jürgen Kerner, Thorsten Koch, Dr. Ingo Luge and Tekin Nasikkol). The Nomination Committee is composed of up to five shareholder representatives (Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm [Chair], Birgit A. Behrendt, Prof. Dr. Dr. h.c. Ursula Gather, Dr. Bernhard Günther 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.

The chairs of the committees report regularly on the meetings and work of the committees at the Supervisory Board meetings. The main task of the committees 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 most recent self-assessment was in 2020; a further self-assessment will be undertaken in 2023 with independent, external support.

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 2022 / 2023 were published and are available for viewing on the company's website. As of September 30, 2023 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. Under § 17 (6) of the Articles of Association, the Executive Board is authorized to allow for General Meetings to be held without the shareholders or their proxies being physically present at the venue of the General Meeting (virtual General Meeting) within two years from amendment of this provision of the Articles of Association.

 www.thyssenkrupp.com
> Investors > 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 an electronic vote. The Annual General Meeting can be viewed by anyone, live and in full, on the company's website, even and in particular in the event that the General Meeting is held with physical presence. In addition, we make all legally required documents and information on the Annual General Meeting available to shareholders in good time on our website. Furthermore, the website makes a wide range of information available to shareholders about their company during the year.

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. In addition, the Chair of the Supervisory Board is available for discussions with investors on a case-by-case basis or in special circumstances. In the past fiscal year, for example, discussions were held with investors about the change of CEO.

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

Given the uncertainty about the development of the coronavirus pandemic at the date of adoption of the resolution and the related uncertainty for the planning of major events, and in order to protect the health of every involved, with the consent of the Supervisory Board, the Executive Board resolved that, pursuant § 118a (1) Sentence 1 AktG in conjunction with § 26n (1) EGAktG, the 2023 Annual General Meeting would be held without the physical presence of shareholders and their proxies. As in the past, shareholders 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. Moreover, all documents and information on the Annual General Meeting were made available to shareholders on the website in good time. For the first time, shareholders were able to exercise their rights to speak and to obtain information at the Annual General Meeting via a video link. In this way, the virtual Annual General Meeting was largely comparable to the in-person format for such meetings in terms of both content and ability of shareholders to exercise their rights. In addition shareholders could again submit opinions in text form; these were also made available on the company's website prior to the Annual General Meeting.

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 the German Commercial Code (HGB).

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 3, 2023 elected KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (KPMG), Düsseldorf, as the auditor for the fiscal year 2022 / 2023 and to perform the auditors' review of the interim financial reports for the fiscal year 2022 / 2023 and the auditors' review of the interim reports for the fiscal year 2023 / 2024 prepared before the 2024 Annual General Meeting.

KPMG has audited the parent-company financial statements and consolidated financial statements of thyssenkrupp AG since fiscal year 2022 / 2023. It was appointed in 2022 following an external bidding process. The signatory auditors for the parent-company financial statements of thyssenkrupp AG and consolidated financial statements of the thyssenkrupp group as of September 30, 2023 are Marc Ufer (signatory on the left) and Dr. Markus Zeimes as the responsible auditor (signatory on the right).. The statutory requirements and obligation to rotate auditors were fulfilled.

KPMG is the auditor of the parent-company and consolidated financial statements of thyssenkrupp AG

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

For the Supervisory Board of thyssenkrupp AG, the law stipulates that the board must be composed of at least 30% women and at least 30% men. The 30% minimum for the proportion of women members as required by law and defined by the Supervisory Board has been exceeded since fiscal year 2019 / 2020. As of September 30, 2023, the shareholder representatives on the Supervisory Board and the employee representatives each included four female members, so the proportion of women on the Supervisory Board was 40%.

For the proportion of women on the Executive Board of thyssenkrupp AG, in May 2022 the Supervisory Board set a target of 33% (one person), to be achieved by June 30, 2027.

In June 2022 the Executive Board of thyssenkrupp AG raised the female representation target for the first management level below the Executive Board to 33% (five women) and for the second level to 30% (14 women), to be implemented in both cases by June 30, 2027. Other companies in 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 for 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 fulfilled in the reporting period. In particular, the Executive Board members have many years of experience in their respective areas of responsibility.

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 follows 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. The targets for the composition of the Supervisory Board and its competency profile adopted by the Supervisory Board in accordance with the requirements of the GCGC are 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 Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm, Birgit A. Behrendt, Dr. Patrick Berard, Dr. Wolfgang Colberg, Angelika Gifford, Dr. Bernhard Günther and Dr. Ingo Luge as Supervisory Board members at the 2023 Annual General Meeting. 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	Berard	Buchner	Colberg	Gather	Gifford	Günther	Luge	Volpert
Length of service										
Member since	2019	2020	2023	2021	2018	2018	2019	2020	2019	2020
Diversity										
Year of birth	1963	1959	1953	1960	1959	1953	1965	1967	1957	1960
Gender	m	f	m	m	m	f	f	m	m	f
Nationality	German	German	French	German	German	German	German	German	German	German
Professional background	Engineer	Business administrator	Economist	Industrial engineer	Business administrator/ business information systems expert	Mathematician/business administrator	Banking administrator	Economist	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	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	X	–
Bearings/Forged Technologies	X	X	–	X	X	–	–	–	X	–
Automotive Technology	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	Krawinkel	Nasikkol	Wilsberg	Zeidler
Length of service										
Member since	2017	2016	2021	2022	2020	2022	2023	2020	2023	2023
Diversity										
Year of birth	1965	1972	1977	1968	1969	1977	1987	1968	1964	1968
Gender	m	f	f	m	m	m	f	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	Lawyer	Business administrator	Wholesale and foreign trade clerk	Draftsperson, specialization mechanical engineering
Professional expertise										
Corporate management and control ¹⁾	X	–	–	–	X	X	X	X	–	–
HR ²⁾	X	–	–	–	X	X	X	X	X	X
Finance and the capital market	–	–	X	–	X	–	–	X	–	–
Sustainability	X	X	X	–	X	–	X	–	–	–
Digitalization and IT	X	–	–	–	–	–	–	–	–	X
Accounting and auditing	–	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	–
Bearings/Forged Technologies	X	–	X	X	–	–	–	–	–	–
Automotive Technology	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.

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 A. Behrendt, Dr. Patrick Berard, Stefan Erwin Buchner, Dr. Wolfgang Colberg, Prof. Dr. Dr. h.c. Ursula Gather, Angelika Gifford, Dr. Bernhard Günther, Dr. Ingo Luge, Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm and Dr. Verena Volpert.

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. 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. 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.

179	thyssenkrupp group – statement of financial position	210	Notes to the statement of financial position
181	thyssenkrupp group – statement of income	270	Notes to the statement of income
182	thyssenkrupp group – statement of comprehensive income	281	Notes to the statement of cash flows
184	thyssenkrupp group – statement of changes in equity	284	Other information
186	thyssenkrupp group – statement of cash flows	286	Independent Auditors' Report
188	thyssenkrupp group – notes to the financial statements	295	Responsibility statement

Group financial statements

thyssenkrupp group – statement of financial position

ASSETS

million €	Note	Sept. 30, 2022	Sept. 30, 2023
Intangible assets	04	1,872	1,828
Property, plant and equipment (inclusive of investment property)	05	6,748	4,954
Investments accounted for using the equity method	06	642	382
Other financial assets	11	863	980
Other non-financial assets	12	304	634
Deferred tax assets	31	732	495
Total non-current assets		11,161	9,272
Inventories	08	8,889	7,553
Trade accounts receivable	09	5,298	4,765
Contract assets	10	1,895	1,758
Other financial assets	11	701	568
Other non-financial assets	12	1,745	1,867
Current income tax assets		159	168
Cash and cash equivalents	34	7,638	7,339
Assets held for sale	03	8	0
Total current assets		26,331	24,019
Total assets		37,492	33,291

See accompanying notes to consolidated financial statements.

EQUITY AND LIABILITIES

million €	Note	Sept. 30, 2022	Sept. 30, 2023
Capital stock		1,594	1,594
Additional paid-in capital		6,664	6,664
Retained earnings		4,777	2,972
Cumulative other comprehensive income		1,167	608
Equity attributable to thyssenkrupp AG's stockholders		14,202	11,838
Non-controlling interest		540	854
Total equity	13	14,742	12,693
Provisions for pensions and similar obligations	15	5,812	5,474
Provisions for other non-current employee benefits	16	226	258
Other provisions	16	431	407
Deferred tax liabilities	31	53	16
Financial debt	17	2,786	1,313
Other financial liabilities	19	41	13
Other non-financial liabilities	20	15	0
Total non-current liabilities		9,363	7,482
Provisions for current employee benefits	16	168	159
Other provisions	16	1,268	1,112
Current income tax liabilities		150	144
Financial debt	17	1,195	1,712
Trade accounts payable	18	4,807	4,270
Other financial liabilities	19	980	906
Contract liabilities	10	3,098	3,255
Other non-financial liabilities	20	1,722	1,558
Total current liabilities		13,387	13,117
Total liabilities		22,750	20,599
Total equity and liabilities		37,492	33,291

See accompanying notes to consolidated financial statements.

thyssenkrupp group – statement of income

million €, earnings per share in €	Note	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Sales	24, 25	41,140	37,536
Cost of sales	04, 05	(35,479)	(34,878)
Gross Margin		5,660	2,658
Research and development cost		(246)	(239)
Selling expenses		(2,518)	(2,417)
General and administrative expenses		(1,537)	(1,686)
Other income	26	375	303
Other expenses	27	(191)	(88)
Other gains/(losses), net	28	230	12
Income/(loss) from operations		1,772	(1,457)
Income from companies accounted for using the equity method	06	(245)	(38)
Finance income		1,291	896
Finance expense		(1,431)	(984)
Financial income/(expense), net	29	(385)	(126)
Income/(loss) from continuing operations before tax		1,387	(1,583)
Income tax (expense)/income	31	(175)	(403)
Income/(loss) from continuing operations (net of tax)		1,212	(1,986)
Income/(loss) from discontinued operations (net of tax)	03	9	0
Net income/(loss)		1,220	(1,986)
Thereof:			
thyssenkrupp AG's shareholders		1,136	(2,072)
Non-controlling interest		85	86
Net income/(loss)		1,220	(1,986)
Basic and diluted earnings per share based on	32		
Income/(loss) from continuing operations (attributable to thyssenkrupp AG's shareholders)		1.81	(3.33)
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)		1.82	(3.33)

See accompanying notes to consolidated financial statements.

thyssenkrupp group – statement of comprehensive income

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Net income/(loss)	1,220	(1,986)
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	1,847	160
Tax effect	31	(60)
Other comprehensive income from remeasurements of pensions and similar obligations, net	1,878	100
Unrealized gains/(losses) from fair value measurement of equity instruments		
Change in unrealized gains/(losses), net	0	13
Tax effect	0	0
Net unrealized gains/(losses)	0	13
Share of unrealized gains/(losses) of investments accounted for using the equity-method	11	2
Subtotals of items of other comprehensive income that will not be reclassified to profit or loss in future periods	1,889	115
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	532	(350)
Net realized (gains)/losses	14	0
Net unrealized gains/(losses)	545	(350)
Unrealized gains/(losses) from fair value measurement of debt instruments		
Change in unrealized gains/(losses), net	10	12
Net realized (gains)/losses	0	0
Tax effect	0	(2)
Net unrealized gains/(losses)	10	11
Unrealized gains/(losses) from impairment of financial instruments		
Change in unrealized gains/(losses), net	(5)	(84)
Net realized (gains)/losses	59	(16)
Tax effect	(8)	20
Net unrealized gains/(losses)	47	(80)
Unrealized gains/(losses) on cash flow hedges ¹⁾		
Change in unrealized gains/(losses), net	30	2
Net realized (gains)/losses	36	25
Tax effect	(19)	19
Net unrealized gains/(losses)	47	46
Share of unrealized gains/(losses) of investments accounted for using the equity-method	229	(208)
Subtotals of items of comprehensive income that could be reclassified to profit or loss in future periods¹⁾	877	(582)

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Other comprehensive income¹⁾	2,766	(467)
Total comprehensive income¹⁾	3,986	(2,454)
Thereof:		
thyssenkrupp AG's shareholders ¹⁾	3,852	(2,510)
Non-controlling interest	135	56
Total comprehensive income attributable to thyssenkrupp AG's stockholders refers to:		
Continuing operations ¹⁾	3,843	(2,510)
Discontinued operations	9	0

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

See accompanying notes to consolidated financial statements.

thyssenkrupp group – statement of changes in equity

Equity attributable to thyssenkrupp AG's stockholders

million €, (except number of shares)	Number of shares outstanding	Capital stock	Additional paid-in capital	Retained earnings
Balance as of Sept. 30, 2021	622,531,741	1,594	6,664	1,771
Net income/(loss)				1,136
Other comprehensive income ¹⁾				1,880
Total comprehensive income¹⁾				3,016
Gains/(losses) resulting from basis adjustment				
Profit attributable to non-controlling interest				
Other changes				(9)
Balance as of Sept. 30, 2022	622,531,741	1,594	6,664	4,777
Net income/(loss)				(2,072)
Other comprehensive income				100
Total comprehensive income				(1,972)
Gains/(losses) resulting from basis adjustment				
Profit attributable to non-controlling interest				
Payment of thyssenkrupp AG dividend				(93)
Capital increase at nucera				259
Changes of shares in nucera (already consolidated company)				1
Balance as of Sept. 30, 2023	622,531,741	1,594	6,664	2,972

¹⁾ Figures were adjusted regarding the presentation of basis adjustment.

See accompanying notes to consolidated financial statements.

Equity attributable to thyssenkrupp AG's stockholders

Cumulative other comprehensive income

	Foreign currency translation adjustment	Fair value measurement of debt instruments	Fair value measurement of equity instruments	Impairment of financial instruments	Cash flow hedges		Share of investments accounted for using the equity method	Total	Non-controlling interest	Total equity
					Designated risk component	Hedging costs				
	19	10	8	33	217	(37)	123	10,400	445	10,845
								1,136	85	1,220
	505	5	0	46	38	11	229	2,716	50	2,766
	505	5	0	46	38	11	229	3,852	135	3,986
					(40)			(40)		(40)
								0	(40)	(40)
								(9)	0	(9)
	524	15	7	79	215	(26)	352	14,202	540	14,742
								(2,072)	86	(1,986)
	(312)	6	13	(79)	60	(17)	(208)	(438)	(30)	(467)
	(312)	6	13	(79)	60	(17)	(208)	(2,510)	56	(2,454)
					(21)			(21)		(21)
								0	(51)	(51)
								(93)		(93)
								259	257	517
								1	51	52
	211	21	21	0	253	(43)	144	11,838	854	12,693

thyssenkrupp group – statement of cash flows

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Net income/(loss)	1,220	(1,986)
Adjustments to reconcile net income/(loss) to operating cash flows:		
Income/(loss) from discontinued operations (net of tax)	(9)	0
Deferred income taxes, net	(184)	146
Depreciation, amortization and impairment of non-current assets	1,421	3,121
Reversals of impairment losses of non-current assets	(72)	(90)
(Income)/loss from companies accounted for using the equity method, net of dividends received	245	38
(Gain)/loss on disposal of non-current assets	(243)	(13)
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes		
– Inventories	(1,570)	1,191
– Trade accounts receivable	(767)	270
– Contract assets	(330)	54
– Provisions for pensions and similar obligations	(268)	(170)
– Other provisions	(330)	(127)
– Trade accounts payable	408	(403)
– Contract liabilities	694	184
– Other assets/liabilities not related to investing or financing activities	403	(150)
Operating cash flows – continuing operations	618	2,064
Operating cash flows – discontinued operations	0	0
Operating cash flows	617	2,064

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Purchase of investments accounted for using the equity method and non-current financial assets	(7)	(2)
Expenditures for acquisitions of consolidated companies net of cash acquired	(1)	(3)
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(1,247)	(1,698)
Capital expenditures for intangible assets (inclusive of advance payments)	(49)	(59)
Proceeds from government grants	0	154
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	0	1
Proceeds from disposals of previously consolidated companies net of cash disposed	855	(6)
Proceeds from disposals of property, plant and equipment and investment property	171	30
Cash flows from investing activities – continuing operations	(277)	(1,582)
Cash flows from investing activities – discontinued operations	0	0
Cash flows from investing activities	(277)	(1,582)
Repayments of bonds	(1,250)	(1,000)
Proceeds from liabilities to financial institutions	186	92
Repayments of liabilities to financial institutions	(136)	(157)
Lease liabilities	(141)	(147)
Proceeds from/(repayments on) loan notes and other loans	(196)	38
Payment of thyssenkrupp AG dividend	0	(93)
Proceeds from capital increase	0	517
Profit attributable to non-controlling interest	(40)	(51)
Expenditures for acquisitions of shares of already consolidated companies	(40)	0
Proceeds from disposals of shares of already consolidated companies	0	52
Other financial activities	(174)	34
Cash flows from financing activities – continuing operations	(1,792)	(716)
Cash flows from financing activities – discontinued operations	0	0
Cash flows from financing activities	(1,791)	(716)
Net increase/(decrease) in cash and cash equivalents	(1,451)	(234)
Effect of exchange rate changes on cash and cash equivalents	72	(64)
Cash and cash equivalents at beginning of reporting period	9,017	7,638
Cash and cash equivalents at end of reporting period	7,638	7,339
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows of continuing operations:		
Interest received	29	167
Interest paid	(131)	(116)
Dividends received	35	25
Income taxes (paid)/received	(381)	(275)

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 for the year ended September 30, 2023, were authorized for issuance in accordance with a resolution of the Executive Board on November 16, 2023.

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. In the course of a business combination, the identifiable assets, liabilities and contingent liabilities of a subsidiary are in principle 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. 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. 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 on the group’s net assets, financial position and results of operations is only immaterial 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 under intangible assets.

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, 2022	Sept. 30, 2023	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
US Dollar	0.97	1.06	1.09	1.07
Chinese Renminbi Yuan	6.94	7.74	7.10	7.53
Swiss Franc	0.96	0.97	1.02	0.98
Polish Zloty	4.85	4.63	4.66	4.62

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 and during the financial year in case of any indications, 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 thyssenkrupp 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 and a discount for the collateralization of the underlying asset.

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, short-term leases (less than twelve months) and low-value leases 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 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 intercompany expenses or income.

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 and cash equivalents, derivative financial assets, as well as equity and debt instruments. Trade accounts receivable are initially measured at the transaction price, other financial assets are initially recognized at fair value. This includes any transaction costs directly attributable to the acquisition of financial assets, 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 and cash equivalents without money market funds as well as the interest-free loans resulting from the Elevator investment (cf. Note 03).

Money market funds are measured at fair value through profit or loss.

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. thyssenkrupp regards the assumption that the risk of default has increased significantly if the payment is overdue by more than 30 days as refuted. It also shows that there is no default if the payment is overdue for 90 days.

As before, financial assets are fully or partially impaired on the basis of defaults if it is reasonable to assume that they can no longer be fully realized, e.g. because the due date has long passed, or owing to insolvency or similar proceedings.

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 and cash equivalents include cash on hand, demand deposits and time 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 money market funds with a maximum term of three months. Cash and cash equivalents (without money market funds) are measured at amortized cost, money market funds at fair value through profit or loss.

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.

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. 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, unless country-specific circumstances require this.

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.

To the extent that items are credited or charged in equity, the corresponding income tax is also recognized directly in equity. To the extent that the items are recorded in other comprehensive income within equity, this also applies to income taxes.

Current income taxes are determined based on taxable profit and. They 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. In the event of any uncertainties, the best possible estimate is used.

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. 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. The resulting obligation constitutes an equity-settled share-based compensation and is therefore reported in equity. 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 based on the stage of completion. The stage 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 (cost-to-cost-method). 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.

Government grants

Government grants are only recognized if there is reasonable assurance that the associated conditions will be met and the grants will be granted. Investment grants are recorded as a reduction of acquisition or production costs of the assets in question and lead to a corresponding reduction of depreciation in subsequent periods. Grants that are not related to investments are recognized in profit or loss as a reduction of the corresponding expenses in the periods in which the expenses that are to be compensated by the grant are incurred. All donations received are reported in cash flow from investing activities.

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 recorded as intercompany expenses or income.

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.

Discretionary decisions, estimates and judgments

The preparation of the group financial statements requires management to make discretionary decisions, judgements, estimates and assumptions that affect the application of policies in the group 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, other geopolitical or trade conflicts and the climate change. Actual results may differ from these estimates.

The application of the accounting policies involves judgments that have a significant effect on the amounts recognized in the financial statements: This includes the identification and definition of cash-generating units; this applies in particular with respect to possible networks of different production plants or production sites, including cross-regional networks, for the purpose of impairment testing of assets.

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:

Recoverability of goodwill

As stated in the accounting policy, the group tests annually and in addition during the financial year 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. Due to the ratio of market capitalization and book value of equity of the thyssenkrupp group, significant goodwill in particular was subject to an impairment test.

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. Due to the ratio of market capitalization and book value of equity of the thyssenkrupp group, other intangible assets and property, plant and equipment in particular were subject to an impairment test.

At each balance sheet date, the expected credit losses are determined with a model developed by the thyssenkrupp group, 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 defaults if it is reasonable to assume that they can no longer be fully realized, e.g. because the due date has long passed, or owing to insolvency or similar proceedings.

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.

Revenue recognition from contracts with customers

Certain group companies, particularly in the Marine Systems and Multi Tracks segments, report some of their business transactions as construction contracts, in which revenue is recognized over time based on the percentage of completion. Revenue is presented here according to the percentage of completion. 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 (cost-to-cost-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.

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 group's 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 as well as other geopolitical or trade conflicts

Against the background of the war in the Ukraine and further geopolitical and trade conflicts, an impairment test was conducted on the critical items of goodwill, other intangible assets, and property, plant and equipment (see Notes 04 and 05), investments (see Note 06), deferred tax assets (see Note 31), trade accounts receivable, and contract assets (see Notes 09 and 10).

There is continuing uncertainty regarding the assessment of the effects of the war in Ukraine and of numerous other geopolitical and trade conflicts on current business performance, including the earnings outlook. Further developments and the impact on business performance of, for example, continued high inflation rates, the ongoing supply bottlenecks and shortage of skilled workers in the industrialized nations, uncertainty regarding further rises in key interest rates, the risk of instability in the financial sector or the failure of individual banks, recurrent flooding or natural catastrophes as a consequence of climate change, the possible escalation of the debt problem, especially in some European countries as a result of central bank interest rate policy, bottlenecks in the supply of semiconductors, and persistently high energy, material, and raw material prices are subject to considerable uncertainty from today's perspective; for further details; see 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 CO₂ emitters, the steel industry will face major structural challenges in the future in order to make its contribution to climate protection. First milestones were achieved with the signing of the contract to build the first direct reduction plant in February 2023 and the receipt of funding approval from the German government and the state of North Rhine-Westphalia in July 2023. The expected economic effects of the construction of the first direct reduction plant on future business performance were taken into account in the impairment tests, along with the present and expected future legal and economic conditions in connection with the green transformation. These include a reduction in the allocation of CO₂ allowances, the associated increase in the price of CO₂ allowances, an increase in energy costs as a proportion of the total cost of steel production, and thus a general increase in production costs, together with the ability to command higher steel prices in Europe (Carbon Border Adjustment Mechanism, CBAM) and, ultimately, adequate availability of hydrogen at the production sites.

As a development and manufacturing partner for components, modules, and systems for the global automotive industry, Automotive Technology is dependent on the global trend toward efficient and environmentally friendly mobility. Within its portfolio, Automotive Technology is to meet and go beyond the ambitious political requirements for a reduction in vehicle emissions on a sustained basis. Automotive Technology's products are largely independent of the car's drive type; in the Dynamic Components business unit, we have already developed and marketed the first products that support the transformation to electromobility. The costs of the green transformation were taken into consideration when planning the impairment tests on the segment's cash-generating units. In addition, sustained energy saving measures were implemented as part of a continuous energy efficiency program. These included, for example, the installation of facilities to generate energy from renewable resources and the conclusion of a green electricity agreement, which ensures the supply of electricity from renewable resources to all German sites.

At Bearings, expansion of renewable energy is the key to achieving international climate targets. Rapid expansion of wind energy as a major source of climate-neutral energy is crucial to achieving the goal of carbon neutrality. The slewed bearings supplied by the rothe erde group are system-critical components for wind energy installations and therefore contribute to the energy transition. In the business model at Bearings, CO₂ allowances mainly affect purchase prices in the areas of steel and energy. Therefore, passing on higher factor costs is always included in price negotiations with customers. In addition, Bearings endeavors to achieve a successive and sustained reduction in CO₂ emissions from its own production, for example, by continuously enhancing production efficiency by reducing its own energy requirements. The anticipated implications of this were factored into all economic assessments.

The impact of climate change on useful lives, potential impairments, potential additions to provisions, and the markets of relevance for thyssenkrupp is continuously evaluated.

Effect of the planned introduction of global minimum taxation

In December 2021, the OECD published guidelines for a new global minimum tax framework. In December 2022, the EU member states agreed on an EU directive to implement these guidelines. On August 16, 2023, the German Cabinet adopted a draft act to transpose the global minimum taxation regulations into national law. Based on this draft of the act, the thyssenkrupp group would be affected by the German rules on global minimum taxation from fiscal year 2024 / 2025 onward.

Recently adopted accounting standards

In fiscal year 2022 / 2023 thyssenkrupp adopted the following amendments to already existing standards that did not have a material impact on the group financial statements:

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

Issued accounting standards that have not been adopted in fiscal year 2022 / 2023

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. The group 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 IAS 1 “Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies”, issued in February 2021, initial application in fiscal year 2023 / 2024
- Amendments to IAS 8 “Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates”, issued in February 2021, initial application in fiscal year 2023 / 2024
- Amendments to IAS 12 “Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”, issued in May 2021, initial application in fiscal year 2023 / 2024
- Amendments to IFRS 17 “Insurance Contracts. Initial Application of IFRS 17 and IFRS 9 – Comparative Information”, issued in December 2021, initial application in fiscal year 2023 / 2024
- Amendments to IFRS 16 “Leases: Lease Liability in a Sale and Leaseback”, issued in September 2022, not yet endorsed, expected initial application in fiscal year 2024 / 2025
- Amendments to IAS 12 “Income Taxes: International Tax Reform – Pillar Two Model Rules”, issued in May 2023, initial application of the disclosure requirements in the notes to the financial statements in fiscal year 2023 / 2024
- Amendments to IAS 7 „Statement of Cash Flows and IFRS 7 „Financial Instruments Disclosures: Supplier Finance Arrangements”, issued in May 2023, not yet endorsed, expected initial application in fiscal year 2024 / 2025
- Amendments to IAS 21 „The Effects of Changes in Foreign Exchange Rates Lack of Exchangeability”, issued in August 2023, not yet endorsed, expected initial application in fiscal year 2025 / 2026

02 Consolidated companies and equity interests

Composition of the scope of consolidation

The changes in the scope of consolidation in fiscal years 2021 / 2022 und 2022 / 2023, respectively are presented in the table below:

ACQUISITIONS/DIVESTITURES OF BUSINESSES

Number of consolidated companies	Germany	Abroad	Total
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
Additions	7	6	13
Disposals	(2)	(3)	(5)
Balance as of Sept. 30, 2023	97	223	320

The additions in 2022 / 2023 mainly result from incorporations, while the disposals mainly result from mergers.

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 0.007%, their income/(loss) before tax amounts to 0.016% and their total equity amounts to 0.007% of the group's respective balances.

The group has 9 (prior year: 8) associated companies and 11 (prior year: 11) joint ventures that are accounted for using the equity method. Another 5 (prior year: 5) associated companies are not accounted for using the equity method 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 (0.273)% and their total equity to 0.098% of the group's respective balances.

In accordance with Art. 313 Par. 2 of German Commercial Code (HGB), the complete list of the group's subsidiaries and equity interests and companies included in the consolidated financial statements is part of the audited consolidated financial statements filed in the German Federal Gazette (Bundesanzeiger). The full list of shareholdings has also been published on the thyssenkrupp website at www.thyssenkrupp.com/en/investors/reporting-and-publications/.

Structured entities

thyssenkrupp includes 3 (prior year: 3) structured entities in the consolidated financial statements. One of the structured entities is a special purpose leasing company established to realize the second construction phase of the thyssenkrupp Quarter. The lease object and the corresponding liabilities are included in the consolidated financial statements. There are no obligations to provide financial support. The 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 asset-backed securities programs, contractual relationships exist with a structured entity in which the group holds no interests. thyssenkrupp sells trade accounts receivable to the structured entity. It refinances the purchase price by issuing securities; for details refer to Note 09. The other non-controlled structured entity in which the group also does not hold any shares has a service contract with a group company. Potential losses arising from obligations entered into under this contract are already included in the purchasing commitments stated under commitments (cf. Note 21).

Acquisitions and disposals

Fiscal year 2022 / 2023

In fiscal year 2022 / 2023 the group only completed a minor acquisition by acquiring Westphalia DataLab GmbH in the Materials Services segment.

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

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 were according to IFRS 5 continued to be reported separately in the statement of income and the statement of cash flows in the prior year; in fiscal year 2022 / 2023 only subsequent expenses and cash flows, which are no longer presented separately due to their immateriality, were recorded.

The subsequent expenses incurred and subsequent income generated in the fiscal year 2021 / 2022 are shown in table below; they result from the fact that, 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 OPERATIONS

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

The disposals of mining, infrastructure and the stainless steel business, initiated as part of thyssenkrupp's portfolio focus in the 4th quarter ended September 30, 2021 and which met the criteria of IFRS 5 for a presentation as a disposal group in the balance sheet, were all completed in the fiscal year 2021 / 2022. There were no other disposals that were classified as disposal groups, so there is no respective disclosure in the balance sheet as of September 30, 2022 or in the balance sheet as of September 30, 2023.

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 provided 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 30, 2022. In addition, the finalization of the contractually agreed processes to align the purchasing price in the 4th quarter ended September 30, 2023 resulted in a gain of €10 million, which is reported in other gains and losses.

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 was active in civil engineering, port engineering and special-purpose civil engineering, as well as in structural engineering. The product portfolio comprised the areas of profiles and anchor technology, flood protection, pile driving and drawing technology, drilling engineering, trench sheeting and shoring. 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.

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. 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.

Following the sale of the stainless steel business completed on January 31, 2022, a contractual agreement was concluded with the purchaser on June 27, 2023, through which all previous and potential future claims resulting from the sale were settled. This resulted in a purchase price reduction of €6 million, which is reported in other gains and losses in the 3rd quarter ended June 30, 2023.

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 of the Steel Europe segment were reported in the line item “Assets held for sale” in the statement of financial position which were disposed 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, 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
Currency differences	(18)	(5)	(20)	(44)
Acquisitions/divestitures of businesses	0	0	2	2
Additions	21	28	0	49
Transfers	37	1	0	38
Disposals	(74)	(41)	0	(115)
Balance as of Sept. 30, 2023	1,358	575	2,612	4,545
Accumulated depreciation and impairment losses				
Balance as of Oct. 1, 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
Currency differences	(13)	(4)	(14)	(31)
Acquisitions/divestitures of businesses	0	0	0	0
Depreciation expense	52	17	0	68
Impairment losses	9	40	0	49
Reversals of impairment losses	0	0	0	0
Transfers	0	2	0	2
Disposals	(73)	(41)	0	(114)
Balance as of Sept. 30, 2023	972	523	1,222	2,717
Net amounts				
Balance as of Oct. 1, 2021	412	92	1,387	1,892
Balance as of Sept. 30, 2022	395	82	1,394	1,872
Balance as of Sept. 30, 2023	386	52	1,390	1,828

Goodwill

Goodwill (excluding goodwill of equity method investments) is allocated to 8 cash generating units (CGUs) (prior year: 7 CGUs) or groups of CGUs, which are defined based on business units or 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 consolidated financial statements, the 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 prepared by the businesses and approved by thyssenkrupp AG management. The basic planning assumption is a moderate, regionally varying growth in the global economy in 2024. This basic planning assumption also applies to the years 2025 and 2026. 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 a maximum of 1.5% (prior year: 1.4%). The weighted average cost of capital discount rate is based on a risk-free interest rate of 2.5% (prior year: 1.5%) and a market risk premium of 7.0% (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.

As of September 30, 2023 total goodwill of the thyssenkrupp group amounts to €1,390 million (prior year: €1,394 million). It mainly relates to the group of CGUs in the Marine Systems segment. The remaining goodwill, which is classified as insignificant in relation to the total goodwill, relates to the CGUs Supply Chain Services, Bearings, Dynamic Components, Uhde, Polysius, nucera as well as Corporate and amounts to a total of €347 million.

SIGNIFICANT GOODWILL

CGU (Segment)	Carrying amount of goodwill allocated to CGU (prior year's amount) in million €	Proportion of total goodwill in %	Pre-tax discount rate (prior year) in %	After-tax discount rate (prior year) in %	Growth rate (prior year) in %	Description of key assumptions of goodwill testing
Marine Systems (Marine Systems)	1,043 (1,043)	75	11.2 (9.9)	8.2 (7.3)	1.4 (1.3)	<ul style="list-style-type: none"> – Profitable progress on order backlog portfolio – Realization of planned order intake, particularly in submarine area, resulting in margin improvement in order backlog portfolio – Efficiency increases along entire value chain based on implemented performance program – Calculation of cash flow and operating income margin of 6.8% (prior year: 8.8%) for the perpetual annuity is based on assumptions about the planned future order portfolio in the last planning year (5th planning year)

The recoverable amount of CGU Marine Systems exceeds the carrying amount by approximately €196 million. The following changes to one of the valuation assumptions listed in the table could result in a reduction of the recoverable amount of the CGU Marine Systems below its carrying amount:

SENSITIVITIES

	Required change in valuation assumptions to trigger a reduction of the recoverable amount below the carrying amount
in %	Sept. 30, 2023
Increase of the discount rate (after taxes) to	9.9
Decrease of operating income margin in perpetuity to	5.6

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 2022/2023 and 2021/2022 are disclosed with the Steel Europe segment in the following Note 05.

05 Property, plant and equipment (inclusive of investment property)

Changes in the group's property, plant and equipment were as follows:

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

million €	Land, leasehold rights and buildings including buildings on third-party land	Technical machinery and equipment	Other equipment, factory and office equipment	Right-of-use assets	Assets under operating lease	Construction in progress	Total
Gross amounts							
Balance as of Oct. 1, 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
Currency differences	(66)	(271)	(19)	(28)	0	(30)	(415)
Acquisitions/divestitures of businesses	0	0	0	0	0	0	0
Additions	24	282	104	205	0	688	1,304
Transfers	115	534	36	(1)	38	(676)	46
Disposals	(63)	(195)	(86)	(20)	(1)	(7)	(372)
Balance as of Sept. 30, 2023	5,589	20,080	2,100	1,142	62	1,461	30,435
Accumulated depreciation and impairment losses							
Balance as of Oct. 1, 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
Currency differences	(34)	(217)	(15)	(16)	0	(1)	(283)
Acquisitions/divestitures of businesses	0	0	0	0	0	0	0
Depreciation expense	95	502	102	131	2	0	832
Impairment losses	386	1,011	107	0	0	668	2,173
Reversals of impairment losses	(1)	(9)	0	(3)	0	0	(13)
Transfers	34	90	3	(4)	(3)	(130)	(9)
Disposals	(49)	(192)	(85)	(17)	0	0	(343)
Balance as of Sept. 30, 2023	4,123	18,292	1,865	516	11	674	25,481
Net amounts							
Balance as of Oct. 1, 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
Balance as of Sept. 30, 2023	1,466	1,788	236	626	51	787	4,954

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 2022 / 2023

Government grants

In the 4th quarter ended September 30, 2023, the group received investment grants authorized by the federal government and the state of North Rhine-Westphalia as part of the construction of the direct reduction plant at the Duisburg site in the Steel Europe segment amounting to €154 million. Thereof, €47 million reduced the cost of construction in progress and €107 million reduced the advance payments on property, plant and equipment, which are disclosed in other non-financial assets (see Note 12).

Impairments

In the 1st quarter ended December 31, 2022, an impairment loss of €14 million was recognized on technical equipment and machinery in the global electric steering product area in the Steering business unit of the Automotive Technology segment. This was due to the increase in the cost of capital (discount rate) as of December 31, 2022. The recoverable amount relevant for determining the impairment loss is the value in use, which amounts to a total of €554 million and for which a discount rate (after tax) of 8.9% was applied.

In the 2nd quarter ended March 31, 2023, due to the increase in the cost of capital an impairment loss had to be recognized in the Steel Europe segment. Applying a discount rate (after tax) of 8.1% for the future cash flows, the relevant value in use was €5,793 million while the total carrying amount was €6,142 million as of March 31, 2023. The resulting impairment loss required to be recognized in the Steel Europe segment amounts to €346 million. Of this amount, €162 million relates to technical machinery and equipment, €125 million to construction in progress, €33 million to buildings, €18 million to other equipment, factory and office equipment, €6 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 business development. 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.

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 2nd quarter ended March 31, 2023.

In the 3rd quarter ended June 30, 2023, an impairment loss of €8 million was recognized for the full amount of the capitalized software development costs at thyssenkrupp Industrial Solutions AG in the Multi Tracks segment.

In the 4th quarter ended September 30, 2023, further impairment losses of €1,765 million were recognized on non-current assets in the Steel Europe segment. In addition, this resulted in an impairment loss of €23 million on corporate assets that are assigned to Special Units. The total carrying amount was €5,434 million as of September 30, 2023, while the relevant value in use was €3,646 million; the future cash flows were discounted using a cost of capital (after tax) of 8.3%. In particular, the increasingly deterioration in the economic situation in Germany and Europe, with sustained high energy costs compared to international standards, and the resulting negative implications for the short-, medium, and long-term earnings expectations led to an adjustment of the value in use. The previous probability-weighted business development scenarios were transferred into a leading scenario. This is based on current detailed assumptions for the course of business up to fiscal year 2034 / 2035, taking into account the effects of the green transformation that has been initiated. Thereafter, a simplified projection is made for the period up to 2063. In addition, risk premiums reflect negative effects from typical economic cycles in the steel industry, which were reviewed and updated in light of the deterioration in the economic situation outlined above and the increased uncertainty about future economic and steel market-specific conditions. The economic and steel market-specific conditions led to a revision of the short- and medium-term earnings outlook and to a specific adjustment of the parameters (e.g., shipment volume and margin) used to determine the flat-rate risk premiums. This resulted in significant impairment losses, chiefly due to the high sensitivity of the value in use to adjustments in the sustainable margin over a period of 40 years. In respect of the green transformation, the impairment

tests took specifically account of the cash flow impact of the expected economic effects of the construction of the first direct reduction plant and of the current and expected future legal and economic conditions (e.g., trading in CO₂ allowances). These include a reduction in the allocation of CO₂ allowances, the associated increase in the price of CO₂ allowances, an increasing share of energy costs in steel production and thus higher production costs overall, together with the ability to enforce higher steel prices in Europe (under the Carbon Border Adjustment Mechanism, CBAM) and, ultimately, adequate availability of hydrogen at the production sites. Developments that would necessitate further impairment losses to carrying amounts in the Steel Europe segment in the next fiscal year cannot be ruled out.

Of the impairment loss of €1,765 million, €778 million relates to technical machinery and equipment, €541 million to construction in progress, €185 million to buildings, €143 million to land, €88 million to other equipment, factory and office equipment, €25 million to development costs, and €5 million to other intangible assets.

Further, an impairment loss of €23 million was identified on corporate assets allocated to Special Units. The impairment loss of €23 million on assets used jointly in the thyssenkrupp group (corporate assets) was recognized in Special Units. For impairment testing purposes, these assets are allocated proportionately to the cash-generating units because they do not generate any separate cash flows. The impairment loss reflects the reduced recoverability of the corporate assets, in particular in the Steel Europe cash-generating unit, because of the impairment losses recognized there in the 4th quarter ended September 30, 2023.

In addition, in the Automotive Technology segment, impairment losses were identified in the Steering, Bilstein, and Automotive Body Solutions business units in a renewed impairment test in the 4th quarter ended September 30, 2023. In the Steering business unit, further impairment losses of €39 million were recognized on technical equipment and machinery in the global electric steering gear product area; these were mainly due to the reduced earnings expectations as a result of the deterioration in the economic situation. The recoverable amount relevant for determining the impairment loss corresponds to the value in use, which amounts to a total of €359 million and which was calculated using a discount rate (after tax) of 8.7%. An impairment loss of €20 million was also identified for technical equipment and machinery in the column EPS product area in the same business unit for the same reasons. Similar to the steering gear product area, the recoverable amount relevant for the determining the impairment loss corresponds to the value in use, which amounts to a total of €167 million when discounted at 8.7% (after tax). However, the impairment loss of €11 million calculated in this way could not be recognized as the minimum carrying amount specified in IAS 36.105 had already been reached.

In the Bilstein business unit, an impairment loss was also identified at the Mandern site. The impairment identified in the impairment test amounts to €62 million; however, this could not be recognized as the minimum carrying amount had already been reached. The reasons for the impairment also include the deterioration in the economic situation and the resulting reduction in earnings expectations. The recoverable amount of €(21) million derived from the impairment test corresponds to the value in use. The discount rate (after tax) applied was 7.5%.

In addition, impairment losses of €9 million were recognized on technical plant and machinery in the Automotive Body Solutions business; this was due, among other things, to the increased cost of capital as a result of the new definition of the peer group and further technical parameters used in the impairment test. Here too, the recoverable amount relevant for determining the impairment loss corresponds to the value in use, which amounts to a total of €114 million and which was calculated using a discount rate (after tax) of 7.9%.

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.

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, 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
Currency differences	0	(24)	(2)	(2)	0	(28)
Acquisitions/divestitures of businesses	0	0	0	0	0	0
Additions	6	170	6	23	0	205
Transfers	2	(2)	0	0	0	(1)
Disposals	(1)	(11)	(3)	(5)	0	(20)
Balance as of Sept. 30, 2023	172	800	56	113	0	1,142
Accumulated depreciation and impairment losses						
Balance as of Oct. 1, 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
Currency differences	0	(14)	(1)	(1)	0	(16)
Acquisitions/divestitures of businesses	0	0	0	0	0	0
Depreciation expense	7	94	10	20	0	131
Impairment losses	0	0	0	0	0	0
Reversals of impairment losses	0	(3)	0	0	0	(3)
Transfers	0	(3)	0	0	0	(4)
Disposals	0	(9)	(3)	(5)	0	(17)
Balance as of Sept. 30, 2023	26	380	34	76	0	516
Net amounts						
Balance as of Oct. 1, 2021	144	347	29	40	0	560
Balance as of Sept. 30, 2022	145	353	27	36	0	561
Balance as of Sept. 30, 2023	146	420	22	38	0	626

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 €64 million (prior year: €89 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 – (Immobilienerwertermittlungsverordnung – ImmoWertV).” Investment property located outside Germany is generally determined by external appraisers.

As of September 30, 2023, the carrying amount of thyssenkrupp's investment property amounts to €12 million (prior year: €14 million). The total fair value of this investment property is €23 million (prior year: €32 million); thereof €4 million (prior year: €7 million) are assigned to level 2 and €19 million (prior year: €25 million) are assigned to level 3 valuations methods of the fair value hierarchy. Of the fair value €3 million (prior year: €11 million) are based on valuations of external appraisers.

06 Investments accounted for using the equity method and joint operation

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 €267 million (prior year: €523 million) and of joint ventures is €114 million (prior year: €119 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 strategy considerations.

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, 2022 was €518 million (prior year: €544 million). Subsequent measurement under the equity method reduced the carrying amount by €257 million to €261 million as of September 30, 2023 (prior year: €518 million).

This includes an impairment reversal of €3 million recognized as of March 31, 2023, which resulted from a slight rise in fair value less costs of disposal compared with September 30, 2022. The relevant fair value less costs of disposal used to determine this impairment reversal, which was calculated using a discount rate (after taxes) of 12.02%, amounted to a total of €521 million as of March 31, 2023.

In addition, a further impairment reversal of €28 million was recognized as of June 30, 2023. This resulted from a further rise in the fair value less costs of disposal compared with March 31, 2023. The relevant fair value less costs of disposal used to determine this impairment reversal amounted to a total of €549 million as of June 30, 2023. The discount rate (after taxes) used in the calculation was 12.01%.

An impairment loss of €63 million was 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, 2022 2021/2022 ¹⁾	Sept. 30, 2023 2022/2023 ²⁾
Total non-current assets	21,745	20,752
Total current assets	3,574	3,616
thereof: cash and cash equivalents	467	423
Non-current liabilities	17,406	17,827
Total current liabilities	4,692	4,794
Sales	8,285	8,803
Income/(loss) from continuing operations (net of tax)	(646)	(468)
Income/(loss) from discontinued operations (net of tax)	0	0
Net income/(loss)	(646)	(468)
Other comprehensive income	1,234	(1,005)
Total comprehensive income	588	(1,473)

¹⁾ Amounts primarily based on interim financial statements as of June 30, 2022; updated to Sept. 30, 2022 based on estimation.

²⁾ Amounts primarily based on interim financial statements as of June 30, 2023; updated to Sept. 30, 2023 based on estimation.

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

million €	Sept. 30, 2022 2021/2022 ¹⁾	Sept. 30, 2023 2022/2023 ²⁾
Net assets as of Oct. 1	2,633	3,221
Net income/(loss)	(646)	(468)
Other comprehensive income (foreign currency translation adjustment)	1,174	(1,000)
Miscellaneous other comprehensive income	60	(5)
Net assets as of Sept. 30	3,221	1,748
Proportion of net assets as of Sept. 30 attributable to thyssenkrupp group	610	331
Impairment losses	(136)	(105)
Other reconciliation items	43	35
Carrying amount as of Sept. 30	518	261

¹⁾ Amounts primarily based on interim financial statements as of June 30, 2022; updated to Sept. 30, 2022 based on estimation.

²⁾ Amounts primarily based on interim financial statements as of June 30, 2023; updated to Sept. 30, 2023 based on estimation.

Summarized financial information of the immaterial investments accounted for using the equity method at the respective balance sheet date is presented in the table below. The information given represents the group's interest.

SUMMARIZED FINANCIAL INFORMATION OF IMMATERIAL INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

million €	Associates		Joint ventures	
	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Income/(loss) from continuing operations (net of tax)	0	(1)	20	39
Income/(loss) from discontinued operations (net of tax)	0	0	0	0
Other comprehensive income	0	0	9	(14)
Total comprehensive income	1	(1)	29	25

In the year ended Sept. 30, 2023, the unrecognized share of income of associates and joint ventures accounted for using the equity method was €2 million (prior year: €0 million). There were cumulative unrecognized losses of €8 million (prior year: €10 million).

The associates and joint ventures are included in the complete list of the group's subsidiaries and companies included in the consolidated financial statements in accordance with Art. 313 Par. 2 of German Commercial Code (HGB) which is part of the audited consolidated financial statements filed in the German Federal Gazette (Bundesanzeiger). The complete list of shareholdings is also published on the thyssenkrupp website at www.thyssenkrupp.com/en/investors/reporting-and-publications/.

Joint operation

Hüttenwerke Krupp Mannesmann GmbH (HKM) is a material joint operation for the thyssenkrupp group.

HKM, in which thyssenkrupp Steel Europe GmbH, which is fully consolidated in the thyssenkrupp group, holds a 50.0% share, exclusively supplies its shareholders with slabs as raw material. The supply of other customers by HKM is excluded in order to maintain its own base of raw materials without the risk of loss of know-how. This is associated with the obligation to purchase a basic contract quantity in order to ensure economic utilization.

HKM is usually financed through bank loans, for which the shareholders have not provided any security guarantee. However, the interest and repayment obligations are actually financed by the shareholders' obligation to cover costs.

The joint operation is included in the complete list of the group's subsidiaries and companies included in the consolidated financial statements in accordance with Art. 313 Par. 2 of German Commercial Code (HGB) which is part of the audited consolidated financial statements filed in the German Federal Gazette (Bundesanzeiger). The complete list of shareholdings is also published on the thyssenkrupp website at www.thyssenkrupp.com/en/investors/reporting-and-publications/.

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, 2022	Sept. 30, 2023
Up to one year	8	8
More than one year up to two years	7	5
More than two years up to three years	5	4
More than three years up to four years	3	3
More than four years up to five years	2	2
More than five years	9	10
Total	34	31

08 Inventories

INVENTORIES

million €	Sept. 30, 2022	Sept. 30, 2023
Raw materials	2,425	1,786
Production supplies	430	465
Work in progress	2,133	1,967
Finished products, merchandise	3,901	3,334
Total	8,889	7,553

Inventories of €23 million (prior year: €17 million) have a remaining term of more than one year. Inventories of €32,848 million (prior year: €34,998 million) are recognized as an expense during the period. Price-related write-ups of inventories amounting to €65 million are included in the cost of sales (prior year: write-downs of inventories of €107 million).

09 Trade accounts receivable

Trade accounts receivable in the amount of €2 million (prior year: €3 million) have a remaining term of more than one year. As of September 30, 2023 cumulative impairment losses of €241 million (prior year: €240 million) are recognized for doubtful accounts; for more details refer to the disclosures in Note 22 Financial instruments.

thyssenkrupp has sold trade accounts receivable via asset-backed securities programs. In the individual transactions thyssenkrupp retains a small proportion of the credit risk. The remaining credit-related default risks are borne by the respective purchaser. thyssenkrupp continues to recognize the trade accounts receivable sold in the amount of its continuing involvement, i.e., the maximum amount of credit risk associated with the sold receivables for which it remains liable, and recognizes a corresponding financial liability.

The carrying amount of trade accounts receivable sold and not yet settled by customers as of the reporting date was €472 million (prior year: €462 million). There are receivables related to thyssenkrupp's continuing involvement with a carrying amount and fair value of €7 million (prior year: €7 million), a corresponding financial liability with a carrying amount and fair value of €14 million (prior year: €15 million), and a net position between the two of €6 million (prior year: €8 million).

10 Assets and liabilities from contracts with customers

As of September 30, 2023, the group's current assets include contract assets in the amount of €1,758 million (prior year: €1,895 million); of these €1,152 million (prior year: €1,252 million) have a remaining term of more than one year. In the 2022 / 2023 fiscal year impairment losses on contract assets were recognized in the amount of €(10) million (prior year: €14 million) under selling expenses. The decrease in contract assets in the reporting year resulted in particular from lower contract costs coupled with a smaller decrease in advance payments in the marine systems business.

As of September 30, 2023, the group's current liabilities include contract liabilities in the amount of €3,255 million (prior year: €3,098 million); of these €2,125 million (prior year: €1,879 million) have a remaining term of more than one year. The increase in contract liabilities related mainly to the remaining plant construction businesses of the Multi Tracks segment, where an increase in advance payments was offset by a slightly disproportionate decrease in contract costs. In addition, particularly the businesses in the Steel Europe segment reported higher advance payments. In the course of the 2022 / 2023 fiscal year, sales in the amount of €2,145 million (prior year: €1,810 million) was recognized which was included in the contract liability balance at the beginning of the fiscal year. In the 2022 / 2023 fiscal year, sales from performance obligations satisfied or partly satisfied in earlier periods amounted to €143 million (prior year: €82 million).

The total transaction price allocated to performance obligations that were unsatisfied or partially unsatisfied as of September 30, 2023, which – making use of the practical expedients under IFRS 15.121a – have an original expected duration of more than 12 months, amounted to €19,921 million (prior year: €19,075 million). The expected recognition of the corresponding sales over time is as follows:

FUTURE SALES FROM CONTRACTS WITH CUSTOMERS SEPT. 30, 2023

million €	
(for fiscal year)	
2023/2024	4,400
2024/2025 – 2027/2028	14,082
after 2027/2028	1,439
Total	19,921

In the prior year future sales were 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

11 Other financial assets

OTHER FINANCIAL ASSETS

million €	Sept. 30, 2022		Sept. 30, 2023	
	current	non-current	current	non-current
Miscellaneous other financial assets	547	764	477	858
Equity instruments	0	71	0	85
Debt instruments	11	27	11	37
Derivatives not qualifying for hedge accounting	117	—	48	—
Derivatives qualifying for hedge accounting	27	—	32	—
Total	701	863	568	980

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 €992 million (prior year: €873 million) have a remaining term of more than one year. As of September 30, 2023 cumulative impairments amount to €3 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

million €	Sept. 30, 2022		Sept. 30, 2023	
	current	non-current	current	non-current
Advance payments on intangible assets	—	14	—	23
Advance payments Property, plant, equipment (PPE)	—	275	—	595
Advance payments Right of Use Assets	—	0	—	0
Advance payments to suppliers of inventories and to other current non-financial assets	1,015	—	1,082	—
Prepayments	234	—	219	—
Miscellaneous	497	15	566	15
Total	1,745	304	1,867	634

Other non-financial assets in the amount of €902 million (prior year: €650 million) have a remaining term of more than one year. As of September 30, 2023 cumulative impairments amount to €33 million (prior year: €30 million) regarding current other non-financial assets and €7 million (prior year: €5 million) regarding non-current other non-financial assets.

In the 4th quarter ended September 30, 2023, the group received investment grants authorized by the federal government and the state of North Rhine-Westphalia as part of the construction of the direct reduction plant at the Duisburg site in the Steel Europe segment amounting to €154 million. Thereof, €47 million reduced the production costs for assets under construction, which are reported under property, plant and equipment (see Note 05) and €107 million reduced advance payments made on property, plant and equipment.

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, 2023 and 2022, 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.

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. This position increased by €260 million in conjunction with the IPO including capital increase of thyssenkrupp nucera in July 2023.

Non-controlling interest

This position increased by €309 million in conjunction with the IPO including capital increase of thyssenkrupp nucera in July 2023.

Management of capital

As of September 30, 2023 the group's equity ratio was 38.1% (prior year: 39.3%). 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	Ba3	Not Prime	stable
Fitch	BB-	B	positive

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 sub-

scription 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 2022 / 2023 determined in conformity with the principles of the German Commercial Code (HGB). This would result in a total dividend payment of €93 million. In fiscal year 2021 / 2022 a dividend of €0.15 was paid.

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 of the group. As of September 30, 2023, 5,018,262 stock rights were issued in the 11th installment, 3,531,097 stock rights in the 12th installment and 6,536,840 stock rights in the 13th 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 four-year performance period. The final number of stock rights may therefore be higher or lower than the number of provisionally granted stock rights. For the Executive Board members, the vesting takes place pro rata over the financial year for which the respective tranche is granted, and for the other participating executive employees, the vesting takes place pro rata over the four-year performance period.

Up to and including the 10th installment of the incentive plan issued for fiscal year 2019/2020, which was paid out in fiscal year 2021 / 2022, 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 the 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 Materials Services, Bearings, Forged Technologies, Automotive Technology, Steel Europe and Marine Systems segments. 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. The discretionary factor is not based on any pre-defined criteria, but only serves as an adjustment ex post if, after the tranche has expired, the Executive Board, taking into account the overall circumstances, comes to the conclusion that taking over Executive Board's achievement of objectives by the participating Multi Tracks managers would lead to inappropriate results. Accordingly, the factor is normally 1.0.

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 parameters were included in the calculation:

INCENTIVE PLANS – YEAR ENDED SEPT. 30, 2023

	11th installment LTI	12th installment LTI	13th installment LTI
Maturity	9/30/2024	9/30/2025	9/30/2026
Averaging period	20.8. – 30.9.2024	20.8. – 30.9.2025	20.8. – 30.9.2026
thyssenkrupp stock price as of balance sheet date	€7.23	€7.23	€7.23
Assumed dividend payment(s) per stock until maturity	€0.15 on Feb. 7, 2024	€0.15 on Feb. 7, 2024 €0.15 on Feb. 5, 2025	€0.15 € on Feb. 7, 2024 €0.15 € on Feb. 5, 2025 €0.15 € on Feb. 11, 2026
Average dividend yield	2.21%	2.13%	2.09%
Average interest rate (averaging period)	4.23%	3.88%	3.64%
Fair value as of Sept. 30, 2023			
– without caps	€7.07	€6.93	€6.79
– with caps	€7.07	€6.93	€6.79

In the 2nd quarter of 2022 / 2023, the 10th installment of the LTI was settled with a payment of €5.37 per stock right and a payment of €12.1 million in total, respectively. 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. Also in fiscal year 2022 / 2023 the 13th installment of the LTI was granted to the Executive Board and additional executive employees.

In total in fiscal year 2022 / 2023 the group recorded an expense of €42 million from cash-settled share-based compensation (prior year: €14 million income) and an expense of €0 million from share-based compensation settled with thyssenkrupp shares (prior year: €2 million income). The liability arising from the LTI amounts to €63 million as of September 30, 2023 (prior year: €32 million). Additionally, €0 million (prior year: €2 million) is reported in equity as of September 30, 2023 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. This is a share-based compensation settled with thyssenkrupp shares. 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 2022 / 2023, thyssenkrupp AG's Executive Board members were granted 777,171 stock rights in the 13th installment of the LTI, the breakdown of which is shown below.

Due to the fact that two members of the Executive Board will no longer be members of the Executive Board at the time of payment of this tranche, the compensation for these two Executive Board members will be paid entirely in cash (modification in accordance with IFRS 2). This means that it is no longer shown in equity, but rather in provisions.

13TH INSTALLMENT LTI

	Number of stock rights	Average weighted fair value
Settlement in thyssenkrupp shares (= equity-settled)	39,086	€3.85 as of grant date
Settlement in cash (= cash-settled)	738,085	€5.27 as of balance sheet date

The fair value of the 13th 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 13th installment of the LTI at grant date on October 13, 2022 were determined on the basis of market values and are as follows:

Share price	€4.95
Risk free interest rate	2.80%
Expected dividend yield	2.05%
Volatility	62.00%
Remaining term	3.97 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	22.99% – 48.89%
Risk free interest rate	2.80%
Expected dividend yield	2.13% – 10.64%
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, 2023

	11th installment LTI	12th installment LTI	13th installment LTI
Share price	€7.23	€7.23	€7.23
Risk free interest rate	3.91%	3.55%	3.34%
Expected dividend yield	2.07%	2.43%	2.82%
Volatility	44.00%	44.00%	44.00%
Remaining term	1 year	2 years	3 years

15 Provisions for pensions and similar obligations

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

million €	Sept. 30, 2022	Sept. 30, 2023
Pension obligations	5,573	5,294
Partial retirement	206	150
Other pension-related obligations	33	30
Total	5,812	5,474

Pension obligations

The companies of the thyssenkrupp group provide defined benefit and defined contribution pension plans in Germany and, depending on the legal and regulatory requirements, sometimes also abroad.

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 89% (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" and "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

million €	Sept. 30, 2022			Sept. 30, 2023		
	Germany	Other countries	Total	Germany	Other countries	Total
Active employees	98,157	21,790	119,947	99,759	23,965	123,724
Terminated employees with vested benefits	29,629	3,367	32,996	30,375	3,039	33,414
Pensioners	83,008	7,642	90,650	78,810	7,626	86,436
Total	210,794	32,799	243,593	208,944	34,630	243,574

Change in defined benefit obligations and plan assets

The reconciliation of the changes in the defined benefit obligations and the fair value of plan assets are as follows:

CHANGE IN DEFINED BENEFIT OBLIGATIONS AND PLAN ASSETS

million €	Sept. 30, 2022			Sept. 30, 2023		
	Germany	Other countries	Total	Germany	Other countries	Total
Change in defined benefit obligations (DBO):						
DBO at beginning of fiscal year	7,638	2,324	9,962	5,624	1,888	7,512
Service cost	139	35	174	85	30	115
Interest expense	66	35	102	198	69	266
Remeasurement: Actuarial (gains)/losses from experience adjustments	179	28	208	107	4	111
Remeasurement: Actuarial (gains)/losses from changes in demographic assumptions	0	(3)	(3)	4	(17)	(13)
Remeasurement: Actuarial (gains)/losses from changes in financial assumptions	(1,991)	(582)	(2,573)	(265)	(19)	(284)
Past service cost (inclusive of curtailments)	0	(24)	(24)	1	(1)	0
Settlements	0	0	0	0	0	0
Currency differences	0	190	190	0	(47)	(47)
Participant contributions	0	22	22	0	25	25
Benefit payments	(364)	(118)	(482)	(373)	(112)	(485)
Settlement payments	0	0	0	0	(25)	(25)
Acquisitions/divestitures of businesses	(45)	(18)	(63)	0	0	0
Others	0	0	0	0	0	0
DBO at end of fiscal year	5,624	1,888	7,512	5,381	1,794	7,174
Change in plan assets:						
Fair value of plan assets at beginning of fiscal year	242	2,258	2,500	200	1,884	2,084
Interest income	2	36	38	7	70	78
Revaluation: Actuarial gains/(losses) on plan assets excluding amounts already recognized in interest income	(25)	(514)	(539)	8	(44)	(36)
Currency differences	0	171	171	0	(40)	(40)
Employer contributions	6	28	34	7	32	39
Participant contributions	7	22	29	7	25	32
Benefit payments	(30)	(113)	(143)	(32)	(105)	(137)
Settlement payments	0	0	0	0	(25)	(25)
Acquisitions/divestitures of businesses	(3)	0	(3)	0	0	0
Administration cost	0	(4)	(4)	0	(3)	(3)
Fair value of plan assets at end of fiscal year	200	1,884	2,084	197	1,795	1,992

Settlements payments in 2022 / 2023 referred to a severance plan in the USA. 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 €7,174 million (prior year: €7,512 million) in total related to plans that are wholly unfunded in the amount of €4,530 million (prior year: €4,784 million) and to plans that are wholly or partly funded in the amount of €2,644 million (prior year: €2,727 million).

Change of net defined liability and asset ceiling

The net defined benefit liability of DB plans changed as follows:

CHANGE IN NET DEFINED BENEFIT LIABILITY

million €	Sept. 30, 2022			Sept. 30, 2023		
	Germany	Other countries	Total	Germany	Other countries	Total
Net defined benefit liability at beginning of fiscal year	7,396	115	7,511	5,424	38	5,461
Service cost plus net interest income/(expense)	203	35	238	276	30	305
Remeasurements	(1,787)	(59)	(1,846)	(162)	1	(160)
Currency differences	0	19	19	0	(8)	(8)
Past service cost (inclusive of curtailments)	0	(24)	(24)	1	(1)	0
Employer contributions	(6)	(28)	(34)	(7)	(32)	(39)
Participant contributions	(7)	0	(7)	(7)	0	(7)
Benefit payments	(334)	(5)	(339)	(341)	(7)	(348)
Acquisitions/divestitures of businesses	(42)	(18)	(61)	0	0	0
Administration cost	0	4	4	0	3	3
Net defined benefit liability at end of fiscal year	5,424	38	5,461	5,183	24	5,208
thereof: accrued pension liability	5,424	149	5,573	5,183	110	5,294
thereof: other non-financial assets	0	(112)	(112)	0	(86)	(86)

The amount calculated in accordance with the asset ceiling rules and minimum funding requirements changed as follows:

CHANGE IN ASSET CEILING (INCLUSIVE OF MINIMUM FUNDING)

million €	Sept. 30, 2022			Sept. 30, 2023		
	Germany	Other countries	Total	Germany	Other countries	Total
Net amount at beginning of fiscal year	0	49	49	0	34	34
Interest expense/(income)	0	1	1	0	2	2
Remeasurement: Limitation of asset ceiling exclusive of amounts included in interest expense/income	0	(16)	(16)	0	(10)	(10)
Currency differences	0	0	0	0	0	0
Net amount at end of fiscal year	0	34	34	0	25	25

Net periodic pension cost

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

NET PERIODIC PENSION COST

million €	Year ended Sept. 30, 2022			Year ended Sept. 30, 2023		
	Germany	Other countries	Total	Germany	Other countries	Total
Service cost	139	35	174	85	30	115
Net interest cost	64	0	64	191	0	190
Administration cost	0	4	4	0	3	3
Past service cost (inclusive of curtailments)	0	(24)	(24)	1	(1)	0
Net periodic pension cost	203	14	218	276	32	308

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.

Valuation assumptions

The assumptions for discount rates, the rates of compensation increase and the rates of pension progression on which the calculation of the obligations is based were derived in accordance with standard principles and established for each country as a function of their respective economic conditions. Discount rates are generally determined based on market yields of AA-rated corporate bonds of appropriate term and currency. As of September 30, 2023, the discount rate for pension obligations in Germany was 4.2% (prior year: 3.7%).

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

WEIGHTED AVERAGE ASSUMPTIONS

in %	Sept. 30, 2022			Sept. 30, 2023		
	Germany	Other countries	Total	Germany	Other countries	Total
Discount rate	3.70	3.93	3.76	4.20	3.83	4.11
Rate of compensation increase	3.00	1.42	2.76	3.00	1.63	2.77
Rate of pension progression	2.20	1.66	2.13	2.20	1.62	2.14

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: For plan participants with a lifelong pension: plan-specific mortality table, for plan participants without a lifelong pension: PRI-2012 modified according to MP-2021 for blue collars (workers); Great Britain: Series Tables adjusted to the CMI2022 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, 2022		Sept. 30, 2023	
		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	(275)	(108)	(252)	(104)
	Decrease by 0.5 percentage points	297	119	270	113
Rate of compensation increase	Increase by 0.5 percentage points	5	5	4	5
	Decrease by 0.5 percentage points	(5)	(5)	(4)	(5)
Rate of pension progression	Increase by 0.25 percentage points	83	20	82	22
	Decrease by 0.25 percentage points	(82)	(20)	(81)	(22)
Mortality probability	Decrease by 10.0 percentage points	176	65	168	63

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 89% of the total plan assets as of September 30, 2023 (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

Asset categories	Sept. 30, 2022				Sept. 30, 2023			
	Fair value (€ million)				Fair value (€ million)			
	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	508	477	31	27	525	497	28	30
Bonds	982	970	12	53	909	892	17	51
Derivatives	6	6	0	0	5	5	0	0
Cash and cash equivalents	105	105	0	6	65	65	0	4
Others	265	189	76	14	265	197	67	15
Total	1,866	1,747	119	100	1,768	1,656	112	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 2023 / 2024 is €46 million (prior year: €43 million) related to its plan assets.

Pension benefit payments

In fiscal year 2022 / 2023, pension benefit payments for plans in Germany of €373 million (prior year: €364 million) were mainly from provisions, and pension benefit payments for non-German plans of €112 million (prior year: €118 million) were made mainly from plan assets. The estimated future pension benefits to be paid by the group's defined benefit pension plans are as follows:

ESTIMATED FUTURE PENSION BENEFIT PAYMENTS

million € (for fiscal year)	Germany	Other countries	Total
2023/2024	470	128	599
2024/2025	408	126	534
2025/2026	397	127	524
2026/2027	411	128	539
2027/2028	401	131	532
2028/2029 – 2032/2033	1,822	652	2,474
Total	3,909	1,293	5,201

The duration of defined benefit plans amounts to 10 years for Germany (prior year: 10 years) and to 12 years (prior year: 12 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 €28 million (prior year: €23 million). In addition, contributions paid to public/state pension insurance institutions amounted to €462 million (prior year: €454 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	Decommissioning obligations	Others	Total
Balance as of Sept. 30, 2022	393	392	264	176	307	560	2,092
Currency differences	(5)	(10)	(3)	(1)	0	(4)	(22)
Acquisitions/divestitures of businesses	8	32	(2)	2	0	(7)	33
Additions	230	101	118	33	40	261	784
Accretion	7	0	0	0	(4)	0	3
Reclassification	1	(8)	0	0	0	0	(7)
Amounts utilized	(190)	(54)	(93)	(90)	(5)	(265)	(697)
Reversals	(28)	(29)	(73)	(26)	(26)	(69)	(250)
Balance as of Sept. 30, 2023	417	425	211	94	312	476	1,936

As of September 30, 2023, €1,271 million (prior year: €1,436 million) of the total of provisions for employee benefits and other provisions are current, while €665 million (prior year: €657 million) are non-current. Provisions of €1,047 million (prior year: €1,030 million) have a remaining term of more than one year.

The reversals of provisions for other contractual costs particularly relate to the Multi Tracks segment. The reversals for other provisions mainly arose in the Materials Services and Steel Europe segments.

Provisions for employee compensation and benefit costs primarily represent employment anniversary bonuses and obligations for the management incentive plans, while social plan and related costs pertaining to personnel related structural measures are reflected in the provision for restructuring activities. Pension related obligations for partial retirement agreements and early retirement programs, partly resulting from restructurings, are part of the provision for pensions and similar obligations.

Product warranties and product defects represent the group's responsibility for the proper functioning of the goods sold (product warranty) as well as the obligation that arise from the use of the products sold (product defect).

Provisions for other contractual costs represent pending losses from uncompleted contracts.

The provision for restructurings consists of provisions for employee termination benefits and exit costs which have been established by operating divisions for costs incurred in connection with activities which do not generate any future economic benefits for the group. Restructurings are being carried out in all segments. The additions to restructuring provisions in the fiscal year in the amount of €33 million in total consists of €11 million at Multi Tracks, €6 million at Steel Europe, €5 million at Automotive Technology, €4 million at Materials Services, €3 million at Marine Systems, €1 million at Bearings and Forged Technologies, respectively, and €2 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 €124 million as of September 30, 2023 (prior year: €118 million). The calculation was based on a discount rate of 3.75% (prior year: 3.9%) appropriate to the term. The change in the obligation is in particular the result of the reduced interest rate.

Other provisions include provisions for litigation risks, environmental obligations and other risks from individual items not allocable to other positions.

17 Financial debt

FINANCIAL DEBT

Carrying amounts in million €	Sept. 30, 2022	Sept. 30, 2023
Bonds	2,095	599
Loan notes	12	12
Liabilities to financial institutions	79	53
Lease liabilities	497	555
Other loans	104	94
Non-current financial debt	2,786	1,313
Bonds	999	1,499
Liabilities to financial institutions	57	36
Lease liabilities	133	123
Other loans	6	53
Current financial debt	1,195	1,712
Financial debt	3,981	3,025

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 €64 million (prior year: €89 million) is collateralized by real estate.

As of September 30, 2023, the financial debt reflects a total discount in the amount of €3 million (prior year: €6 million) and, as in the previous year, no premiums have been added. Amortization of discounts and premiums of financial debt is included in "financial income/(expense), net."

BONDS AND LOAN NOTES

	Carrying amount in million € as of Sept. 30, 2022	Carrying amount in million € as of Sept. 30, 2023	Notional amount as of Sept. 30, 2023	Interest rate in %	Fair value in million € as of Sept. 30, 2023	Maturity
thyssenkrupp AG bond (€600 million) 2015/2025	598	599	600	2.500	585	02/25/2025
thyssenkrupp AG bond (€1,500 million) 2019/2024	1,497	1,499	1,500	2.875	1,489	02/22/2024
thyssenkrupp AG bond (€1,000 million) 2019/2023	999	—	—	—	—	03/06/2023
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	8	2.500	8	06/30/2025
Total	3,106	2,110	2,112		2,085	

The €1,000 million bond was repaid on schedule on March 6, 2023.

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, 2023 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
2023/2024	1,589	36
2024/2025	628	17
2025/2026	107	13
2026/2027	8	8
2027/2028	8	8
after 2027/2028	7	7
Total	2,347	90

Furthermore lease liabilities of €678 million (prior year: €629 million) exist.

18 Trade accounts payable

Trade accounts payable in the amount of €257 million (prior year: €275 million) have a remaining term of more than one year.

19 Other financial liabilities

OTHER FINANCIAL LIABILITIES

million €	Sept. 30, 2022		Sept. 30, 2023	
	current	non-current	current	non-current
Financial liabilities measured at amortized cost	724	41	774	13
Derivatives not qualifying for hedge accounting	107	—	111	—
Derivatives qualifying for hedge accounting	148	—	21	—
Total	980	41	906	13

Other financial liabilities amounting to €25 million (prior year: €57 million) have a remaining term of more than one year.

20 Other non-financial liabilities

OTHER NON-FINANCIAL LIABILITIES

million €	Sept. 30, 2022		Sept. 30, 2023	
	current	non-current	current	non-current
Selling and buying market related liabilities	289	—	277	—
Liabilities due to put options	0	15	0	0
Liabilities to the employees	797	—	765	—
Other liabilities – social security	89	—	82	—
Deferred income	11	—	11	—
Other tax liabilities (w/o income taxes)	298	—	241	—
Miscellaneous	238	0	183	0
Total	1,722	15	1,558	0

Other non-financial liabilities amounting to €0 million (prior year: €17 million) have a remaining term of more than one year.

21 Contingencies and commitments

Contingencies

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

CONTINGENCIES

million €	Maximum potential amount of future payments as of		Provision as of	
	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2022	Sept. 30, 2023
Advance payment bonds	10	3	0	0
Performance bonds	385	17	1	0
Payment guarantees	58	20	0	1
Other guarantees	6	5	0	0
Total	459	45	1	1

The decrease in performance bonds results primarily from release of liability in connection with 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 €14 million (prior year: €21 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 five years.

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 a company owned fully or partially by a third party outside the group, 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, 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 thyssenkrupp group for payment of €139 million. SysCo is asserting contractual claims and claims for damages arising from an unsuccessfully completed distribution project. For procedural reasons, the court dismissed two of the other defendants from the proceedings in 2014. Negotiations on dismissal of further defendants were conducted in September 2023, but a final decision has not yet been taken. No court proceedings have yet been held on this case; an official date will be set.

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. All contractual obligations of thyssenkrupp Marine Systems and other thyssenkrupp companies vis-à-vis the Greek government have been fulfilled since 2010, so thyssenkrupp considered the claims for compensation filed against thyssenkrupp companies to be unfounded. The arbitration court concurred with this and dismissed the claims against thyssenkrupp in a partial ruling in September 2023. The arbitration proceedings in this matter therefore only relate to claims filed against other defendants. Since a decision on the allocation of the legal costs will only be taken uniformly at the end of the proceedings, the thyssenkrupp companies are still formally party to the proceedings.

Al-Jafr Trading Contracting Company, co-shareholder of a company in Saudi Arabia, has filed claims for damages of €74 million against thyssenkrupp Industrial Solutions AG for infringement of shareholder rights. thyssenkrupp assessed the prospects of success of the claims as low.

In the 3rd quarter of 2022 / 2023, Nissan Mexicana S.A. de C.V. filed a claim for compensation of around €74 million against thyssenkrupp Components Technology de México, S.A. de C.V. (tk CT) due to the delivery of alleged faulty coil springs between 2006 and 2012. tk CT denies liability on procedural and factual grounds and submitted a statement of defense within the deadline.

In addition further legal and arbitration actions and official investigations and proceedings as well as claims have been filed against thyssenkrupp group 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. However, at this point in time, thyssenkrupp does not expect any significant negative effects on its net assets, financial position and results of operations from the legal disputes, official investigations and proceedings as well as claims not separately mentioned in this section.

Commitments and other contingencies

The commitment to enter into investment projects amounts to €2,372 million (prior year: €898 million) as of September 30, 2023 and relates with €1,450 million to the construction of the direct reduction plant in the Steel Europe segment, which are to a significant extent covered by the investment grants granted by the federal government and the state of North Rhine-Westphalia.

Other financial commitments exist in the amount of €2,258 million (prior year: €3,357 million), primarily from the purchasing commitments resulting from the group's long term electricity and gas supply contracts. Furthermore, other financial obligations in 2022 / 2023 include obligations of €3 million (prior year: €11 million) from leases for which no right-of-use or lease liability has yet been recognized in accordance with IFRS 16. In addition, at Steel Europe long term iron ore and iron ore pellets supply contracts exist which will result in purchasing commitments maximal up to March 31, 2026. 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 €936 million (prior year: €1,327 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, 2022

million €	Measurement category in accordance with IFRS 9					Measurement in accordance with IFRS 16/ IFRS 15	Carrying amount as of Sept. 30, 2022
	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	
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 and cash equivalents	7,638	7,638					7,638
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						

FINANCIAL INSTRUMENTS AS OF SEPT. 30, 2023

million €	Carrying amount on balance sheet Sept. 30, 2023	Measurement category in accordance with IFRS 9			Measurement in accordance with IFRS 16/ IFRS 15		Carrying amount as of Sept. 30, 2023
		(Amortized) cost	Fair value recognized in profit or loss	Fair value recognized in equity (with recycling)	Fair value recognized in equity (without recycling)	Amortized cost	
Trade accounts receivable (excluding finance lease)	4,748	3,567		1,181			4,748
Contract assets	1,758					1,758	0
Finance lease receivables	17					17	17
Other financial assets	1,548	1,335	61	80	72		1,579
Miscellaneous other financial assets		1,335					1,366
Equity instruments			13		72		85
Debt instruments				48			48
Derivatives not qualifying for hedge accounting			48				48
Derivatives qualifying for hedge accounting			0	32			32
Cash and cash equivalents	7,339	4,679	2,660				4,679
Total of financial assets	15,411						
Financial debt (excluding lease liabilities)	2,347	2,347					2,324
Lease liabilities	678					678	678
Trade accounts payable	4,270	4,270					4,270
Other financial liabilities	919	787	111	21			919
Miscellaneous other financial liabilities		787					787
Derivatives not qualifying for hedge accounting			111				111
Derivatives qualifying for hedge accounting			0	21			21
Total of financial liabilities	8,215						

The carrying amounts of trade accounts receivable measured at amortized cost, other current receivables as well as cash and cash equivalents equal their fair values due to the short remaining terms. For money market funds and trade accounts receivable measured at fair value, the carrying amount equals the fair value.

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. Miscellaneous other financial assets 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. Since the beginning of the fiscal year 2022 / 2023, fluctuations in the fair value of CO₂ forward contracts have no longer been recognized directly in equity in other comprehensive income as part of hedge accounting but income effective in the statement of income under cost of sales.

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, 2022

million €	Sept. 30, 2022	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	117	0	117	0
Derivatives qualifying for hedge accounting	1	0	1	0
Equity instruments	13	7	5	0
Fair value recognized in equity				
Trade accounts receivable	2,408			2,408
Equity instruments	59			59
Debt instruments (measured at fair value)	38	38	0	0
Derivatives qualifying for hedge accounting	26	0	26	0
Total	2,661	45	149	2,467
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	107	0	107	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	148	0	148	0
Total	255	0	255	0

FAIR VALUE HIERARCHY AS OF SEPT. 30, 2023

million €	Sept. 30, 2023	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	48	0	48	0
Equity instruments	13	8	5	0
Fair value recognized in equity				
Trade accounts receivable	1,181		1,181	
Equity instruments	72			72
Debt instruments (measured at fair value)	48	48	0	0
Derivatives qualifying for hedge accounting	32	0	32	0
Total	1,394	56	1,266	72
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	111	0	111	0
Cash equivalents	2,660	2,660		
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	21	0	21	0
Total	2,792	2,660	132	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. Trade accounts receivable so far classified as level 3 will be assigned to level 2 as of September 30, 2023.

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

RECONCILIATION LEVEL 3 FINANCIAL INSTRUMENTS

million €	
Balance as of Sept. 30, 2022	59
Changes income non-effective	13
Balance as of Sept. 30, 2023	72

The equity instruments based on individual measurement parameters and recognized at fair value solely comprise the preference shares in Vertical Topco I S.A., Luxembourg, from the investment in TK Elevator. The fair value of the preference shares is determined on the basis of a financial valuation model (discounted cash flow method), which takes account of the contractually-based expected future cash flows from the preference shares. A risk-adjusted discount rate of 11.05% (prior year: 11.42%) was applied.

The measurement result 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 €7,405 million (prior year: €8,923 million) have a fair value of €7,382 million (prior year: €8,763 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 €42 million (prior year: €65 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 €32 million (prior year: €56 million). Cash collateral exists in the amount of €31 million (prior year: €51 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, 2022	Year ended Sept. 30, 2023
Financial assets at amortized cost	277	142
Financial assets / liabilities at fair value recognized in equity (with recycling)	(55)	8
Financial assets / liabilities at fair value recognized in equity (without recycling)	0	0
Financial assets / liabilities at fair value recognized in profit or loss	(59)	192
Financial liabilities at amortized cost	(324)	(90)

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 €(58) million (prior year: €34 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	Defaults	Total of impairments	Carrying amount
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
Currency differences	(191)	1	5	6	(185)
Acquisitions/divestitures of businesses	(39)	0	(2)	(2)	(41)
Additions		(21)	(61)	(82)	(82)
Amounts utilized		0	24	24	24
Reversals		14	35	49	49
Transfer between impairment stages		0	0	0	0
Other changes	796	0	0	0	796
Balance as of Sept. 30, 2023	5,497	(36)	(135)	(172)	5,325

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	Defaults	Total of impairments
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)
Currency differences	(33)	0	0	0
Acquisitions/divestitures of businesses	0	0	0	0
Additions		(11)	(12)	(23)
Amounts utilized		0	2	2
Reversals		15	24	39
Transfer between impairment stages	0			0
Other changes	(1,194)	0	0	0
Balance as of Sept. 30, 2023	1,181	(3)	(80)	(83)

For the loans from the Elevator investment expected impairment losses of €35 million (prior year: €37 million) were recognized as of September 30, 2023. 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 2021 / 2022 and in the 2022 / 2023 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, 2023, the latest external credit information and ratings were used, which already take into account current expectations of the possible effects of the war in the Ukraine. Therefore, no additional adjustment of impairment is necessary in this model.

The defaults 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, 2022

million €	Gross carrying amount	Expected credit loss	Defaults	Total of impairments	Average probability of default
Materials Services	1,809	(5)	(62)	(67)	0.77
Bearings	396	(3)	(9)	(12)	0.96
Forged Technologies	256	(4)	0	(4)	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

IMPAIRMENTS OF TRADE ACCOUNTS RECEIVABLE AND CONTRACT ASSETS BY SEGMENTS AS OF SEPT. 30, 2023

million €	Gross carrying amount	Expected credit loss	Defaults	Total of impairments	Average probability of default
Materials Services	1,481	(4)	(55)	(59)	0.77
Bearings	333	(3)	(3)	(6)	0.82
Forged Technologies	253	(3)	0	(4)	0.82
Automotive Technology	1,095	(6)	(2)	(8)	0.44
Steel Europe	1,146	(2)	(69)	(72)	0.51
Marine Systems	1,405	(9)	(19)	(28)	0.82
Multi Tracks	946	(11)	(65)	(76)	1.37
Corporate Headquarters	0	0	0	0	0.65
Reconciliation	18	0	(1)	(1)	0.65

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 €2,569 million (prior year: €2,984 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, 2022	Carrying amount as of Sept. 30, 2022	Notional amount as of Sept. 30, 2023	Carrying amount as of Sept. 30, 2023
Assets				
Foreign currency derivatives that do not qualify for hedge accounting	1,452	45	1,049	20
Foreign currency derivatives qualifying as cash flow hedges	379	26	266	6
Embedded derivatives	163	11	137	7
Interest rate derivatives that do not qualify for hedge accounting	8	0	2	0
Commodity derivatives that do not qualify for hedge accounting	448	61	292	21
Commodity derivatives qualifying as cash flow hedges	9	0	264	26
Commodity derivatives qualifying as fair value hedges	40	1	0	0
Total	2,499	143	2,011	80
Equity and liabilities				
Foreign currency derivatives that do not qualify for hedge accounting	1,353	48	1,148	22
Foreign currency derivatives qualifying as cash flow hedges	394	50	289	7
Embedded derivatives	435	41	375	48
Interest rate derivatives that do not qualify for hedge accounting	13	1	10	1
Commodity derivatives that do not qualify for hedge accounting	187	16	714	41
Commodity derivatives qualifying as cash flow hedges	642	99	146	14
Commodity derivatives qualifying as fair value hedges	3	0	0	0
Total	3,026	255	2,683	132

Derivatives that qualify for hedge accounting

Fair value hedges

Fair value hedges are mainly used to hedge the exposure to changes in fair value of a firm commitment and exposure to inventory price risks as well as to hedge interest rate risks. The income/expense from these hedges and the hedged underlying transactions are generally shown in the same profit and loss item.

Cash flow hedges

Cash flow hedges are mainly used to hedge future cash flows against foreign currency and commodity price risks arising from future sales and purchase transactions as well as interest rate and foreign currency risks from non-current liabilities. In the case of cash flow hedges too, the earnings effect of the hedging instruments is generally also shown in the same profit and loss item as the hedged underlying transaction.

The following table shows the carrying amounts of derivatives qualifying for hedge accounting, the designated portion of the hedging instruments and changes in the fair values of hedged items by hedged risk type and type of hedge. Derivative assets and liabilities are part of other financial assets and liabilities.

INFORMATION ON HEDGING INSTRUMENTS IN THE CONTEXT OF CASH FLOW HEDGES AND FAIR VALUE HEDGES

million €	Carrying amount on balance sheet Sept. 30, 2022		Designated part of hedging instruments	Fair value change of hedged item
	Derivative assets	Derivative liabilities		
Hedging of foreign currency risk	26	50	(24)	24
Foreign currency derivatives qualifying as cash flow hedges	26	50	(24)	24
Hedging of interest risk¹⁾	0	0	0	0
Interest rate derivatives qualifying as cash flow hedges ¹⁾	0	0	0	0
Interest rate derivatives qualifying as fair value hedges	0	0	0	0
Hedging of commodity risk	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

INFORMATION ON HEDGING INSTRUMENTS IN THE CONTEXT OF CASH FLOW HEDGES AND FAIR VALUE HEDGES

million €	Carrying amount on balance sheet Sept. 30, 2023		Designated part of hedging instruments	Fair value change of hedged item
	Derivative assets	Derivative liabilities		
Hedging of foreign currency risk	6	7	(8)	8
Foreign currency derivatives qualifying as cash flow hedges	6	7	(8)	8
Hedging of interest risk¹⁾	0	0	0	0
Interest rate derivatives qualifying as cash flow hedges ¹⁾	0	0	0	0
Interest rate derivatives qualifying as fair value hedges	0	0	0	0
Hedging of commodity risk	26	14	256	(256)
Commodity derivatives qualifying as cash flow hedges	26	14	256	(256)
Commodity derivatives qualifying as fair value hedges	0	0	0	0

¹⁾ Inclusive of cross currency swaps

Cash flows from future transactions are currently hedged for a maximum of 33 months.

During the current fiscal year, €(15) million (prior year: €(44) 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, €21 million from the reserve for cash flow hedges was reclassified to decrease cost of inventories (prior year: €40 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 €27 million (prior year: €30 million). Furthermore, €5 million of income will impact earnings in 2023/2024.

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, 2021	173			
Net unrealized gains/(losses) on designated risk component ²⁾	25	(38)	0	63
Net unrealized gains/(losses) on hedging costs ²⁾	4	4	—	—
Net realized (gains)/losses ²⁾	36	36	0	0
Tax effect	(19)			
Balance as of Sept. 30, 2022	220			
Net unrealized gains/(losses) on designated risk component	13	4	0	8
Net unrealized gains/(losses) on hedging costs	(11)	(11)	—	—
Net realized (gains)/losses	25	25	0	0
Tax effect	19			
Balance as of Sept. 30, 2023	225			

¹⁾ Inclusive of cross currency swaps

²⁾ Figures were adjusted regarding the presentation of basis adjustment.

As of September 30, 2023, net income from the ineffective portions of derivatives classified as cash flow hedges totaled €0 million (prior year: €2 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 €83 million. During the 2024 / 2025 fiscal year, earnings are expected to be impacted by income of €82 million, in the 2025 / 2026 fiscal year by income of €74 million and in the following fiscal years by income of €2 million.

The cancellation of cash flow hedges during the current fiscal year resulted in earnings of €(11) million (prior year: €(3) 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, 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

HEDGING RATES AND REMAINING TERMS OF DERIVATIVES QUALIFYING FOR HEDGE ACCOUNTING AS OF SEPT. 30, 2023

million €	Remaining term up to 1 year	Remaining term 1 to 2 years	Remaining term above 2 years	Notional amount as of Sept. 30, 2023	Average hedging rate
Hedging of foreign currency risk	552	4	0	556	
thereof:					
Foreign currency contracts USD	496	3	0	499	USD1.09/€
Foreign currency contracts GBP	17	0	0	17	GBP0.88/€
Foreign currency contracts PLN	20	0	0	20	PLN4.81/€
Hedging of foreign currency risk	410	0	0	410	
thereof:					
Tin forward contracts	55	0	0	55	€22,820/ton
Iron ore forward contracts	355	0	0	355	€102.2/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, 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

FUTURE UNDISCOUNTED CASH OUTFLOWS AS OF SEPT. 30, 2023

million €	Carrying amount Sept. 30, 2023	Cash flows in 2023/2024	Cash flows in 2024/2025	Cash flows between 2025/2026 and 2027/2028	Cash flows after 2027/2028
Bonds	2,098	1,558	615	0	0
Liabilities to financial institutions	90	39	19	33	7
Lease liabilities	678	152	132	259	313
Other financial debt	159	58	16	98	0
Trade accounts payable	4,270	4,014	237	19	1
Derivative financial liabilities not qualifying for hedge accounting	111	70	6	2	33
Derivative financial liabilities qualifying for hedge accounting	21	21	0	0	0
Other financial liabilities	787	763	12	13	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, 2023 was as follows:

If the euro had been 10% stronger against the US dollar as of September 30, 2023, the hedge reserve in equity and fair value of hedging transactions would have been €1 million (prior year: €3 million) higher and earnings resulting from the measurement as of the balance sheet date €2 million (prior year: €6 million) lower. If the euro had been 10% weaker against the US dollar as of September 30, 2023, the hedge reserve in equity and fair value of hedging transactions would have been €2 million (prior year: €3 million) lower and earnings resulting from the measurement as of the balance sheet date €2 million (prior year: €7 million) higher.

Interest rate risk – To hedge interest rate risk, in some cases the group uses derivatives. These instruments are contracted with the objective of minimizing interest rate volatilities and finance costs for underlying transactions.

As of September 30, 2022 and 2023, 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, 2023, a +100/(100) (prior year: +100/(50)) 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 (50) basis points to (100) basis points to reflect the fact that the interest rate level has risen significantly again in the meantime. The analysis results in the opportunities (positive values) and risks (negative values) shown in the following table:

INTEREST ANALYSIS

million €	Change in all yield curves as of			
	Sept. 30, 2022 by		Sept. 30, 2023 by	
	+ 100 basis points	(50) basis points	+ 100 basis points	(100) basis points
Cash flow risk	69	(35)	63	(63)
Opportunity effects	43	(22)	17	(17)
Interest rate risks resulting from interest rate derivatives affecting balance sheet	0	0	0	0
Interest rate risks resulting from interest rate derivatives affecting earnings	0	0	0	0

If, as of September 30, 2023, 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 €63 million (prior year: €69 million) higher. If, as of September 30, 2023, all yield curves combined had been 100 basis points (prior year: 50 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 €63 million (prior year: €35 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, 2023 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 €(29) million (prior year: €2 million), and on equity €27 million (prior year: €(24) 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 €21 million (prior year: €55 million), and on equity €(2) million (prior year: €(30) million).

23 Related parties

Based on the notification received in accordance with Art. 21 Par. 1 of German Securities Trade Act (WpHG) 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 2023, the interest in thyssenkrupp AG is around 21% as of September 30, 2023. There are no significant delivery and service relations.

In 2021/2022 and 2022/2023, the group has business relations with non-consolidated subsidiaries, associates and joint ventures. Transactions with these related parties result in general from the delivery and service relations in the ordinary course of business; the extent of the business relations is presented in the following table:

RELATED PARTY TRANSACTIONS

million €	Net sales		Supplies and services		Receivables		Total liabilities	
	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2022	Sept. 30, 2023
Non-consolidated subsidiaries	0	0	2	2	0	0	0	0
Associates	98	18	4	4	25	6	29	22
Joint ventures	11	9	3	4	2	1	0	1

In connection with the sale of the elevator business, several transitional service agreements were entered into with thyssenkrupp companies. These mainly relate to IT and personnel-related services that were 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 ended in the financial year 2022 / 2023, is in the low two-digit million euro range. Furthermore the Elevator companies still buy raw materials from Materials Services and other smaller services from group companies. The resulting sales are included in the sales with associates in the year ended September 30, 2022 and 2023, 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 aggrieved 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 and Belgium. 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, an unlimited right of use to the “TK” mark for the use of “TK Elevator” and “TKE” in specific mark categories was granted for a one-time payment. Moreover, the group has contingent liabilities in connection with the sale of Elevator Technology; cf. Note 21.

Compensation of Executive and Supervisory Board members active in the fiscal year

Total compensation paid to current members of the Executive Board for their work in the reporting year according to Art. 314 Par. 1 No. 6a of German Commercial Code (HGB) amounted to around €8,482 thousand (prior year: €9,005 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 2022 / 2023 preliminary stock rights were granted whose fair value at grant date amounted to €167 thousand (prior year: €326 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 €2,830 thousand (prior year: €4,276 thousand) at grant date. The individual variable compensation was determined taking into account the requirement for appropriateness.

As of September 30, 2023, a liability of €1,469 thousand (prior year: €912 thousand) was recognized for the STI for the members of the Executive Board active in the fiscal year. The entitlement is fully vested on the basis of the work performed in the reporting year, and the actual payout is calculated by reference to the target achievement determined by the Supervisory Board on the basis of the current compensation system for the Executive Board and will be made in 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, 2023, €310 thousand (prior year: €326 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 €6,118 thousand (prior year: €6,021 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, 2023 of €389 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 Executive Board members active in the fiscal year is as follows:

COMPENSATION OF EXECUTIVE BOARD MEMBERS

Thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Short-term benefits (excluding share-based compensation)	4,598	5,169
Post-employment benefits	161	562
Termination benefits	—	387
Share-based compensation	(4,564)	8,191
Total	196	14,309

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 benefits resulting from the termination of the employment relationship in the reporting year consist of the continued remuneration of a former Executive Board member after the end of the mandate.

As of September 30, 2022 and 2023, 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, 2023, 728,242 stock rights were issued in the 11th installment for the current members of the Executive Board in the fiscal year, 452,539 stock rights in the 12th installment and 777,171 stock rights in the 13th installment (prior year: 328,000 stock rights in the 10th installment, 728,242 stock rights in the 11th installment and 452,539 stock rights in the 12th installment). The resulting provision amounts to €12,808 thousand (prior year: €5,477 thousand). In addition, €470 thousand (prior year: €1,255 thousand) is reported in equity as of September 30, 2023 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 Supervisory Board members active in the fiscal year is as follows:

COMPENSATION OF SUPERVISORY BOARD MEMBERS

Thousand €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Short-term benefits (inclusive of meeting attendance fees)	1,688	1,728

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, 2023, there is a provision of €739 thousand (prior year: €1,572 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 €55 thousand in fiscal year 2022 / 2023 (prior year: €47 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, 2022 and 2023, 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 €16,726 thousand (prior year: €16,965 thousand). Under IFRS an amount of €201,950 thousand (prior year: €211,095 thousand) is accrued for pension obligations benefiting former Executive Board members and their surviving dependants; under German Commercial Code (HGB) an amount of €261,360 thousand (prior year: €262,287 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.

The two segments Bearings and Forged Technologies, which were reported as the Industrial Components segment in the previous year, are now presented separately; the prior year was adjusted accordingly. As part of the restructuring of the thyssenkrupp group's segments, which was decided in the fourth quarter of the fiscal year 2022 / 2023 and will take effect on October 1, 2023, the Bearings business unit will be transferred to the Decarbon Technologies segment and the Forged Technologies business unit will be transferred to the Automotive Technology segment.

Materials Services

This segment is focused on the global distribution of materials and the provision of technical services for the production and manufacturing sectors.

Bearings

This segment manufactures slewing rings, antifriction bearings and seamless rolled rings for the wind energy and construction machinery sectors.

Forged Technologies

This segment manufactures forged components and system solutions for the resource, construction and mobility sectors.

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 in fiscal year 2021 / 2022, 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 intercompany expenses or income. 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. In 2021 / 2022, adjustments were made for restructuring expenses, impairment losses/impairment reversals, and disposal gains or losses. The definition of the special items for which adjustments are made was altered in 2022 / 2023 and now also includes income and expenses in connection with CO₂ forward contracts. This was due to the fact that hedge accounting for CO₂ forward contracts in the Steel Europe segment was discontinued at the beginning of fiscal year 2022 / 2023. As a result, changes in the fair value of these contracts are no longer recognized directly in equity and but in cost of sales in the statement of income. The resulting effects are treated as a special item and therefore no longer impact the key performance indicator Adjusted EBIT. Overall, Adjusted EBIT 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, 2022

million €	Materials Services	Bearings	Forged Technologies	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Elevator Technology ¹⁾	Group
Year ended Sept. 30, 2022											
External sales	16,132	1,177	1,572	4,814	11,687	1,828	3,910	1	18	0	41,140
Internal sales within the group	313	1	16	10	1,469	3	190	5	(2,008)	0	0
Sales	16,444	1,178	1,588	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	0	16	(6)	(259)	0	0	0	(245)
Aggregate investment in investees accounted for using the equity method	19	0	0	0	102	3	518	0	0	0	642
EBIT	970	120	130	53	887	24	(143)	(193)	(29)	9 ²⁾	1,827
Adjusted EBIT	837	120	113	108	1,200	32	(173)	(154)	(22)	0	2,062
Average capital employed	3,921	1,013	613	2,603	5,636	1,218	300	(58)	623	355	16,224
Depreciation expense	133	69	44	230	288	65	78	2	2	0	910
Impairment losses of intangible assets, property, plant and equipment inclusive of investment property	0	1	0	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	0	2	0	0	0	0	0	0	2
Significant non-cash items	(46)	(14)	(25)	(1)	(160)	(71)	(92)	(3)	65	(104)	(450)
Capital expenditures (intangible assets, property, plant and equipment inclusive of investment property)	101	115	37	230	630	123	59	1	1	0	1,296

¹⁾ Discontinued operation (see Note 03).²⁾ 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, 2023

million €	Materials Services	Bearings	Forged Technologies	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Elevator Technology ¹⁾	Group
Year ended Sept. 30, 2023											
External sales	13,335	1,146	1,588	5,474	11,025	1,840	3,110	1	17	0	37,536
Internal sales within the group	278	2	10	6	1,351	(1)	56	6	(1,708)	0	0
Sales	13,613	1,149	1,598	5,479	12,375	1,839	3,167	7	(1,691)	0	37,536
Income from companies accounted for using the equity method	(5)	0	0	0	29	2	(63)	0	0	0	(38)
Aggregate investment in investees accounted for using the equity method	13	0	0	0	102	5	261	0	1	0	382
EBIT	204	106	102	146	(1,694)	77	(160)	(182)	(30)	0	(1,431)
Adjusted EBIT	178	101	102	223	320	80	(132)	(169)	0	0	703
Average capital employed	3,668	1,009	639	2,635	5,413	1,042	405	(62)	666	0	15,415
Depreciation expense	132	76	47	231	270	63	57	2	22	0	900
Impairment losses of intangible assets, property, plant and equipment inclusive of investment property	1	0	0	72	2,111	1	15	0	23	0	2,222
Reversals of impairment losses of intangible assets, property, plant and equipment inclusive of investment property	3	9	0	1	0	0	0	0	0	0	13
Significant non-cash items	(24)	(25)	(36)	(74)	(200)	(45)	(102)	(21)	(11)	0	(537)
Capital expenditures (intangible assets, property, plant and equipment inclusive of investment property)	145	75	42	262	1,065	124	52	0	(8)	0	1,757

¹⁾ Discontinued operation (see Note 03).

The column “Reconciliation” breaks down as following:

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

BREAKDOWN RECONCILIATION FOR THE YEAR ENDED SEPT. 30, 2023

million €	Service Units	Special Units	Consolidation	Reconciliation
Year ended Sept. 30, 2023				
External sales	19	3	(6)	17
Internal sales within the group	239	31	(1,978)	(1,708)
Sales	258	34	(1,984)	(1,691)
Income from companies accounted for using the equity method	0	0	0	0
Aggregate investment in investees accounted for using the equity method	0	1	0	1
EBIT	13	(66)	23	(30)
Adjusted EBIT	15	(33)	18	0
Average capital employed	(24)	858	(168)	666
Depreciation expense	11	13	(2)	22
Impairment losses of intangible assets, property, plant and equipment inclusive of investment property	1	27	(5)	23
Reversals of impairment losses of intangible assets, property, plant and equipment inclusive of investment property	0	0	0	0
Significant non-cash items	(5)	(4)	(1)	(11)
Capital expenditures (intangible assets, property, plant and equipment inclusive of investment property)	5	0	(12)	(8)

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

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

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Adjusted EBIT as presented in segment reporting	2,062	703
Special items	(235)	(2,134)
EBIT as presented in segment reporting	1,827	(1,431)
+ Non-operating income/(expense) from companies accounted for using the equity method	(259)	(63)
+ Finance income	1,291	896
– Finance expense	(1,431)	(984)
– Items of finance income assigned to EBIT based on economic classification	(4)	(7)
+ Items of finance expense assigned to EBIT based on economic classification	(28)	6
Income/(loss) group (before tax)	1,396	(1,583)
– Income/(loss) from discontinued operations (before tax)	(9)	0
Income/(loss) from continuing operations before tax as presented in the statement of income	1,387	(1,583)

In 2022 / 2023, special items of €2,015 million mainly relate to the Steel Europe segment and result from impairment losses on assets (see also Note 05). In 2021 / 2022, the special items mainly comprised impairment losses in the Steel Europe, Multi Tracks and Automotive Technology segments, disposal gains/losses from the deconsolidation of the infrastructure and stainless steel activities, consulting expenses at Multi Tracks in connection with a possible stock market listing of thyssenkrupp nucera, and project expenses at Corporate Headquarters in connection with M&A transactions.

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, 2022	Sept. 30, 2023
Total assets	37,492	33,291
Deferred tax assets	(732)	(495)
Current income tax assets	(159)	(168)
Cash and cash equivalents	(7,638)	(7,339)
Adjustment due to included assets classified as non-operating items	(1,124)	(1,083)
Liability items reducing capital employed:		
Provisions for other non-current employee benefits	(226)	(258)
Other provisions, non-current	(431)	(407)
Other non-financial liabilities, non-current	(15)	0
Provisions for current employee benefits	(168)	(159)
Other provisions, current	(1,268)	(1,112)
Trade accounts payable	(4,807)	(4,270)
Other financial liabilities, current	(980)	(906)
Contract liabilities	(3,098)	(3,255)
Other non-financial liabilities, current	(1,722)	(1,558)
Adjustments due to included liabilities classified as non-operating items	266	188
Adjustments of assets/liabilities due to presentation of disposal groups	(568)	(325)
Capital employed as of balance sheet date	14,825	12,144
Impact from adjusting average capital employed to capital employed as of balance sheet date	432	2,301
Average capital employed (5-point-average)	15,258	14,444
Correction factors with increasing impact on performance requirements for positive value added	967	971
Average capital employed as presented in segment reporting	16,224	15,415

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, 2022	13,894	6,362	1,973	18,910	41,140
Year ended Sept. 30, 2023	12,420	6,197	1,872	17,047	37,536

NON-CURRENT ASSETS BY REGIONS

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, 2022 ¹⁾	5,638	470	612	2,205	8,924
Sept. 30, 2023	4,285	530	528	2,073	7,416

¹⁾ Inclusive of single assets held for sale.

Notes to the statement of income

25 Sales

Sales and sales from contracts with customers are presented below:

SALES

million €	Materials Services	Bearings	Forged Technologies	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Group
Year ended Sept. 30, 2022										
Sales from sale of finished products	2,170	1,016	1,262	3,712	12,143	50	1,583	0	(1,602)	20,334
Sales from sale of merchandise	13,668	124	252	359	278	5	260	0	(309)	14,637
Sales from rendering of services	620	8	1	214	215	52	516	6	(141)	1,490
Sales from construction contracts	8	0	0	528	0	1,624	1,681	0	(21)	3,820
Other sales from contracts with customers	1	31	70	19	556	97	63	0	(20)	818
Subtotal sales from contracts with customers	16,466	1,179	1,585	4,832	13,192	1,829	4,103	6	(2,093)	41,098
Other sales	(22)	0	3	(8)	(36)	2	(3)	0	103	41
Total	16,444	1,178	1,588	4,825	13,156	1,831	4,101	6	(1,990)	41,140
Year ended Sept. 30, 2023										
Sales from sale of finished products	1,849	989	1,262	4,188	11,438	41	618	0	(1,313)	19,073
Sales from sale of merchandise	11,193	128	262	415	199	16	57	0	(143)	12,127
Sales from rendering of services	713	8	0	228	207	60	347	6	(160)	1,409
Sales from construction contracts	12	0	0	593	0	1,715	2,077	0	(21)	4,375
Other sales from contracts with customers	1	25	67	54	532	5	68	0	(16)	734
Subtotal sales from contracts with customers	13,767	1,150	1,590	5,477	12,376	1,837	3,166	7	(1,652)	37,718
Other sales	(154)	(1)	8	2	0	2	0	0	(39)	(183)
Total	13,613	1,149	1,598	5,479	12,375	1,839	3,167	7	(1,691)	37,536

SALES FROM CONTRACTS WITH CUSTOMERS BY CUSTOMER GROUP

million €	Materials Services	Bearings	Forged Technologies	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Group
Year ended Sept. 30, 2022										
Automotive	2,026	25	1,021	4,515	3,029	0	943	2	(79)	11,482
Trading	2,328	4	249	273	3,014	6	219	2	(1,165)	4,929
Engineering	1,763	1,015	277	25	356	19	62	0	(28)	3,489
Steel and related processing	3,009	30	18	3	3,379	0	619	0	(618)	6,441
Construction	989	33	0	0	68	0	28	0	(8)	1,110
Public sector	92	7	0	0	6	1,783	0	0	0	1,888
Packaging	158	1	0	0	1,841	0	0	0	(7)	1,992
Energy and utilities	186	15	0	0	618	0	15	0	(3)	831
Other customer groups	5,916	48	20	16	881	21	2,218	2	(185)	8,936
Total	16,466	1,179	1,585	4,832	13,192	1,829	4,103	6	(2,093)	41,098
Year ended Sept. 30, 2023										
Automotive	2,141	31	1,044	5,127	3,345	0	826	2	1	12,517
Trading	1,937	6	100	301	2,914	2	33	2	(1,034)	4,262
Engineering	1,209	976	404	22	286	0	58	1	(13)	2,944
Steel and related processing	2,329	32	4	3	2,716	0	55	1	(458)	4,682
Construction	695	30	0	0	45	0	0	0	(9)	761
Public sector	71	12	0	0	8	1,814	0	0	5	1,910
Packaging	135	1	0	0	1,655	0	0	0	7	1,799
Energy and utilities	225	8	0	0	650	0	0	0	2	885
Other customer groups	5,025	53	39	24	758	20	2,193	1	(154)	7,959
Total	13,767	1,150	1,590	5,477	12,376	1,837	3,166	7	(1,652)	37,718

SALES FROM CONTRACTS WITH CUSTOMERS BY REGION

million €	Materials Services	Bearings	Forged Technologies	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Group
Year ended Sept. 30, 2022										
German-speaking area ¹⁾	5,688	306	284	1,533	7,605	477	629	3	(1,558)	14,967
Western Europe	2,522	226	275	603	2,731	257	932	0	(260)	7,286
Central and Eastern Europe	2,520	20	35	213	945	6	239	0	(116)	3,862
Commonwealth of Independent States	33	2	24	9	36	2	110	0	(2)	214
North America	4,552	63	679	1,262	977	13	446	3	(133)	7,862
South America	39	17	217	68	141	188	235	0	(2)	904
Asia / Pacific	719	54	15	54	55	373	300	0	(5)	1,565
Greater China	103	456	12	964	106	6	403	0	(14)	2,036
India	126	28	22	14	98	17	384	0	(2)	687
Middle East & Africa	164	9	22	113	496	490	425	0	(3)	1,716
Total	16,466	1,179	1,585	4,832	13,192	1,829	4,103	6	(2,093)	41,098
Year ended Sept. 30, 2023										
German-speaking area ¹⁾	4,685	326	280	1,764	6,804	442	351	2	(1,283)	13,370
Western Europe	2,116	265	275	751	2,817	431	366	0	(175)	6,846
Central and Eastern Europe	1,967	20	32	315	942	0	158	0	(88)	3,345
Commonwealth of Independent States	10	0	18	6	11	0	8	0	0	55
North America	4,213	69	704	1,427	1,003	6	494	4	(122)	7,798
South America	41	9	206	83	113	266	211	0	3	932
Asia / Pacific	361	54	19	59	38	215	144	0	0	890
Greater China	138	372	11	936	75	4	413	0	0	1,948
India	126	28	24	25	108	18	472	0	2	805
Middle East & Africa	109	8	23	111	463	454	550	0	10	1,728
Total	13,767	1,150	1,590	5,477	12,376	1,837	3,166	7	(1,652)	37,718

¹⁾ Germany, Austria, Switzerland, Liechtenstein

Of the sales from contracts with customers, €5,076 million (prior year: €5,120 million) results from long-term contracts and €32,642 million (prior year: €35,978 million) from short-term contracts, €6,292 million (prior year: €6,241 million) relates to sales recognized over time, and €31,426 million (prior year: €34,858 million) to sales recognized at a point in time.

26 Other income

OTHER INCOME

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Gains from premiums and from grants	28	24
Insurance compensation	67	30
Miscellaneous	280	250
Total	375	303

Miscellaneous other income includes income from hedging operational foreign exchange risks of €22 million (prior year: €38 million) and a multitude of minor single items resulting from the 320 (prior year: 312) consolidated companies.

27 Other expense

OTHER EXPENSES

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Additions to/reversals of provisions	40	(19)
Other taxes	21	7
Miscellaneous	130	99
Total	191	88

Miscellaneous other expenses include expenses from hedging operational foreign exchange risks of €15 million (prior year: €51 million) and a multitude of minor single items resulting from the 320 (prior year: 312) consolidated companies.

28 Other gains/(losses), net

OTHER GAINS/(LOSSES), NET

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Gain/(loss) on disposal of intangible assets, net	0	0
Gain/(loss) on disposal of property, plant and equipment, net (without investment property)	142	9
(Gain)/loss on disposal of right-of-use assets	1	0
Gain/(loss) on disposal of investment property, net	4	0
Gain/(loss) on disposal of subsidiaries, net	96	4
Miscellaneous	(13)	(1)
Total	230	12

29 Financial income/(expense), net

FINANCIAL INCOME/(EXPENSE), NET

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Income from companies accounted for using the equity method	(245)	(38)
Interest income from financial receivables	30	167
Income from investments	4	6
Other finance income	1,257	722
Finance income	1,291	896
Interest expense from financial debt	(113)	(93)
Net interest cost of pensions and similar obligations	(66)	(195)
Other finance expenses	(1,252)	(697)
Finance expense	(1,431)	(984)
Total	(385)	(126)

For the investments accounted for using the equity method see 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 €168 million (prior year: €31 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 €92 million (prior year: €112 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.

Borrowing costs of €20 million (prior year: €15 million) were capitalized in the reporting year; this resulted in a corresponding improvement in other finance income/(expense). To the extent that financing can be specifically allocated to a specific investment, the actual borrowing costs are capitalized. If not directly attributable, the group's average borrowing rate for the reporting year is taken into account.

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, 2022	Year ended Sept. 30, 2023
Other sales		
Income from operating lease	3	7
Lease expense		
Expense from short-term leases	35	42
Expense from leases for low-value assets	1	1
Expense from off-balance variable lease payments	2	2
Depreciation expense		
Depreciation of right-of-use assets	126	131
Impairment of right-of-use assets	0	0
Other gains/(losses), net		
(Gain)/loss on disposal of right-of-use assets	(1)	0
Financial income/(expense), net		
Interest expense from lease liabilities	22	25

Income from sublease contracts amounted to €5 million (prior year: €1 million). Sale and lease back transactions resulted in a gain of €(1) million (prior year: €89 million) and a loss of €1 million (prior year: €2 million) for the group.

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, 2022	Year ended Sept. 30, 2023
Current income tax expense/(benefit) for the current fiscal year	363	269
Current income tax expense/(benefit) for previous years	(3)	(12)
Deferred income tax expense/(benefit)	(184)	146
Total	175	403

The components of income taxes recognized in total equity are as follows:

INCOME TAXES RECOGNIZED IN TOTAL EQUITY

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Income tax expense/(benefit) as presented on the statement of income	175	403
Income non-effective tax effect on other comprehensive income		
Continuing operations	(3)	24
Discontinued operations	0	0
Income tax effects charged/(credited) directly to equity#	0	(4)
Total	172	423

As of September 30, 2023, taxable temporary differences from 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 €156 million (prior year: €166 million). The group determines the distribution policy of these subsidiaries, i.e. it has control over the timing of the reversal of these taxable temporary differences, and a reversal is not planned in the foreseeable future.

Components of the deferred tax assets and liabilities are as follows:

INVENTORY OF DEFERRED TAX ASSETS AND LIABILITIES

million €	Sept. 30, 2022		Year ended Sept. 30, 2023		Sept. 30, 2023	
	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	164	106	75	(10)	218	95
Property, plant and equipment (inclusive of investment property)	225	128	736	(4)	936	108
Financial assets	81	13	0	0	82	13
Other assets	1	75	(100)	0	4	178
Provisions for pensions and similar obligations	653	11	(75)	(47)	536	15
Other provisions	96	30	(62)	0	68	63
Other liabilities	88	377	329	(3)	132	95
Deferred income taxes on current items						
Inventories	418	79	76	(2)	464	51
Other assets	540	751	(191)	28	443	817
Other liabilities	737	486	(191)	(13)	693	646
Valuation allowance – temporary differences (non-current and current)	(535)	—	(571)	0	(1,106)	—
Subtotal	2,468	2,056	28	(52)	2,470	2,081
Tax loss carried forward	2,028	—	145	(13)	2,159	—
Interest carried forward	145	—	(27)	0	118	—
Foreign tax credits	3	—	(2)	0	1	—
Valuation allowance – tax loss carried forward etc.	(1,909)	—	(290)	10	(2,188)	—
Subtotal	267	0	(174)	(3)	90	0
Total before offsetting	2,735	2,056	(146)	(55)	2,560	2,081
Offsetting	(2,003)	(2,003)	—	—	(2,065)	(2,065)
Balance sheet amount	732	53	—	—	495	16

The development of deferred taxes is as follows:

DEVELOPMENT OF DEFERRED TAX ASSETS (+) AND LIABILITIES ON A NET BASIS

million €	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Opening balance	412	679
Deferred tax benefit (+)/expense (-)	200	(146)
Income non-effective tax effect on other comprehensive income		
Remeasurement of pensions and others	35	(60)
Fair value measurement of equity instruments	0	0
Fair value measurement of debt instruments	0	(2)
Impairment of financial instruments	(8)	20
Cash flow hedges	(18)	19
Currency differences	55	(35)
Acquisitions/divestitures of businesses	4	
Income tax effects (charged)/credited directly to equity	0	4
Closing balance	679	479

As of September 30, 2023, tax losses carried forward existing within the group for which no deferred tax asset is recognized amount to €8,345 million (prior year: €7,825 million, adjusted). According to tax legislation as of September 30, 2023, an amount of €8,217 million (prior year: €7,709 million, adjusted) of these tax losses may be carried forward indefinitely and in unlimited amounts whereas an amount of €128 million (prior year: €116 million) of these tax losses carried forward will expire over the next 20 years if not utilized. In addition, as of September 30, 2023, no deferred tax asset is recognized for deductible temporary differences in the amount of €3,448 million (prior year: €1,698 million), thereof €3,083 million (prior year: €1,529 million) pertaining to the German income tax group, as well as for interest carried forward at thyssenkrupp AG in the amount of €420 million (prior year: €50 million).

In fiscal year 2022 / 2023, the utilization of unrecognized deferred tax assets for tax losses carried forward reduced current income tax expense by €18 million (prior year: €275 million). Recognition of previously unrecognized deferred tax assets for tax losses carried forward resulted in deferred tax income of €14 million in fiscal year 2022 / 2023 (prior year: €189 million). The reduction in deferred tax assets for tax losses carried forward resulted in deferred tax expense of €192 million in fiscal year 2022 / 2023 (prior year: €0 million).

As of September 30, 2023, deferred tax assets in the amount of €103 million (prior year: €363 million) are recognized for companies that contributed a negative result to the group in either this fiscal year or in the previous fiscal year. Deferred tax assets in the amount of €25 million (prior year: €28 million) are attributed to a German group company outside of the income tax group of thyssenkrupp AG and a Hungarian group company, both of which have contributed negative results to the group only in fiscal year 2021 / 2022, do not have a history of recent losses and both of which project future positive results. Deferred tax assets in the amount of €13 million (prior year: €0 million) are related to group companies in the Netherlands and Spain whose current results are adversely affected by extraordinary impairments in the Steel Europe segment; however these companies have no history of recent losses otherwise and report no tax losses carried forward as of September 30, 2023, and project future positive results. Deferred tax assets in the amount of €21 million (prior year: €20 million) pertain to a Mexican group company which reports no tax losses carried forward as of September 30, 2023 as well as in the previous year, is in an income tax paying position in this fiscal year and in the previous fiscal year and projects future positive results. Deferred tax assets in the amount of €21 million (prior year: €21 million) are related to another Mexican group company which projects future positive results stemming to a large extent from business activities that have generated positive operational results in the past. The taxable results of the two Mexican companies are permanently and to a significant extent increased by local rules for inflation adjustments regarding finance income and expense. In the previous fiscal year, deferred tax assets in the amount of €220 million were attributed to the German income tax group of thyssenkrupp AG, which, in the previous year, was supported by other convincing evidence. Additionally, in the previous year, deferred tax

assets in the amount of €58 million were related to three group companies which have now contributed positive results to the group in this fiscal year as well as in the previous year.

As of September 30, 2023, deferred tax assets for deductible temporary differences (esp. in connection with property, plant and equipment as well as pensions and similar obligations) in the amount of €997 million (prior year: €495 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 the fiscal year 2022/2023, the devaluation of the deferred tax assets still recognized as of September 30, 2022 for tax interest and losses carried forward as well as deductible temporary differences in Germany led to a deferred tax expense amounting to €191 million and to a tax effect in other comprehensive income that decreased equity by €29 million. In the prior year, the recognition of deferred tax assets for tax interest and losses 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 2022 / 2023 sets a statutory income tax rate of 32.3% (prior year: 32.4%) 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, 2022	in %	Year ended Sept. 30, 2023	in %
Expected income tax expense/(benefit)	449	32.4	(512)	32.3
Tax rate differentials to the German combined income tax rate	(31)	(2.2)	(32)	2.0
Changes in tax rates or laws	9	0.6	6	(0.4)
Change in valuation allowance and unrecognized deferred tax assets	(467)	(33.7)	847	(53.5)
Permanent items	135	9.7	11	(0.7)
Tax consequences of disposal of businesses	(32)	(2.3)	(1)	0.1
Income/(loss) from companies accounted for using the equity method	79	5.7	12	(0.8)
Non-creditable withholding taxes	40	2.9	71	(4.5)
Tax expense/(benefit) related to prior periods	(2)	(0.1)	(3)	0.2
Others	(5)	(0.4)	4	(0.3)
Income tax expense/(benefit) as presented on the statement of income	175	12.6	403	(25.5)

Deferred tax assets and liabilities related to Pillar Two income taxes are not recognized.

32 Earnings per share

Basic earnings per share are calculated as follows:

EARNINGS PER SHARE (EPS)

	Year ended Sept. 30, 2022		Year ended Sept. 30, 2023	
	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)	1,127	1.81	(2,072)	(3.33)
Income/(loss) from discontinued operations (net of tax) (attributable to thyssenkrupp AG's shareholders)	9	0.01	0	0.00
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)	1,136	1.82	(2,072)	(3.33)
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, 2022	Year ended Sept. 30, 2023
Wages and salaries	5,292	5,543
Social security taxes	951	970
Net periodic pension cost – defined benefit ¹⁾	153	118
Net periodic pension costs – defined contribution	23	28
Other expenses for pensions and retirements	(2)	42
Related fringe benefits	86	99
Total	6,502	6,800

¹⁾ Excluding net interest that is recognized as part of financial expenses.

The annual average number of employees in the group is as follows:

ANNUAL AVERAGE NUMBER OF EMPLOYEES

	Year ended Sept. 30, 2022	Year ended Sept. 30, 2023
Materials Services	15,638	16,166
Bearings	6,365	6,116
Forged Technologies	5,965	5,745
Automotive Technology	19,881	21,027
Steel Europe	26,058	26,267
Marine Systems	6,645	7,399
Multi Tracks	15,673	13,293
Corporate Headquarters	618	609
Reconciliation	1,553	1,594
Total	98,396	98,216
Thereof:		
Wage earners	48,055	48,044
Salary earners	47,491	47,370
Trainees	2,850	2,802

The annual average number of employees in 2022 / 2023 includes 1,476 employees (prior year: 1, 492 employees) of the joint operation Hüttenwerke Krupp Mannesmann GmbH (HKM).

Auditors' fees and services

KPMG AG Wirtschaftsprüfungsgesellschaft has been the auditor of the consolidated financial statements since fiscal year 2022 / 2023. For the services performed in 2022 / 2023 by KPMG AG and the companies in the international KPMG network the following fees were recognized as expenses:

FEES OF AUDITOR

million €	Year ended Sept. 30, 2023	
	Total	thereof KPMG AG Wirtschaftsprüfungs- gesellschaft
Audit fees	16	11
Audit-related fees	3	3
Tax fees	0	0
Fees for other services	1	0
Total	20	14

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 disposal projects of individual businesses as part of the thyssenkrupp reorganization and to services in connection with the preparation and execution of the thyssenkrupp nucera IPO. The fees for other services are mainly fees for project-related consulting services.

For the services performed by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and the companies of the worldwide PricewaterhouseCoopers association the following fees were recorded as expenses in the prior year:

FEES OF AUDITOR

million €	Year ended Sept. 30, 2022	
	Total	thereof Germany
Audit fees	15	10
Audit-related fees	3	3
Tax fees	0	0
Fees for other services	0	0
Total	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. 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, 2022	Sept. 30, 2023
Cash	1,907	2,641
Cash equivalents	5,730	4,699
Cash and cash equivalents according to the balance sheet	7,638	7,339
Liquid funds according to statement of cash flows	7,638	7,339

In accordance with the principles of subsequent measurement, income from money market funds must be included, even though the resulting changes may be only marginal. As accounting practice has been refined, in addition to measurement at amortized cost, which has been used by the thyssenkrupp group to date, money market funds are increasingly being measured at fair value. This development is adopted here (see also Note 22, tables headed Financial instruments as of September 30, 2023 and Fair value hierarchy as of September 30, 2023). This has no impact on the amount recognized and it is still presented as a cash equivalent.

As of September 30, 2023 cash and cash equivalents of €104 million (prior year: €19 million) result from the joint operation HKM.

Non-cash investing activities

In the year ended September 30, 2023 a non-cash addition of €205 million (prior year: €120 million) results from of right-of-use assets according to IFRS 16.

Non-cash financing activities

In the year ended September 30, 2023 a non-cash decrease of gross financial debt of €0 million (prior year: €286 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, 2022

	Sept. 30, 2021	Cash flows from financing activities ¹⁾	Non-cash changes				Sept. 30, 2022
million €			Acquisitions/ divestitures of businesses	Currency differences	Fair value changes	Other changes	
Bonds	4,339	(1,250)	0	0	0	5	3,094
Loan notes / other loans	319	(196)	(270)	0	0	269	122
Liabilities to financial institutions	149	53	(1)	(66)	0	0	136
Lease liabilities	633	(142)	(15)	34	0	119	629
Other financial liabilities	0	0	0	0	0	0	0
Subtotal financial debt	5,440	(1,535)	(286)	(31)	0	393	3,981
Assets/liabilities from other financing activities	43	(178)	(30)	32	215	0	81
Total	5,483	(1,713)	(317)	1	215	393	4,062

¹⁾ As far as liabilities/assets from financing activities are concerned.

RECONCILIATION IN ACCORDANCE WITH IAS 7 -YEAR ENDED SEPT. 30, 2023

	Sept. 30, 2022	Cash flows from financing activities ¹⁾	Non-cash changes				Sept. 30, 2023
million €			Acquisitions/ divestitures of businesses	Currency differences	Fair value changes	Other changes	
Bonds	3,094	(1,000)	0	0	0	4	2,098
Loan notes / other loans	122	38	1	0	0	(1)	159
Liabilities to financial institutions	136	(65)	0	19	0	0	90
Lease liabilities	629	(147)	0	(15)	0	211	678
Other financial liabilities	0	0	0	0	0	0	0
Subtotal financial debt	3,981	(1,174)	1	4	0	214	3,025
Assets/liabilities from other financing activities	109	35	0	(8)	(96)	0	41
Total	4,090	(1,139)	1	(4)	(96)	214	3,066

¹⁾ As far as liabilities/assets from financing activities are concerned.

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, 2023, the total cash outflows of the group as a lessee amounted to €210 million (prior year: €207 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, 2022	Sept. 30, 2023
Extension and/or termination options as well as call options	(140)	(87)
Variable payments	0	(3)
Lease commitments	(11)	(3)
Total	(151)	(92)

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, 2023.

The declaration of conformity of our exchange-listed subsidiary thyssenkrupp nucera AG & KGaA was issued in September 2023 and is now publicly available to the shareholders on the company's website.

The declaration of conformity of our exchange-listed subsidiary Eisen- und Hüttenwerke AG was issued on October 1, 2023 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		T	
ATLAS ELEKTRONIK GmbH	Bremen	Thyssen Stahl GmbH	Düsseldorf
B		thyssenkrupp Academy GmbH	Düsseldorf
Becker & Co. GmbH	Neuwied	thyssenkrupp Aerospace Germany GmbH	Essen
BERCO Deutschland GmbH	Ennepetal	thyssenkrupp AT.Pro tec GmbH	Essen
Blohm + Voss Shipyards & Services GmbH	Hamburg	thyssenkrupp Automation Engineering GmbH	Essen
C		thyssenkrupp Automotive Body Solutions GmbH	Essen
CarValoo GmbH	Essen	thyssenkrupp Automotive Systems GmbH	Essen
D		thyssenkrupp Bilstein GmbH	Ennepetal
DWR – Deutsche Gesellschaft für Weißblechrecycling mbH	Andernach	thyssenkrupp Components Tech GmbH	Essen
E		thyssenkrupp DeliCate GmbH	Düsseldorf
EH Güterverkehr GmbH	Duisburg	thyssenkrupp Dritte Beteiligungsgesellschaft mbH	Duisburg
G		thyssenkrupp Dynamic Components GmbH	Ilseburg
German Marine Systems GmbH	Hamburg	thyssenkrupp Dynamic Components Chemnitz GmbH	Chemnitz
H		thyssenkrupp Dynamic Components Ilseburg GmbH	Ilseburg
Hagenuk Marinekommunikation GmbH	Flintbek	thyssenkrupp Electrical Steel GmbH	Gelsenkirchen
J		thyssenkrupp Electrical Steel Verwaltungsgesellschaft mbH	Gelsenkirchen
Jacob Bek GmbH	Ulm	thyssenkrupp Facilities Services GmbH	Essen
M		thyssenkrupp Federn GmbH	Hagen
Max Cochius GmbH	Berlin	thyssenkrupp Federn und Stabilisatoren GmbH	Hagen
P		thyssenkrupp Fertilizer Technology GmbH	Dortmund
PSL Wälzlager GmbH	Dietzenbach	thyssenkrupp Gerlach GmbH	Homburg/Saar
R		thyssenkrupp GfT Gleistechnik GmbH	Essen
Rasselstein Verwaltungs GmbH	Andernach	thyssenkrupp Grundbesitz Verwaltungs GmbH	Essen
Reisebüro Dr. Tigges 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 nucera Participations GmbH	Dortmund
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 Stainless GmbH	Essen
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
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

In accordance with Art. 313 Par. 2 of German Commercial Code (HGB), the complete list of the group's subsidiaries and equity interests and companies included in the consolidated financial statements is part of the audited consolidated financial statements filed in the German Federal Gazette (Bundesanzeiger). The full list of shareholdings has also been published on the thyssenkrupp website at www.thyssenkrupp.com/en/investors/reporting-and-publications/.

Independent Auditor's Report¹⁾

To thyssenkrupp AG, Duisburg and Essen

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of thyssenkrupp AG, Duisburg and Essen and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 October 2022 to 30 September 2023 and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of the company and the Group (hereinafter referred to as the "combined management report") of thyssenkrupp AG including the integrated combined non-financial statement of the company and the Group in accordance with Sections 289b (1), 289c HGB and Sections 315b (1), 315c HGB for the financial year from October 1, 2022 until September 30, 2023.

In accordance with German legal requirements we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2023 and of its financial performance for the financial year from 1 October 2022 to 30 September 2023 and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe

¹⁾ This is a translation of the German original. Solely the original text in German language is authoritative.

that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Note on highlighting an issue – Immanent risk due to uncertainties regarding the legal conformity of the interpretation of the EU Taxonomy Regulation

We refer to the comments of the Management Board in section 2 of the combined non-financial statement of the company and the Group integrated in the combined management report in accordance with Section 289b (1) HGB and Section 315b (1) HGB. It is described there that the EU Taxonomy Regulation and the related delegated acts contain formulations and terms that are still subject to considerable interpretation uncertainty and for which clarifications have not yet been published in every case. The Executive Board explains how they have made the necessary interpretations of the EU Taxonomy Regulation and the delegated acts issued in this regard. Due to the inherent risk that undefined legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainty. Our audit opinion on the combined management report has not been modified in this respect.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2022 to 30 September 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters.

The recoverability of the goodwill of thyssenkrupp Marine Systems

Please refer to Note 01 of the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions made. Information on the amount of goodwill of thyssenkrupp Marine Systems can be found in Note 04 of the notes to the consolidated financial statements. Information on the economic development of the thyssenkrupp Marine Systems operating segment can be found in the combined management report under "Business development in the segments" in the "Economic report" section.

The Financial Statement Risk

The goodwill of the thyssenkrupp Marine Systems operating segment amounted to EUR 1,043 million as at 30 September 2023 and, at 8% of Group equity, has a significant influence for the financial position.

The goodwill of thyssenkrupp Marine Systems is tested for impairment annually, irrespective of any indications of impairment. If there are indications during the year that an impairment may have occurred, the recoverability of the goodwill is also tested during the year. To test for impairment, the carrying amount is compared with the recoverable amount of the thyssenkrupp Marine Systems operating segment. If the carrying amount is higher than the recoverable amount, an impairment loss is recognized. The recoverable amount is the higher value of the fair value less costs to sell and the value in use of the thyssenkrupp Marine Systems operating segment.

The impairment test for goodwill is complex and is based on a number of judgment-based assumptions. These include the expected business and earnings development for the next five years, the assumed long-term growth rates and the discount rate used.

In financial year 2022/23, the carrying amount of thyssenkrupp's net assets was consistently greater than its market capitalization. As a result, goodwill was tested for impairment for each quarterly reporting date and the balance sheet date. As a result of the impairment tests performed, thyssenkrupp AG did not identify any need for impairment. No need for impairment was identified in the annual impairment test as at 30 September 2023 either.

There is a risk for the consolidated financial statements that an existing impairment was not recognized. There is also a risk that the related disclosures in the notes are not appropriate.

Our Audit Approach

With the involvement of our valuation specialists, we assessed, among other things, the appropriateness of the key assumptions and the company's calculation method for both the event-driven and the annual impairment test. For this purpose, we discussed the expected business and earnings development as well as the assumed long-term growth rate with those responsible for planning. We also performed reconciliations with the budget prepared by the Executive Board and approved by the Supervisory Board. In addition, we assessed the consistency of the assumptions with external market assessments.

Furthermore, we satisfied ourselves of the company's forecasting accuracy to date by comparing forecasts from previous financial years with the results actually realized and analyzing deviations. We compared the assumptions and data underlying the discount rate, in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

In order to assess the methodologically and mathematically appropriate implementation of the valuation method, we verified the valuation performed by the company using our own calculations and analyzed deviations.

In order to take account of the existing forecast uncertainty, we have examined the effects of possible changes in the discount rate, the earnings trend and the long-term growth rate on the value in use by calculating alternative scenarios and comparing them with the company's values (sensitivity analysis).

Finally, we assessed whether the disclosures in the notes on the recoverability of goodwill are appropriate. This also included an assessment of the appropriateness of the disclosures in the notes in accordance with IAS 36.134(f) on sensitivities to a possible change in key assumptions underlying the valuation.

Our Observations

The calculation method underlying the impairment tests and the annual impairment test of the goodwill of the thyssenkrupp Marine Systems operating segment is appropriate and in line with the applicable valuation principles.

The assumptions and data of the company on which the valuation is based are appropriate.

The related disclosures in the notes are appropriate.

The recoverability of the non-current assets of thyssenkrupp Steel Europe

For information on the accounting and valuation methods used, please refer to section 01 of the notes to the consolidated financial statements. Further information on impairment testing can be found in section 05 of the notes to the consolidated financial statements. The combined management report contains information in the "Economic Report" section.

The Financial Statement Risk

The consolidated income statement includes impairment losses on non-current assets of the cash-generating unit thyssenkrupp Steel Europe totaling EUR 2.1 billion. Of this, EUR 0.3 billion was recorded in the second quarter and EUR 1.8 billion in the fourth quarter of the 2022/23 financial year. The impairment losses recorded have a significant impact on thyssenkrupp's earnings situation.

The recoverability of thyssenkrupp Steel Europe's long-term assets is checked as and when impairment triggers occur. If the carrying amount is higher than the recoverable amount, an impairment is recognized. The recoverable amount is the higher value of the fair value less costs to sell and the value in use. The value in use is determined using the discounted cash flow method.

The impairment test of property, plant and equipment is complex and relies on a number of judgment-based assumptions. This includes, in particular, the forecast cash flows, the discount rates used and the assessment of whether there are indications of impairment.

As of the balance sheet date, the carrying amount of thyssenkrupp's net assets was greater than its market capitalization. As a result, the recoverability of the long-term assets of thyssenkrupp Steel Europe among other things has been reviewed as required. The impairment test was based on the current planning calculation approved by the Executive Board as well as on the current and specific assumptions for business development up to 2034/2035, taking into account the effects of the green transformation that has been initiated. Thereafter, a simplified update will take place until 2063.

As a result of the impairment tests carried out, thyssenkrupp AG recognized impairments of EUR 2,1 billion on the intangible assets and property, plant and equipment of thyssenkrupp Steel Europe as at 30 September 2023.

There is a risk for the consolidated financial statements that an existing impairment was not recognized to an appropriate extent. There is also a risk that the associated disclosures in the notes are not appropriate.

Our Audit Approach

With the involvement of our valuation specialists, we assessed not only the mathematical accuracy and IFRS conformity of the company's valuation method, but also the appropriateness of the method's key assumptions. To this end, we discussed the expected cash flows with those responsible for planning. By coordinating the planning calculations with the budget prepared by the Executive Board and approved by the Supervisory Board, we ensured its internal consistency. The appropriateness of the assumptions was also assessed using external market assessments. We also convinced ourselves of the company's forecast quality to date by comparing plans from previous financial years with the results realized later and analyzing deviations.

We compared the assumptions and data underlying the discount rate, in particular the risk-free interest rate, the market risk premium, the specific risk premiums and the beta factor, with our own assumptions and publicly available data.

In order to take the existing forecast uncertainty into account, we also examined the effects of possible changes in the discount rate and the expected cash flows on the recoverable amount by calculating alternative scenarios and comparing them with the company's valuation results (sensitivity analysis).

Finally, we assessed whether the resulting impairment loss was accurately recorded in the financial statements and whether the disclosures in the notes are appropriate in relation to the impairment test.

Our Observations

The calculation method underlying the impairment test for the non-current assets of thyssenkrupp Steel Europe is appropriate and consistent with the applicable valuation principles. The assumptions and data on which the valuation is based are appropriate and overall balanced.

The related notes are appropriate.

Other Information

The board of directors or the supervisory board is responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- the group corporate governance statement, included in section “corporate governance statement” of the group management report

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the audited information in the combined management report or our associated auditor's report.

Our opinions on the consolidated financial statements and the combined management report do not extend to the other information and accordingly we do not express an opinion or any other form of audit conclusion thereon.

In connection with our audit, we have the responsibility to read the other information mentioned above and to assess whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appear to be materially misstated.

If, based on the work we have carried out, 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 context.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken, or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file

„thyssenkrupp_AG_KA+KLB_ESEF-2023-09-30 (1).zip“

(SHA256-Hashvalue: 1fb7f64ed7c819fd98bdf8c92e266643ae15c8e69148c5a88d4cfb3b9999e7cb)

made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 October 2022 to 30 September 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)) and the *International Standard on Assurance Engagements 3000 (Revised)*. Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, 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 opinion.
- Obtain an understanding of internal control relevant to the assurance 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 opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the annual general meeting on 3 February 2023. We were engaged by the supervisory board on 10 March 2023. We have been the group auditor of thyssenkrupp AG without interruption since financial year 2022/2023.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be entered in the Company Register – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Dr. Markus Zeimes.

Düsseldorf, November 21, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

Marc Ufer
Wirtschaftsprüfer
(German Public Auditor)

Dr. Markus Zeimes
Wirtschaftsprüfer
(German Public Auditor)

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the group, and the combined management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Essen, November 16, 2023

thyssenkrupp AG
The Executive Board

López

Burkhard Keysberg

297	Multi-year overview
299	Compensation report 2022 / 2023
331	Independent auditor's opinion on the audit of the compensation report in accordance with § 162 (3) AktG
333	Executive Board
334	Supervisory Board
337	Glossary
339	Contact and 2024 / 2025 financial calendar

Additional information



Multi-year overview

THYSSENKRUPP GROUP

		Full group							Group – continuing operations ¹⁾			
									2022/2023 vs. 2021/2022		2022/2023 vs. 2021/2022	
		2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	Change	in %	2021/2022	2022/2023	Change	in %
Result of operations												
Sales	million €	41,996	35,443	34,015	41,140	37,536	(3,604)	(9)	41,140	37,536	(3,604)	(9)
Gross Margin	million €	5,799	1,480	4,356	5,660	2,658	(3,002)	(53)	5,660	2,658	(3,002)	(53)
EBITDA	million €	1,520	14,724	1,421	3,248	1,679	(1,570)	(48)	3,240	1,679	(1,561)	(48)
EBIT	million €	267	10,475	451	1,827	(1,431)	(3,258)	--	1,819	(1,431)	(3,249)	--
EBT	million €	(83)	10,112	95	1,396	(1,583)	(2,979)	--	1,387	(1,583)	(2,970)	--
Net income/(loss)	million €	(260)	9,592	(25)	1,220	(1,986)	(3,207)	--	1,212	(1,986)	(3,198)	--
Earnings per share (EPS)	€	(0.49)	15.40	(0.18)	1.82	(3.33)	(5.15)	--	1.81	(3.33)	(5.14)	--
Gross margin	%	13.8	4.2	12.8	13.8	7.1	(6.7)	(49)	13.8	7.1	(6.7)	(49)
EBIT margin	%	0.6	29.6	1.3	4.4	(3.8)	(8.3)	--	4.4	(3.8)	(8.2)	--
EBT margin	%	(0.2)	28.5	0.3	3.4	(4.2)	(7.6)	--	3.4	(4.2)	(7.6)	--
Return on equity (before taxes)	%	(3.7)	99.4	0.9	9.5	(12.5)	(21.9)	--				
Personnel expense per employee	€	62,459	64,113	66,653	66,080	69,239	3,159	5				
Sales per employee	€	259,862	236,460	332,692	418,102	382,173	(35,929)	(9)				
Assets/liabilities situation												
Total non-current assets	million €	15,313	10,501	11,172	11,161	9,272	(1,889)	(17)				
Total current assets	million €	21,162	25,989	25,639	26,331	24,019	(2,312)	(9)				
Total assets	million €	36,475	36,490	36,811	37,492	33,291	(4,201)	(11)				
Total equity	million €	2,220	10,174	10,845	14,742	12,693	(2,050)	(14)				
Liabilities	million €	34,255	26,316	25,966	22,750	20,599	(2,151)	(9)				
Provisions for pensions and similar obligations	million €	8,947	8,560	7,971	5,812	5,474	(339)	(6)				
Financial debt non-current	million €	6,529	5,303	3,794	2,786	1,313	(1,473)	(53)				
Financial debt current	million €	886	1,199	1,646	1,195	1,712	518	43				
Financial debt non- current/current	million €	7,415	6,502	5,440	3,981	3,025	(956)	(24)				
Trade accounts payable	million €	6,355	3,475	4,923	4,807	4,270	(536)	(11)				
Equity ratio	%	6.1	27.9	29.5	39.3	38.1	(1.2)	(3)				
Gearing	%	166.8	— ²⁾	— ²⁾	— ²⁾	— ²⁾	—	—				
Inventory turnover	days	66.7	60.2	82.2	77.8	72.4	(5.3)	(7)				
Average collection period	days	47.0	49.1	52.0	46.4	45.7	(0.7)	(1)				

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⁾			
							2022/2023 vs. 2021/2022				2022/2023 vs. 2021/2022	
		2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	Change	in %	2021/2022	2022/2023	Change	in %
Value management												
Capital employed (average)	million €	16,749	17,526	13,410	16,224	15,415	(809)	(5)				
ROCE	%	1.6	59.8	3.4	11.3	(9.3)	(20.5)	--				
Weighted average cost of capital (WACC)	%	8.0	8.0	8.0	8.0	9.0	1.0	13				
Cash flow/financing situation												
Operating cash flows	million €	72	(3,326)	92	617	2,064	1,447	++	618	2,064	1,446	++
Cash flow for investments	million €	(1,443)	(2,352)	(1,485)	(1,304)	(1,607)	(304)	(23)	(1,304)	(1,607)	(304)	(23)
Free cash flow before M & A	million €	(1,140)	(4,835)	(1,273)	(476)	363	839	++	(476)	363	839	++
Cash flow from divestments	million €	108	14,766	975	1,027	25	(1,002)	(98)	1,027	25	(1,002)	(98)
Free cash flow	million €	(1,263)	9,088	(418)	340	482	141	41	341	482	141	41
Cash flows from financing activities	million €	1,926	(1,963)	(1,280)	(1,791)	(716)	1,076	60	(1,792)	(716)	1,076	60
Cash and cash equivalents	million €	3,712	11,555	9,026	7,648	7,351	(298)	(4)				
Net financial debt (net financial assets)	million €	3,703	(5,053)	(3,586)	(3,667)	(4,325)	(658)	(18)				
Internal financing capability		0.1	0.3	0.2	2.2	1.3	(0.9)	(42)				
Debt to cash flow ratio		51.5	1.5	(39.1)	(5.9)	(2.1)	3.8	65				
thyssenkrupp AG												
Net income/(loss)	million €	(1,807)	(289)	(651)	2,103	(1,783)	(3,886)	--				
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

2022 / 2023

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 2022 / 2023.

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 2022 / 2023 are also outlined below. Detailed information can be found on the company's website via the link in the margin.

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

A look back at compensation year 2022 / 2023

Resolution on the approval of the compensation report for fiscal year 2021 / 2022

The report on the compensation awarded or due to present and former members of the Executive Board and Supervisory Board of thyssenkrupp AG in fiscal year 2021 / 2022, which was prepared in accordance with the requirements of § 162 AktG, was approved by the Annual General Meeting on February 3, 2023 with a majority of 94.71% of the capital represented in accordance with § 120a (4) AktG. The Executive Board and Supervisory Board see this vote as confirmation of the format used since the compensation report 2020 / 2021. Therefore this format has basically been retained in the present compensation report 2022 / 2023.

Application of the Executive Board compensation system in fiscal year 2022 / 2023

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 2022 / 2023. Moreover, in fiscal year 2022 / 2023 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. Where relevant, this compensation is also outlined and explained in the following.

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 March 2023. 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 the legal scope of consolidation of thyssenkrupp AG and its subsidiaries (subsequently referred to as the “group”).

The compensation system approved by the Annual General Meeting on February 5, 2021 applied to all Executive Board members in fiscal year 2022 / 2023.

Ultimately, the compensation of thyssenkrupp Executive Board members is still in line with the market, even after realization of the changes to the portfolio.

The review of appropriateness in March 2023 included an examination of the compensation of the Executive Board relative to the compensation structures within the group. 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 2022 / 2023, nor is it planned to adjust the target compensation for fiscal year 2023 / 2024.

The target compensation of Executive Board members was unchanged from the previous year.

Further, at its meeting on September 8, 2022, the Supervisory Board set the performance criteria for the performance-related, variable compensation components for fiscal year 2022 / 2023 to the extent that these do not result directly from the compensation system in effect. These performance criteria also applied to Miguel Ángel López Borrego, who was appointed to the Executive Board as a new member during the fiscal year.

The target achievement for the Short-Term Incentive (STI) determined by the Supervisory Board following the end of fiscal year 2022 / 2023 shows a strong improvement in the free cash flow before M&A, which was significantly higher than the prior-year figure and also above the target set at the beginning of the fiscal year. On the other hand, net income was significantly below the prior-year level and the target set at the beginning of the fiscal year, mainly as a consequence of the substantial impairment losses. Overall achievement of the targets set for the financial performance criteria in fiscal year 2022 / 2023 was therefore around 56%. With regard to individual performance, overall performance of the targets set by the Supervisory Board was 108.33%. In addition, the installment of the Long-Term Incentive (LTI) Plan issued for fiscal year 2019 / 2020 ended in fiscal year 2022 / 2023. The resultant payout was around 43% 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 2022 / 2023

At its meeting on November 16, 2022, the Supervisory Board resolved, as proposed by the Personnel Committee, to extend the existing Executive Board service contract with Oliver Burkhard for a further five years from October 1, 2023 to September 30, 2028. The contractual and compensation terms remain unchanged, with the exception that the previous change-of-control commitments are no longer valid from the start of the new term of office and that the rules for calculation of any severance payment have been aligned to the system applicable for all new Executive Board contracts entered into from October 1, 2019.

On May 16, 2023, the Supervisory Board agreed with Martina Merz that she would step down from the Executive Board by mutual agreement effective May 31, 2023, following her request to the Personnel Committee of the Supervisory Board to discuss dissolving her Executive Board contract in the near future. On the basis of the one-month termination period in her service contract, the service contract ended on June 30, 2023. Under the rules of the applicable compensation system for the Executive Board, Martina Merz receives prorated compensation for fiscal year 2022 / 2023. Furthermore, the virtual shares for the installments of the Long-Term Incentive (LTI) plan launched in previous fiscal years and not yet paid out are upheld in full and will result in payment at the regular end of the plan, following determination of target achievement by the Supervisory Board. Martina Merz waived any severance payment for termination of her contract before the contractually agreed date. Martina Merz did not receive a commitment to a company pension when the contract was signed; instead, in accordance with the applicable compensation system, the pension allowance for the 2023 calendar year was paid out to her on a prorated basis as of the date of termination of her service contract. Moreover, the obligation for Martina Merz to hold the thyssenkrupp shares purchased under the applicable Share Ownership Guidelines (SOG) ended when her service contract ended.

As recommended by the Personnel Committee, at its meeting on May 16, 2023, the Supervisory Board also appointed Miguel Ángel López Borrego as a member of the Executive Board and Chief Executive Officer of thyssenkrupp AG effective June 1, 2023. The associated service contract runs for a period of three years until May 31, 2026 and the contractual and compensation conditions agreed therein are fully in line with the applicable Executive Board compensation system.

On September 6, 2023, Dr. Klaus Keysberg informed the Personnel Committee that he would not be available for an extension of his contract which runs until July 31, 2024 and thus until he turns 60. In view of this, the Personnel Committee has embarked on the customary search to enable it to propose a successor to the Supervisory Board as promptly as possible.

Effective October 1, 2023, Miguel Ángel López Borrego and Dr. Klaus Keysberg assumed the posts of CEO and CFO respectively of the newly created Decarbon Technologies business segment, in addition to their other positions. The Personnel Committee of thyssenkrupp AG had previously acknowledged this at its meeting on September 7, 2023. Miguel Ángel López Borrego and Dr. Klaus Keysberg assume these roles in addition to their posts on the Executive Board of thyssenkrupp AG, without receiving any separate compensation for this.

Application of the compensation system for the Supervisory Board in fiscal year 2022 / 2023

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 2022 / 2023

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 relevant recommendations of the German Corporate Governance Code (GCGC) in the version dated April 28, 2022, which was applicable in the reporting year. The Executive Board compensation system is a key element in thyssenkrupp'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 strategic realignment of thyssenkrupp.

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 one-year 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 Executive Board compensation system meets all statutory and regulatory requirements currently in effect.

The following table shows the basic components of the compensation system and their design. These components and how they were actually applied in fiscal year 2022 / 2023 are explained in detail below.

Overview of all compensation components

COMPENSATION COMPONENTS

	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
	Basis for target achievement:
	<ul style="list-style-type: none"> • 70% group's financial performance criteria: 35% net income, 35% free cash flow before M&A • 30% individual performance (operational and strategic targets in connection with the transformation of the group) <p>Supervisory Board sets individual performance targets for the annual financial performance criteria for each fiscal year Cap: 200% of target amount</p>
Long-Term Incentive (LTI)	Performance Share Plan
	Performance period: 4 years
	<p>Basis for target achievement:</p> <ul style="list-style-type: none"> • 30% relative total shareholder return (TSR) • 40% ROCE • 30% non-financial sustainability targets <p>The Supervisory Board sets target and threshold values for the financial performance criteria and the sustainability targets before issuance of each new installment Cap: 200% of target amount</p>
Other compensation rules	
Share Ownership Guidelines (SOG)	Requirement to purchase and hold thyssenkrupp shares for the amount of one year's fixed compensation (gross) 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: <ul style="list-style-type: none"> • CEO: €9.0 million • Ordinary Executive Board members: €4.5 million
Severance cap	Severance payments limited to maximum of two years' annual compensation; compensation over remaining contract term must not be exceeded
Malus and clawback rule	Malus:
	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
	<p>Clawback:</p> <p>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)</p>

Performance-independent compensation components

Fixed compensation

The fixed compensation of Executive Board members is paid monthly in equal installments and represents a steady, plannable income for 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 addition, under the applicable Executive Board compensation system the Supervisory Board may decide in individual cases to grant new Executive Board members further transitional benefits, such as relocation costs or costs in connection with the need to maintain two households for work purposes. In this context, due to the assumption of his position on the Executive Board at a short notice, for Miguel Ángel López Borrego the company will pay reasonable expenses, including the related taxes, for a hotel room or the rental of an apartment in Essen or the surrounding area for a transitional period until May 31, 2024 at the latest.

Pension allowance and company pension

As specified for all Executive Board members appointed since October 1, 2019, Miguel Ángel López Borrego 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 also applied for Martina Merz, who left the Executive Board during fiscal year 2022 / 2023. The pension allowance is €536,000 per calendar year for the CEO and €280,000 per calendar year for an ordinary Executive Board member and is regularly 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 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). Dr. Klaus Keysberg will therefore receive a life-long annuity when he reaches retirement age or if he should become 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 60 in the case of Oliver Burkhard, provided he no longer has a service contract with the company at that time. Since the service contract with Dr. Klaus Keysberg will not be extended beyond July 31, 2024 and thus not beyond the age of 60, Dr. Klaus Keysberg can claim his annuity when his current Executive Board contract ends.

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 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.

As of September 30, 2023, the amounts expensed or recognized as provisions and the present values of the pension entitlements for Executive Board members in office in fiscal year 2022 / 2023 are as follows:

COMPANY PENSION FOR THE EXECUTIVE BOARD 2022/2023

€000s		Miguel Ángel López Borrego		Oliver Burkhard		Dr. Klaus Keysberg ¹⁾		Martina Merz	
		Chairman of the Executive Board since June 1, 2023		Ordinary member of the Executive Board since February 1, 2013		Ordinary member of the Executive Board since October 1, 2019		Chairwoman of the Executive Board October 1, 2019 – May 31, 2023	
		2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023
Figures in accordance with IFRS	Service costs	—	—	6	3	155	559	—	—
	Present value of the obligation	—	—	5,646	5,244	375	874	—	—
Figures in accordance with the German Commercial Code (HGB)	Service costs	—	—	5	5	123	598	—	—
	Present value of the obligation	—	—	9,060	9,098	3,679	4,501	—	—

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 present value of the obligation in accordance with the German Commercial Code (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) 2022 / 2023

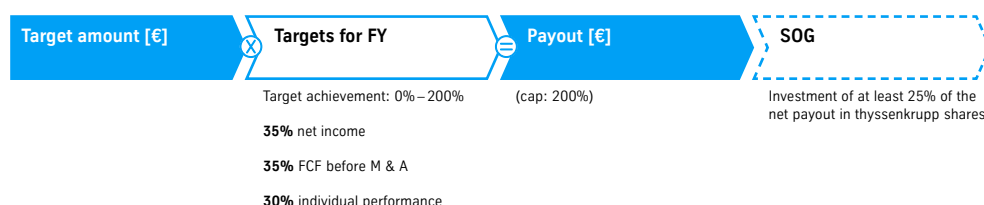
How it works

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.

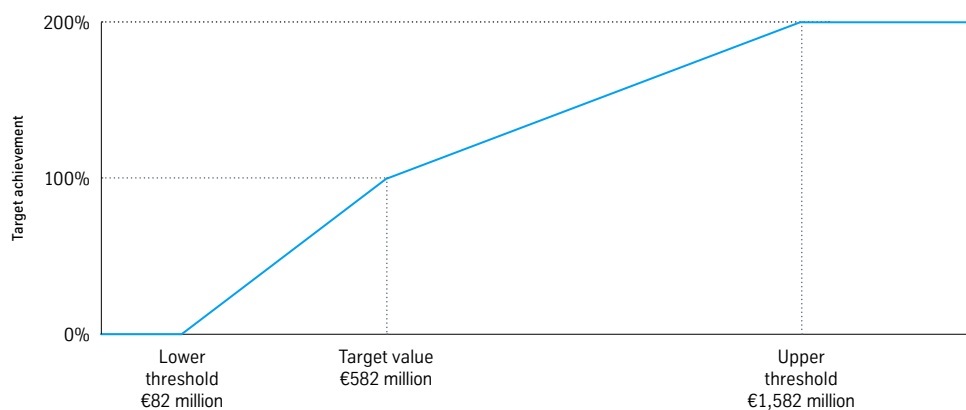
In addition, the inclusion of individual performance places emphasis on collective and individual transformation and turnaround targets, providing an even greater incentive to ensure thyssenkrupp's successful transformation.

Financial performance criteria

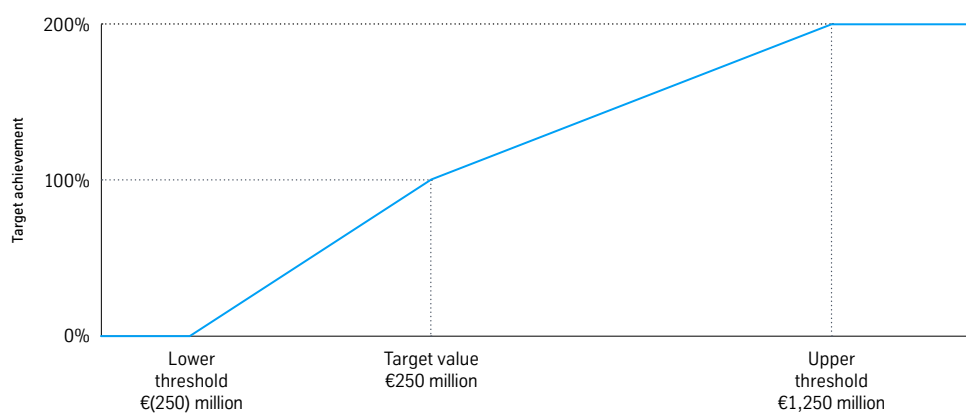
Before the beginning of the fiscal year, the Supervisory Board resolved the target and threshold values for the two financial performance criteria. The target value for each financial performance criterion is derived from the corporate planning and is equal to 100% target achievement. The lower threshold 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 2022 / 2023 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 2022 / 2023:

STI 2022/2023 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 2022/2023	Target achievement (%)
Net income (€ million)	82	582	1,582	(1,986.39)	0.00
Free cash flow before M&A (€ million)	(250)	250	1,250	363.15	111.32

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 2022 / 2023. 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 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 Executive Board members for fiscal year 2022 / 2023.

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 Executive Board members jointly for the past fiscal year. All targets have the same weighting.

STI 2022 / 2023 – ACHIEVEMENT OF INDIVIDUAL TARGETS

Target	Achievement in 2022 / 2023	Target achievement 2022 / 2023
1 Create the conditions and pave the way for a spin-off of Steel Europe and Marine Systems	Steel Europe: Talks with potential investors stepped up, including initial due diligence / Feasibility of a carve-out driven forward Marine Systems: “Road to independence” initiated and driven forward with considerable progress in the feasibility of a carve-out / Intensive talks with political decision-makers on possible alliances and to resolve the question of guarantees	85.00%
2a Continue the portfolio activities with a focus on the Multi Tracks segment	Successful stock market listing of thyssenkrupp nucera / Ongoing development of Polysius and Uhde as key elements of the decarbonization strategy	120.00%
2b Develop a target vision for the future thyssenkrupp based on the target visions for the individual businesses	New situation with the change of CEO in May 2023 taken into account. Since then, development of a target vision driven forward under the new CEO. However, further differentiation and discussion by the Supervisory Board only possible in the new fiscal year.	120.00%
3 Drive forward the activities to attract and retain talented and high-potential individuals, especially with a technical background	Target-group specific (e.g. E/E, IT professionals) and overarching employer branding image campaigns to position thyssenkrupp as an employer, including the “green” campaign under the #GENERATIONTK motto; increased social media activities and expansion of active sourcing with a target-group-specific focus on IT and tech professionals / Strengthening the pipeline of industrial apprentices, including a shorter application process / Establishment of cross-segment communities to retain digitalization and tech experts / Region-specific initiatives, e.g., to attract female tech talents in China and to strengthen and expand the TechCenter in India	120.00%
Total		108.33%

STI target achievement 2022 / 2023

For fiscal year 2022 / 2023, total target achievement for the STI is therefore as follows:

STI 2022/2023 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 (€)
Current members of the Executive Board	Miguel Ángel López Borrego	416,667	0.00%	111.32%	108.33%	71.46%	297,754
	Oliver Burkhard	680,000	0.00%	111.32%	108.33%	71.46%	485,935
	Dr. Klaus Keysberg	680,000	0.00%	111.32%	108.33%	71.46%	485,935
Former members of the Executive Board	Martina Merz	937,500	0.00%	111.32%	108.33%	71.46%	669,947

The amounts set out in the above table will be paid to the Executive Board members in December 2023.

STI 2022 / 2023 as part of the compensation awarded or due in fiscal year 2022 / 2023

As in the compensation report for fiscal year 2021 / 2022, 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 reporting 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 2022 / 2023 is disclosed as part of the compensation awarded or due in fiscal year 2022 / 2023, even though payment is only made in December 2023 and thus in the following fiscal year (2023 / 2024). The aim of this method of presentation is to enhance the clarity and comprehensibility of the compensation report and is in line with the market practice on the interpretation of the term “awarded or due” pursuant to § 162 AktG.

A look forward to the individual targets for the STI 2023 / 2024

For fiscal year 2023 / 2024 the Supervisory Board has set the following individual targets for the STI, which again apply jointly to all Executive Board members:

- Resolute pursuit of the APEX performance program with transparent and timely monitoring of leverage, measures and activities. Progress to be measured in particular through the adjusted EBIT margin planned for the group for 2023 / 2024 and the achievement of the free cash flow before M&A budgeted for 2023 / 2024.

Long-Term Incentive (LTI) 2022 / 2023

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).

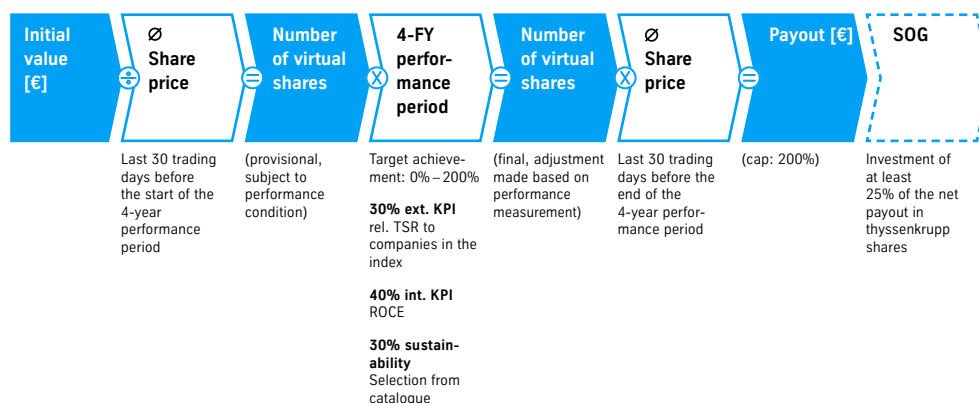
At the start of each installment, the Executive Board members are awarded a certain number of virtual shares, initially on a provisional basis. This is calculated by dividing the initial value (target amount) by the average thyssenkrupp share price, calculated as the arithmetic mean of the closing prices 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 granted 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 LTI payout 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 allocated for the LTI installment issued in fiscal year 2022 / 2023

For the LTI installment issued in fiscal year 2022 / 2023, the Executive Board members were provisionally allocated a total of 777,171 virtual shares (stock rights):

LTI INSTALLMENT 2022/2023 – ALLOCATION

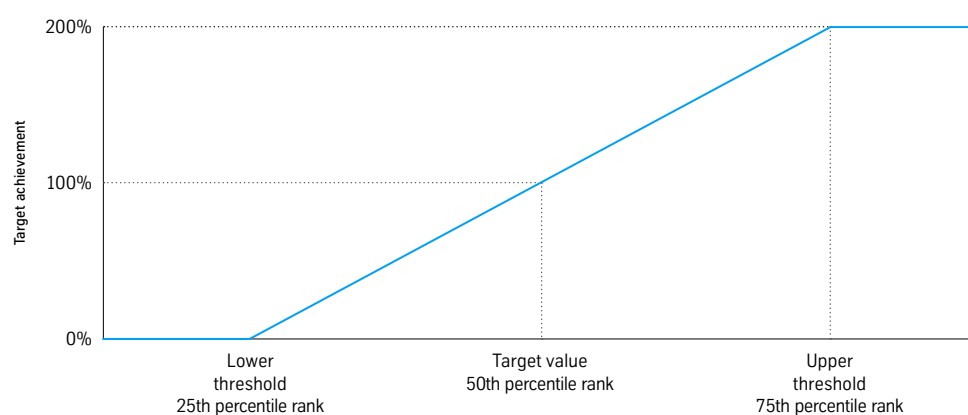
		LTI initial value (€)	Allotment price (€) (average thyssenkrupp share price)	Provisionally granted number of virtual shares	Present value at grant date (€) ¹⁾	Maximum number of virtual shares (200% target achievement)
Current members of the Executive Board	Miguel Ángel López Borrego	666,667	5.49	121,433	635,095	242,866
	Oliver Burkhard	1,050,000	5.49	191,257	671,312	382,514
	Dr. Klaus Keysberg	1,050,000	5.49	191,257	671,312	382,514
Former members of the Executive Board	Martina Merz	1,500,000	5.49	273,224	959,016	546,448

¹⁾ Granted to Oliver Burkhard, Dr. Klaus Keysberg and Martina Merz on October 13, 2022. In the case of Miguel Ángel López Borrego, the virtual shares were granted as of June 1, 2023 as he joined the company during fiscal year 2022 / 2023. This results in different present values for the virtual shares as of the grant date.

Financial performance criteria for the LTI installment issued in fiscal year 2022 / 2023

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:

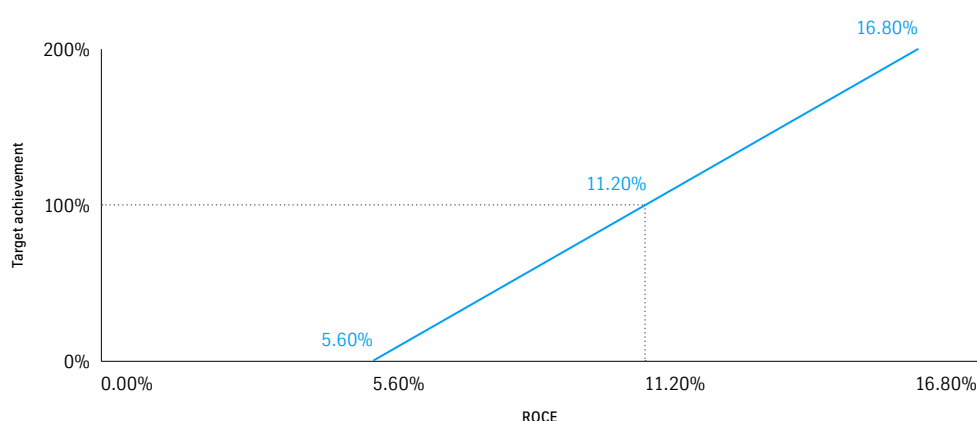
RELATIVE TOTAL SHAREHOLDER RETURN



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 Supervisory Board set the target value and the threshold values for ROCE on the basis of return expectations before allocation of installment 2022 / 2023 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 2022 / 2023

In addition to the financial performance criteria TSR performance and ROCE, sustainability targets are taken into account in the LTI with a weighting of 30%. As a rule, these are formulated as Indirect Financial Targets (IFTs) as part of thyssenkrupp's corporate management. In this context, before the launch of the LTI installment issued 2022 / 2023, the Supervisory Board selected the following two equally weighted sustainability criteria as performance criteria; they relate in particular to the area of "employees and society":

- 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%).

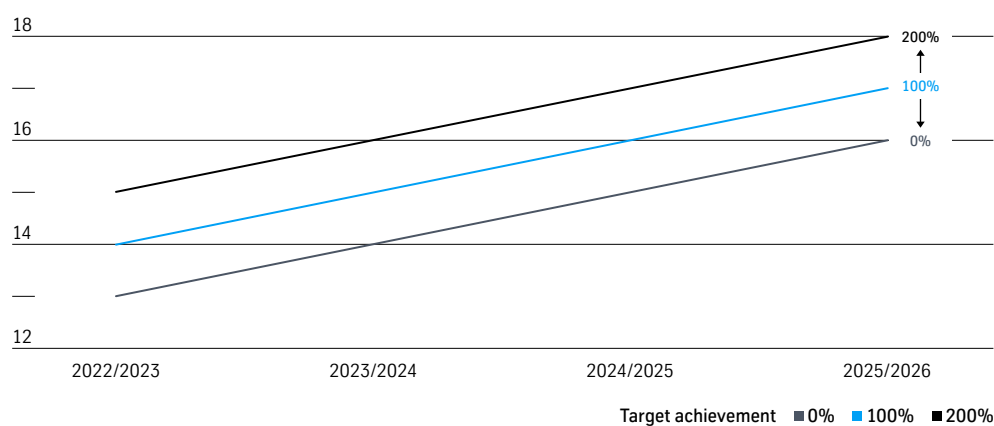
The thyssenkrupp eNPS, which is determined as part of the annual Employee Pulse Check, is an indicator of employee satisfaction, expressed by the willingness of employees to recommend thyssenkrupp as an employer. The eNPS is based on the answers to the question "How likely is it that you recommend your company to a friend?" A scale of 0 to 10 is used for the answers; 0 stands for "very unlikely" and 10 for "very likely." The eNPS is calculated as the difference between the percentage of answers in the two highest categories, 9 and 10 ("promoters"), and the percentage of answers in the four lowest categories, 0 to 3 ("detractors"). Therefore, an eNPS of >0 means that the proportion of promoters in the answers submitted in the Employee Pulse Check is higher than the proportion of detractors, i.e., there are more positive than negative answers.

The Supervisory Board has selected two sustainability targets for LTI installment 2022 / 2023, with a focus on the area of "employees and society."

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 by the Supervisory Board annually during the four-year performance period within a range of 0% and 200%, based on the results achieved in the respective fiscal year.

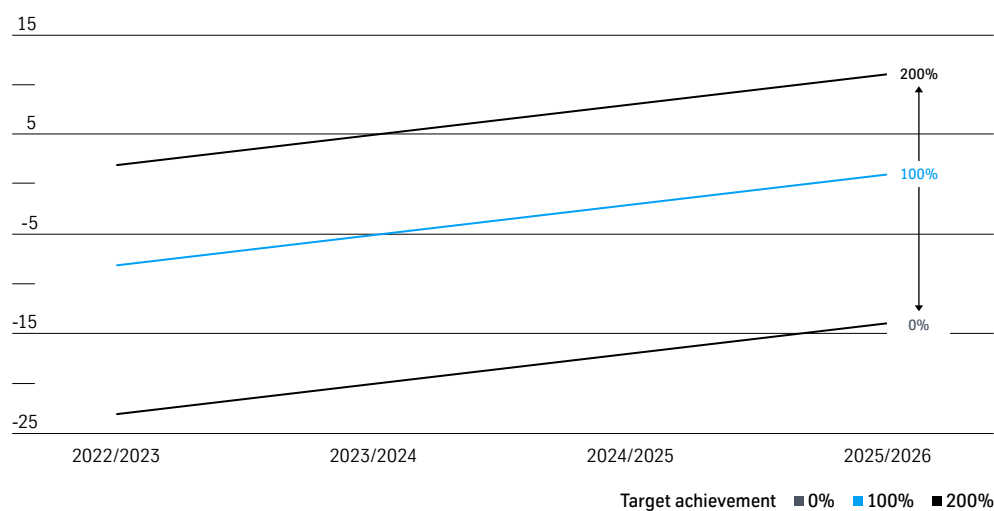
TARGETS AND THRESHOLDS FOR THE PERCENTAGE OF WOMEN

in leadership positions at group level through to 2025/2026



TARGETS AND THRESHOLDS FOR THE EMPLOYEE NET PROMOTER SCORE (ENPS)

at group level through to 2025/2026



Annual levels of target achievement of the performance criteria for the LTI installment issued in fiscal year 2022 / 2023

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 2022 / 2023, the Supervisory Board determined the following target achievements:

LTI 2020/2021 – 2023/2024: TARGET ACHIEVEMENT ON ANNUAL BASIS FOR 2022/2023¹⁾

Performance criterion	Weighting	Threshold value for 0% target achievement	Target value for 100% target achievement	Threshold value for 200% target achievement	Result for 2022/2023	Target achievement
Relative Total Shareholder Return (Percentile)	30%	25	50	75	84	200.00%
Return on Capital Employed (%)	40%	0.00	4.00	8.50	(9.28)	0.00%
Accident frequency rate per 1 million working hours	15%	3.20	2.60	2.20	2.41	147.50%
Proportion of women in leadership positions (%)	15%	13.00	14.00	15.00	14.61	161.00%
Total	100%					106.28%

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 2022/2023¹⁾

Performance criterion	Weighting	Threshold value for 0% target achievement	Target value for 100% target achievement	Threshold value for 200% target achievement	Result for 2022/2023	Target achievement
Relative Total Shareholder Return (Percentile)	30%	25	50	75	84	200.00%
Return on Capital Employed (%)	40%	5.00	10.00	15.00	(9.28)	0.00%
Emissions intensity ²⁾ (t CO ₂ -equivalent per €1 million sales p.a.)	15%	38.50	36.50	34.50	31.18	200.00%
Verified production volume of net CO ₂ -reduced steel (kt p.a.) ³⁾	15%	20.00	50.00	100.00	75.97	151.94%
Total	100%					112.79%

¹⁾ For detailed information on the targets and the target and threshold values for the LTI installment launched in fiscal year 2021 / 2022, see the Compensation Report 2021 / 2022

²⁾ Calculated on the basis of scope 1 and scope 2 emissions at group level, excluding Steel Europe

³⁾ Formally referred to as net climate-neutral steel.

LTI 2022/2023 – 2025/2026: TARGET ACHIEVEMENT ON ANNUAL BASIS FOR 2022/2023

Performance criterion	Weighting	Threshold value for 0% target achievement	Target value for 100% target achievement	Threshold value for 200% target achievement	Result for 2022/2023	Target achievement
Relative Total Shareholder Return (Percentile)	30%	25	50	75	84	200.00%
Return on Capital Employed (%)	40%	5.60	11.20	16.80	(9.28)	0.00%
Proportion of women in leadership positions (%)	15%	13.00	14.00	15.00	14.61	161.00%
Employee Net Promoter Score	15%	(23.00)	(8.00)	2.00	(4.00)	140.00%
Total	100%					105.15%

Long-Term Incentive (LTI) 2019 / 2020



Final target achievement for the LTI installment 2019 / 2020

The LTI installment for the fiscal year 2019 / 2020, based on the compensation system in effect at that time, started on October 1, 2019 and ended on September 30, 2022. 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 2022 / 2023 so the performance period only ended in the present reporting year. See also the detailed commentary in the compensation report for fiscal year 2019 / 2020.

The performance period for the LTI installment 2019 / 2020 ended in 2022 / 2023.

For the performance criterion tkVA, the Supervisory Board set a target value of €3,000 million. After the end of the performance period the related payout amount is therefore derived as follows:

CALCULATION OF TARGET ACHIEVEMENT – LTI INSTALLMENT 2019 / 2020¹⁾

Performance targets	thyssenkrupp Value Added (tkVA) Price performance of thyssenkrupp stock
tkVA performance period	2019 / 2020 – 2021 / 2022
Relevant share price	Average share price Q1 2022 / 2023 vs. average share price Q1 2019 / 2020
Link	Multiplication
Possible target achievement	0–250%
No. of virtual shares provisionally awarded	Target amount: €1,050,000 Average share price Q1 2019 / 2020: €12.50  84,000 virtual shares
Target achievement tkVA	The average tkVA actually achieved was €6.7 million below the target tkVA, leading to a decrease of 0.67% in the number of virtual shares awarded
No. of virtual shares finally awarded	$(100\% - 0.67\%) \times 84,000 \text{ virtual shares} = 83,437 \text{ virtual shares}$
Payout	83,437 virtual shares Average share price Q1 2022 / 2023: €5.37  €448,056.69

¹⁾ Example for an ordinary Executive Board member based on an initial value of €1,050,000

LTI 2019 / 2020 as part of the compensation awarded or due in fiscal year 2022 / 2023

As outlined above, the performance period for the LTI installment 2019 / 2020 ended on December 31, 2022 with the determination of the share price performance in the first quarter of fiscal year 2022 / 2023. Consequently, the performance conditions for any payout were only fulfilled as of this date. Therefore – to allow allocation to the correct period – the payout of the LTI 2019 / 2020 is presented as part of the compensation awarded or due in fiscal year 2022 / 2023 within the meaning of § 162 (1) AktG.

In January 2023, 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 2019/2020 – SUMMARY

		Initial value (€)	Avg. share price Q1 FY 2019 / 2020 (€)	Provisionally granted number of virtual shares	tkVA target achievement	Finally granted number of virtual shares	Avg. share price Q1 FY 2022 / 2023 (€)	Payout amount (€)
Current members of the Executive Board	Oliver Burkhard	1,050,000	12.50	84,000	99.33%	83,437	5.37	448,056.69
	Dr. Klaus Keysberg	1,050,000	12.50	84,000	99.33%	83,437	5.37	448,056.69
Former members of the Executive Board	Johannes Dietsch	525,000	12.50	42,000	99.33%	41,719	5.37	224,031.03
	Martina Merz	2,000,000	12.50	160,000	99.33%	158,928	5.37	853,443.36

Miguel Ángel López Borrego was not a member of the Executive Board of thyssenkrupp AG in fiscal year 2019 / 2020; therefore, he 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 2023 / 2024

The Supervisory Board has selected the following sustainability target for the LTI installment to be launched in fiscal year 2023 / 2024, which will run from 2023 / 2024 until 2026 / 2027:

- Achievement of a High Risk Supplier Reduction (HSR) of 36.4% at group level by 2026 / 2027 (weighting: 30%).

The newly developed High Risk Supplier Reduction (HSR) indicator will be implemented as a new Indirect Financial Target (IFT) at group level from the present fiscal year, analogously to its integration into long-term compensation. In the future, this indicator will be used to report how the measures we take reduce sustainability risks in our supplier portfolio. It therefore replaces the previous IFT for the number of supplier audits performed. The HSR shows the proportion of suppliers classified as potentially risky in the initial risk analysis performed in accordance with the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) relative to the total population of potentially risky suppliers. Through the reduction target, we aim to further reduce the risk of violations of the legal provisions of this legislation in respect of environmental protection, human rights, and occupational safety within our portfolio of suppliers. If other risks are identified in the annual and ad-hoc risk analysis, these must be mitigated as soon as possible, irrespective the objectives set within the framework of the HSR, by taking by prompt measures that are consistent with the provisions of the LkSG.

Other compensation rules

Share ownership guidelines (SOG)

All Executive Board members are required to purchase thyssenkrupp shares to a total value of one annual fixed salary (gross) and to hold them for the duration of their appointment. This brings the interests of the Executive Board and shareholders further into alignment and also recognizes thyssenkrupp's sustainable and long-term development. The 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.

Share ownership guidelines have been agreed for the Executive Board members.

Under the program in effect, in fiscal year 2022 / 2023 shares were purchased using the STI paid in December 2022 for fiscal year 2021 / 2022 and from the payment made in January 2023 for the LTI installment issued for fiscal year 2019 / 2020. No STI or LTI payouts were due to Miguel Ángel López Borrego as he joined the Executive Board on June 1, 2023 and thus during fiscal year 2022 / 2023; consequently he did not purchase any shares under the SOG. In his case, the first purchase of shares will be made in fiscal year 2023 / 2024 out of the payout due in December 2023 for the STI for fiscal year 2022 / 2023. By contrast, for Martina Merz the obligation to hold the shares purchased under the share ownership guidelines (SOG) ended when her service contract ended on June 30, 2023. Moreover, she no longer has an obligation to purchase shares in the future.

The following table shows the investments made and the fulfillment of the requirements in fiscal year 2022 / 2023:

SHARE OWNERSHIP GUIDELINES: INVESTMENTS AND FULFILLMENT OF THE SHARE HOLDING REQUIREMENTS IN FY 2022/2023

	Status quo per Sept. 30, 2022			Investments made in FY 2022/2023		Status quo per Sept. 30, 2023		
	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
Miguel Ángel López Borrego ¹⁾	–	–	–	–	–	–	–	0
Oliver Burkhard	47,140	466,703	67	16,170	108,086	63,310	574,789	82
Dr. Klaus Keysberg	14,172	123,830	18	16,170	108,086	30,342	231,916	33
Martina Merz ²⁾	26,051	227,624	28	30,309	202,597	56,360	430,221	32

¹⁾ Miguel Ángel López Borrego has notified the company that on May 12, 2023 he privately purchased 238,000 thyssenkrupp shares at a total cost of €1,513,680. At his own request, he did not make use of the option to transfer these shares to the SOG program, so he is still required to purchase and hold shares to the value of one year's fixed compensation (€1,340,000 gross) for the duration of his appointment.

²⁾ The disclosure on the status quo for Martina Merz in 2023 refers to the date on which her service contract ended, June 30, 2023, which also marked the end of her obligation to hold the thyssenkrupp shares purchased under the applicable SOG.

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 2022 / 2023, 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 2022 / 2023.

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 2022/2023

€000s		Miguel Ángel López Borrego			Oliver Burkhard			Dr. Klaus Keysberg		
		Chairman of the Executive Board since June 1, 2023			Ordinary member of the Executive Board since February 1, 2013			Ordinary member of the Executive Board since October 1, 2019		
		Target compensation	Maximum	Payout	Target compensation	Maximum	Payout	Target compensation	Maximum	Payout
One-year variable compensation	STI 2022/2023	417	833	298	680	1,360	486	680	1,360	486
Multiple-year variable compensation	LTI 2019/2020	–	–	–	1,050	2,625	448	1,050	2,625	448

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 2022/2023

€000s		Johannes Dietsch			Martina Merz		
		Ordinary member of the Executive Board Feb. 1, 2019 – March 31, 2020			Chairwoman of the Executive Board October 1, 2019 – May 31, 2023		
		Target compensation	Maximum	Payout	Target compensation	Maximum	Payout
One-year variable compensation	STI 2022/2023	–	–	–	938	1,875	670
Multiple-year variable compensation	LTI 2019/2020	525	1,313	224	2,000	5,000	853

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 as well as any other compensation). The maximum compensation amount is €9.0 million for a CEO and €4.5 million each for 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 2019 / 2020 ended in fiscal year 2022 / 2023 so it is only now possible to report on compliance with the maximum compensation set for fiscal year 2019 / 2020. This corresponded to the amount and definition of maximum compensation applicable in fiscal year 2022 / 2023 and was observed for 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 THE FORMER MEMBERS OF THE EXECUTIVE BOARD GRANTED FOR FY 2019/2020

€000s		Martina Merz			Oliver Burkhard			Johannes Dietsch			Dr. Klaus Keysberg		
		Chairwoman of the Executive board October 1, 2019 – May 31, 2023			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 since October 1, 2019		
		Target compensation	Maximum compensation	Payout	Target compensation	Maximum compensation	Payout	Target compensation ¹⁾	Maximum compensation ¹⁾	Payout	Target compensation	Maximum compensation	Payout
Performance-independent compensation	Fixed compensation 2019/2020 ²⁾	1,307	1,307	1,307	683	683	683	350	350	350	683	683	683
	Fringe benefits 2019/2020	93	93	93	79	79	79	17	17	17	81	81	81
	Pension allowance 2019/2020	536	536	536	–	–	–	–	–	–	280	280	280
	Total	1,936	1,936	1,936	762	762	762	367	367	367	1,044	1,044	1,044
One-year variable compensation	STI 2019/2020	1,250	2,500	0	680	1,360	0	— ³⁾	— ³⁾	— ³⁾	680	1,360	0
	Multiple-year variable compensation LTI 2019/2020	2,000	5,000	853	1,050	2,625	448	525	1,313	224	1,050	2,625	448
Other compensation	Total	5,186	9,436	2,789	2,492	4,747	1,210	892	1,680	591	2,774	5,029	1,492
	Special payment 2019/2020 ⁴⁾	500	500	500	200	200	200	–	–	–	200	200	200
Pension	Total	5,686	9,936	3,289	2,692	4,947	1,410	892	1,680	591	2,974	5,229	1,692
	Service costs 2019/2020	–	–	–	1	1	1	145	145	145	360	360	360
Total compensation		5,686	9,000	3,289	2,693	4,500	1,411	1,037	2,250	736	3,334	4,500	2,052

¹⁾ Since Johannes Dietsch left the Executive Board during the year, the target and maximum compensation for fiscal year 2019 / 2020 was determined on a prorated basis.

²⁾ In view of the impact of the Covid-19 pandemic and the related short-time working for members of the workforce, on their own initiative Martina Merz, Oliver Burkhard and Dr. Klaus Keysberg each waived 10% of their gross monthly compensation for the three months from May to July 2020.

³⁾ When he left the Executive Board, Johannes Dietsch renounced all claims to an STI for fiscal year 2019 / 2020.

⁴⁾ For their exceptional achievements in fiscal year 2019 / 2020, Martina Merz, Oliver Burkhard und Dr. Klaus Keysberg received a one-time special payment under the rules for the compensation system in effect at that time. For the background and further details, please refer to the information provided in the Compensation Report 2019 / 2020 and at the 2021 Annual General Meeting.

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.

In the service contracts entered into or extended 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 retirement benefit costs, LTI and fringe benefits, are not considered.

The severance payment provisions contained in the Executive Board service contracts comply with the recommendations of the German Corporate Governance Code.

This notwithstanding, for Oliver Burkhard as an Executive Board member first appointed before October 1, 2019, the previous arrangement was that the parties would agree on the amount of any severance payment as and when required, in which case such a payment would not exceed the caps stated in the following: a severance payment would 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 had been less than that sum total, that lower value would have been the cap. This ruling no longer applies from the beginning of his new term of office effective October 1, 2023 and the level of any severance payment would be determined using the general system applicable for all service contracts entered into or extended from October 1, 2019.

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 or extended since April 1, 2020 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 or extended 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 Alfred Krupp von Bohlen und Halbach Foundation. As outlined above, this ruling no longer applies to Oliver Burkhard from the start of his new term of office on October 1, 2023.

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, the Executive Board members Miguel Ángel López Borrego, Dr. Klaus Keysberg and Martina Merz were granted compensation for holding positions on the supervisory board of thyssenkrupp nucera AG & Co. KGaA. Under the corresponding regulations of the valid Executive Board compensation system, these were offset against their compensation payments and thus did not result in higher total compensation. With a view to clarity and understandability, these amounts are therefore not disclosed in the tables presenting the overview of compensation awarded or due to Executive Board members in fiscal year 2022 / 2023.

No further compensation was granted to Executive Board members for holding supervisory board positions within the group in the past fiscal year. This also applies to positions held on external supervisory boards in connection with their work for the Executive Board and in the interests of thyssenkrupp.

Executive Board compensation disclosed for each member individually

Compensation awarded or due to current Executive Board members in fiscal year 2022 / 2023

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 fiscal year 2022 / 2023, the fringe benefits granted, the pension allowance paid for their services in the fiscal year, the STI granted for their services in fiscal year 2022 / 2023 and due in December 2023, the payout from the LTI installment for fiscal year 2019 / 2020, for which the performance period ended in fiscal year 2022 / 2023. Current pension service costs for the present Executive Board members for their service in the past 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 2022/2023

		Miguel Ángel López Borrego Chairman of the Executive Board since June 1, 2023				Oliver Burkhard Ordinary member of the Executive Board since February 1, 2013				Dr. Klaus Keysberg Ordinary member of the Executive Board since October 1, 2019			
		2021/2022		2022/2023		2021/2022		2022/2023		2021/2022		2022/2023	
		€000s	in %	€000s	in %	€000s	in %	€000s	in %	€000s	in %	€000s	in %
Performance-independent compensation	Fixed compensation	–	–	447	48	700	30	700	40	700	49	700	36
	Fringe benefits	–	–	8	1	48	2	123	7	58	4	57	3
	Pension allowance	–	–	179	19	–	–	–	–	280	20	280	14
Total		–	–	633	68	748	32	823	47	1,038	73	1,037	53
One-year variable compensation	STI 2021/2022	–	–	–	–	377	16	–	–	377	27	–	–
	STI 2022/2023	–	–	298	32	–	–	486	28	–	–	486	25
Multiple-year variable compensation	LTI 2018/2019	–	–	–	–	1,230	52	–	–	–	–	–	–
	LTI 2019/2020	–	–	–	–	–	–	448	26	–	–	448	23
Total		–	–	931	100	2,355	100	1,757	100	1,415	100	1,971	100
Other compensation		–	–	–	–	–	–	–	–	–	–	–	–
Total compensation in accordance with § 162 AktG		–	–	931	100	2,355	100	1,757	100	1,415	100	1,971	100
Service costs ¹⁾		–	–	–	–	6	–	3	–	155	–	559	–
Total compensation incl. service costs¹⁾		–	–	931	–	2,361	–	1,760	–	1,570	–	2,530	–

¹⁾ Voluntary additional disclosure; based on IFRS

Compensation awarded or due to former Executive Board members in fiscal year 2022 / 2023

The following table contains the fixed and variable compensation components awarded or due in fiscal year 2022 / 2023 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. These comprise the annual fixed salary paid for any services in fiscal year 2022 / 2023, the fringe benefits granted, the pension allowance paid for any services in fiscal year 2022 / 2023, the STI granted for any services in fiscal year 2022 / 2023 and due in December 2023, the payout from the LTI installment for fiscal year 2019 / 2020, for which the performance period ended in fiscal year 2022 / 2023. They also include any pension benefits drawn for fiscal year 2022 / 2023.

COMPENSATION OF THE FORMER MEMBERS OF THE EXECUTIVE BOARD AWARDED OR DUE IN FY 2022/2023 (1/2)

		Martina Merz				Johannes Dietsch				Dr. Donatus Kaufmann			
		Chairwoman of the Executive Board October 1, 2019 – May 31, 2023				Ordinary member of the Executive Board Feb. 1, 2019 – March 31, 2020				Ordinary member of the Executive Board Feb. 1, 2014 – Sept. 30, 2019			
		2021/2022		2022/2023		2021/2022		2022/2023		2021/2022		2022/2023	
		€000s	in %	€000s	in %	€000s	in %	€000s	in %	€000s	in %	€000s	in %
Performance-independent compensation	Fixed compensation	1,340	52	1,005	34	–	–	–	–	–	–	–	–
	Fringe benefits	24	1	18	1	–	–	–	–	–	–	–	–
	Pension allowance	536	21	402	14	–	–	–	–	–	–	–	–
Total		1,900	73	1,425	48	–	–	–	–	–	–	–	–
One-year variable compensation	STI 2021/2022	693	27	–	–	–	–	–	–	–	–	–	–
	STI 2022/2023	–	–	670	23	–	–	–	–	–	–	–	–
	LTI 2018/2019	–	–	–	–	820	100	–	–	1,113	100	–	–
Multiple-year variable compensation	LTI 2019/2020	–	–	853	29	–	–	224	40	–	–	–	–
	Total	2,593	100	2,948	100	820	100	224	40	1,113	100	–	–
Other compensation	Pension payments	–	–	–	–	–	–	–	–	–	–	–	–
	Payout pension capital ¹⁾	–	–	–	–	–	–	333	60	–	–	1,846	100
	Payout DC ²⁾	–	–	–	–	–	–	–	–	–	–	–	–
Total compensation in accordance with § 162 AktG		2,593	100	2,948	100	820	100	557	100	1,113	100	1,846	100
Service costs ³⁾		–	–	–	–	–	–	–	–	–	–	–	–
Total compensation incl. service costs³⁾		2,593	–	2,948	–	820	–	557	–	1,113	–	1,846	–

¹⁾ Johannes Dietsch and Dr. Donatus Kaufmann do not receive their pension as annuity payments but as a lump-sum payment.

²⁾ Deferred compensation: compensation converted into additional pension benefits.

³⁾ Voluntary additional disclosure; based on IFRS

COMPENSATION OF THE FORMER MEMBERS OF THE EXECUTIVE BOARD AWARDED OR DUE IN FY 2022/2023 (2/2)

		Dr. Heinrich Hiesinger			
		Vice Chairman of the Executive Board Oct. 1, 2010 – Jan. 20, 2011 Chairman of the Executive Board Jan. 21, 2011 – July 6, 2018			
		2021/2022		2022/2023	
		€000s	in %	€000s	in %
Other compensation	Pension payments	695	100	749	100
Total compensation in accordance with § 162 AktG		695	100	749	100

Target compensation and actual compensation of the current Executive Board members for the past fiscal year

As a voluntary additional disclosure of the compensation awarded or due for fiscal year 2022 / 2023 as defined in § 162 AktG, the following table presents the target compensation of the current Executive Board members for the fiscal year 2022 / 2023. 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 2022/2023

		Miguel Ángel López Borrego Chairman of the Executive Board since June 1, 2023				Oliver Burkhard Ordinary member of the Executive Board since February 1, 2013				Dr. Klaus Keysberg Ordinary member of the Executive Board since October 1, 2019			
€000s		Target compensation ¹⁾	Minimum compensation	Maximum compensation ¹⁾	awarded or due	Target compensation	Minimum compensation	Maximum compensation	awarded or due	Target compensation	Minimum compensation	Maximum compensation	awarded or due
Performance-independent compensation	Fixed compensation	447	447	447	447	700	700	700	700	700	700	700	700
	Fringe benefits	8	8	8	8	123	123	123	123	57	57	57	57
	Pension allowance	179	179	179	179	–	–	–	–	280	280	280	280
Total		633	633	633	633	823	823	823	823	1,037	1,037	1,037	1,037
One-year variable compensation	STI 2022/2023	417	0	833	298	680	0	1,360	486	680	0	1,360	486
	LTI 2019/2020	–	–	–	–	–	–	–	448	–	–	–	448
Multiple-year variable compensation	LTI 2022/2023	667	0	1,333	–	1,050	0	2,100	–	1,050	0	2,100	–
Total		1,717	633	2,800	931	2,553	823	4,283	1,757	2,767	1,037	4,497	1,971
Other compensation		–	–	–	–	–	–	–	–	–	–	–	–
Total compensation		1,717	633	3,000	931	2,553	823	4,500	1,757	2,767	1,037	4,500	1,971

¹⁾ Since Miguel Ángel López Borrego was appointed to the Executive Board during the year, the target and maximum compensation for fiscal year 2022 / 2023 was determined on a prorated basis.

Supervisory Board compensation in fiscal year 2022 / 2023

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 basic 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 basic 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 2022 / 2023

In addition to having their expenses reimbursed, Supervisory Board members receive annual basic 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 Committee defined in § 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 basic compensation, while the chair of each committee receives an additional payment of €25,000. Each member of the Audit Committee receives an additional payment of €20,000 on top of their annual basic 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 2022 / 2023. 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 compensation of the Supervisory Board is only payable after the close of the fiscal year. However, in line with the practice in the compensation report for fiscal year 2021 / 2022, the Supervisory Board compensation disclosed in the present report is systematically allocated to the fiscal year in which the underlying activity was performed – to allow allocation to the correct period and in the interests of clarity and understandability and to align it with the disclosure of the Executive Board compensation.

The following presentation of the compensation awarded or due to the members of the Supervisory Board in fiscal year 2022 / 2023 therefore comprises compensation components payable in fiscal year 2023 / 2024, but where the amount and entitlement comprises already established fixed compensation and compensation for membership of committees for activities performed in fiscal year 2022 / 2023 and meeting attendance fees incurred for fiscal year 2022 / 2023.

COMPENSATION OF THE FORMER MEMBERS OF THE SUPERVISORY BOARD AWARDED OR DUE IN FY 2022/2023

	Basic compensation				Compensation for committee work				Meeting fee				Compensation from directorships within the group				Total compensation according to § 162 AktG			
	2021/2022		2022/2023		2021/2022		2022/2023		2021/2022		2022/2023		2021/2022		2022/2023		2021/2022		2022/2023	
	in €	in %	in €	in %	in €	in %	in €	in %	in €	in %	in €	in %	in €	in %	in €	in %	in €	in %	in €	in %
Friederike Helfer ¹⁾	50,000	49	20,833	50	45,000	44	18,750	45	8,000	8	2,500	6	–	–	–	–	103,000	100	42,083	100
Peter Remmler ¹⁾	50,000	60	20,833	63	12,500	15	5,208	16	4,500	5	1,500	5	16,500	20	5,428	16	83,500	100	32,970	100
Dirk Sievers ²⁾	50,000	36	37,500	41	70,000	51	43,125	47	18,500	13	11,000	12	–	–	–	–	138,500	100	91,625	100
Isolde Würz ³⁾	50,000	94	12,500	96	–	–	–	–	3,000	6	500	4	–	–	–	–	53,000	100	13,000	100
Total	200,000		91,667		127,500		–		34,000		15,500		16,500		5,428		378,000		179,678	

¹⁾ Member of the Supervisory Board until February 3, 2023

²⁾ Member of the Supervisory Board until June 20, 2023

³⁾ Member of the Supervisory Board until December 31, 2022

COMPENSATION OF THE CURRENT MEMBERS OF THE SUPERVISORY BOARD AWARDED OR DUE IN FY 2022/2023

	Basic compensation				Compensation for committee work				Meeting fee				Compensation from directorships within the group				Total compensation according to § 162 AktG			
	2021/2022		2022/2023		2021/2022		2022/2023		2021/2022		2022/2023		2021/2022		2022/2023		2021/2022		2022/2023	
	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	91	200,000	92	–	–	–	–	19,500	9	17,000	8	–	–	–	–	219,500	100	217,000	100
Jürgen Kerner, Vice Chairman	150,000	90	150,000	92	–	–	–	–	16,500	10	13,500	8	–	–	–	–	166,500	100	163,500	100
Birgit A. Behrendt	50,000	94	50,000	81	–	–	8,333	13	3,000	6	3,500	6	–	–	–	–	53,000	100	61,833	100
Dr. Patrick Berard ¹⁾	–	–	33,333	93	–	–	–	–	–	–	2,500	7	–	–	–	–	–	–	35,833	100
Stefan Erwin Buchner	50,000	95	50,000	78	–	–	8,333	13	2,500	5	5,500	9	–	–	–	–	52,500	100	63,833	100
Dr. Wolfgang Colberg	50,000	94	50,000	73	–	–	13,333	20	3,000	6	5,000	7	–	–	–	–	53,000	100	68,333	100
Prof. Dr. Dr. h. c. Ursula Gather	50,000	62	50,000	61	25,000	31	25,000	31	5,500	7	6,500	8	–	–	–	–	80,500	100	81,500	100
Angelika Gifford	50,000	94	50,000	93	–	–	–	–	3,000	6	3,500	7	–	–	–	–	53,000	100	53,500	100
Dr. Bernhard Günther	50,000	38	50,000	40	65,833	50	57,500	46	16,000	12	17,500	14	–	–	–	–	131,833	100	125,000	100
Achim Hass	50,000	85	50,000	84	–	–	–	–	3,000	5	3,500	6	6,000	10	5,800	10	59,000	100	59,300	100
Tanja Jacquemin	50,000	67	50,000	66	20,000	27	20,000	26	5,000	7	6,000	8	–	–	–	–	75,000	100	76,000	100
Daniela Jansen	50,000	72	50,000	67	15,000	22	19,167	26	4,500	6	5,500	7	–	–	–	–	69,500	100	74,667	100
Christian Julius	29,167	84	50,000	83	–	–	–	–	1,500	4	3,500	6	3,943	11	6,800	11	34,610	100	60,300	100
Thorsten Koch	8,333	89	50,000	79	–	–	4,167	7	500	5	4,000	6	493	5	5,450	9	9,326	100	63,617	100
Katrin Krawinkel ²⁾	–	–	37,500	93	–	–	–	–	–	–	3,000	7	–	–	–	–	–	–	40,500	100
Dr. Ingo Luge	50,000	63	50,000	61	25,000	31	25,000	31	5,000	6	6,500	8	–	–	–	–	80,000	100	81,500	100
Tekin Nasikkol	50,000	60	50,000	48	12,500	15	27,500	27	4,500	5	9,000	9	17,000	20	16,750	16	84,000	100	103,250	100
Dr. Verena Volpert	50,000	56	50,000	52	33,333	38	40,000	42	5,500	6	6,000	6	–	–	–	–	88,833	100	96,000	100
Ulrich Wilsberg ¹⁾	–	–	33,333	55	–	–	11,875	20	–	–	4,500	7	–	–	10,613	18	–	–	60,321	100
Kirstin Zeidler ³⁾	–	–	12,500	74	–	–	–	–	–	–	500	3	–	–	3,784	23	–	–	16,784	100
Total	987,500		1,166,667		196,666		260,208		98,500		126,500		27,436		49,197		1,310,102		1,602,572	

¹⁾ Member of the Supervisory Board since February 3, 2023

²⁾ Member of the Supervisory Board since January 1, 2023

³⁾ Member of the Supervisory Board since July 7, 2023

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.

COMPARATIVE TABLE OF CHANGES IN COMPENSATION AND COMPANY PERFORMANCE FOR THE MEMBERS OF THE EXECUTIVE BOARD

	Compensation awarded or due in 2022/2023	Compensation awarded or due in 2021/2022	Changes 2022/2023 towards 2021/2022		Changes 2021/2022 towards 2020/2021		Changes 2020/2021 towards 2019/2020		Changes 2019/2020 towards 2018/2019		Changes 2018/2019 towards 2017/2018	
	€000s	€000s	absolute	in %	absolute	in %	absolute	in %	absolute	in %	absolute	in %
Current members of the Executive Board												
Miguel Ángel López Borrego	931	–	931	–	–	–	–	–	–	–	–	–
Oliver Burkhard	1,757	2,355	(598)	(25)	127	6	1,074	93	(247)	(18)	(494)	(26)
Dr. Klaus Keysberg	1,971	1,415	556	39	(631)	(31)	802	64	1,244	–	–	–
Former members of the Executive Board												
Johannes Dietsch	557	820	(263)	(32)	820	–	(1,169)	(100)	688	143	481	–
Dr. Heinrich Hiesinger	749	695	54	8	(793)	(53)	1,083	267	(1,645)	(80)	(4,811)	(70)
Dr. Donatus Kaufmann	1,846	1,113	733	66	605	119	(1,662)	(77)	783	56	(508)	(27)
Martina Merz	2,948	2,593	355	14	(1,045)	(29)	1,202	49	2,436	–	–	–
Employees												
Avg. employees in Germany	71	68	4	6	3	4	2	4	(2)	(4)	1	2
Company performance												
Net income tk group (€ million)	(1,986)	1,220	(3,206)	--	1,245	++	(9,617)	--	9,852	++	(320)	-
Net income thyssenkrupp AG (€ million)	(1,783)	2,103	(3,886)	--	2,754	++	(362)	-	1,518	++	(3,386)	--

COMPARATIVE TABLE OF CHANGES IN COMPENSATION AND COMPANY PERFORMANCE FOR THE MEMBERS OF THE SUPERVISORY BOARD

	Compensation awarded or due in 2022/2023	Compensation awarded or due in 2021/2022	Changes 2022/2023 towards 2021/2022		Changes 2021/2022 towards 2020/2021		Changes 2020/2021 towards 2019/2020		Changes 2019/2020 towards 2018/2019		Changes 2018/2019 towards 2017/2018	
	in €	in €	absolute	in %	absolute	in %	absolute	in %	absolute	in %	absolute	in %
Current members of the Supervisory Board												
Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm, Chairman	217,000	219,500	(2,500)	(1)	1,500	1	(12,000)	(5)	194,250	543	35,750	-
Jürgen Kerner, Vice Chairman	163,500	166,500	(3,000)	(2)	(500)	0	38,500	30	128,500	-	-	-
Birgit A. Behrendt	61,833	53,000	8,833	17	1,000	2	11,000	27	41,000	-	-	-
Dr. Patrick Berard	35,833	-	35,833	-	-	-	-	-	-	-	-	-
Stefan Erwin Buchner	63,833	52,500	11,333	22	18,167	53	34,333	-	-	-	-	-
Dr. Wolfgang Colberg	68,333	53,000	15,333	29	1,000	2	(5,000)	(9)	7,333	15	49,667	-
Prof. Dr. Dr. h. c. Ursula Gather	81,500	80,500	1,000	1	500	1	(4,500)	(5)	(6,500)	(7)	32,333	55
Angelika Gifford	53,500	53,000	500	1	1,000	2	1,167	2	50,833	-	-	-
Dr. Bernhard Günther	125,000	131,833	(6,833)	(5)	(12,167)	(8)	29,875	26	114,125	-	-	-
Achim Hass	59,300	59,000	300	1	1,600	3	(3,000)	(5)	1,000	2	(16,650)	(22)
Tanja Jacquemin	76,000	75,000	1,000	1	500	1	(3,500)	(4)	1,000	1	1,000	1
Daniela Jansen	74,667	69,500	5,167	7	47,667	218	21,833	-	-	-	-	-
Christian Julius	60,300	34,610	25,690	74	34,610	-	-	-	-	-	-	-
Thorsten Koch	63,617	9,326	54,291	582	9,326	-	-	-	-	-	-	-
Katrin Krawinkel	40,500	-	40,500	-	-	-	-	-	-	-	-	-
Dr. Ingo Luge	81,500	80,000	1,500	2	0	0	8,417	12	71,583	-	-	-
Tekin Nasikkol	103,250	84,000	19,250	23	500	1	68,584	460	(8,482)	(36)	(32,917)	(58)
Dr. Verena Volpert	96,000	88,833	7,167	8	21,500	32	67,333	-	-	-	-	-
Ulrich Wilsberg	60,321	-	60,321	-	-	-	-	-	-	-	-	-
Kirstin Zeidler	16,784	-	16,784	-	-	-	-	-	-	-	-	-
Former members of the Supervisory Board												
Friederike Helfer	42,083	103,000	(60,917)	(59)	500	0	23,750	30	78,750	-	-	-
Peter Remmler	32,970	83,500	(50,530)	(61)	500	1	(3,500)	(4)	750	1	(750)	(1)
Dirk Sievers	91,625	138,500	(46,875)	(34)	1,500	1	2,000	1	(7,500)	(5)	142,500	-
Isolde Würz	13,000	53,000	(40,000)	(75)	1,000	2	(3,000)	(5)	1,000	2	(1,000)	(2)
Employees												
Avg. employees in Germany	71,367	67,569	3,798	6	2,880	4	2,460	4	(2,294)	(4)	991	2
Company performance												
Net income tk group (€ million)	(1,986)	1,220	(3,206)	--	1,245	++	(9,617)	--	9,852	++	(320)	-
Net income thyssenkrupp AG (€ million)	(1,783)	2,103	(3,886)	--	2,754	++	(362)	-	1,518	++	(3,386)	--

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 examined the remuneration report of thyssenkrupp AG, Duisburg and Essen, for the financial year from October 1, 2022 to September 30, 2023 to determine whether the disclosures pursuant to Section 162 (1) and (2) AktG have been made in the remuneration report. In accordance with Section 162 (3) AktG, we have not examined the content of the remuneration report.

In our opinion, the accompanying remuneration report complies, in all material respects, with the disclosure requirements pursuant to Section 162 (1) and (2) AktG. Our opinion does not cover the content of the remuneration report.

Basis for Opinion

We conducted our examination of the remuneration report in compliance with Section 162 (3) AktG taking into account the IDW assurance standard: Examination of the remuneration report pursuant to Section 162 (3) AktG (IDW AsS 870 (08.2021)). Our responsibilities under this regulation and this standard are further described in the “Our Responsibilities” section of our assurance report. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1). We have complied with our professional duties pursuant to the German Public Accountants Act [WPO] and the Professional Charter for Auditors/Chartered Accountants [BS WP/vBP], including the independence requirements.

Responsibilities of the Management Board and the Supervisory Board

The management and the Supervisory Board of thyssenkrupp AG, Duisburg and Essen, are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. The management and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

Our Responsibilities

Our objectives are to obtain reasonable assurance about whether the remuneration report complies, in all material respects, with the disclosure requirements pursuant to Section 162 (1) and (2) AktG, and to issue an assurance report that includes our opinion.

We planned and performed our examination to obtain evidence about the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we have not examined whether the disclosures are correct or individual disclosures are complete or whether the remuneration report is fairly presented.

Handling Potential Misleading Presentations

In connection with our examination our responsibility is to read the remuneration report by taking into account the findings of the audit of the annual financial statements and, in doing so, remain alert for indications of misleading presentations in the remuneration report to determine whether the disclosures are correct or individual disclosures are complete or whether the remuneration report is fairly presented.

If, based on the work we have performed, we conclude that there is such misrepresentation, we are required to report that fact. We have nothing to report in this regard.

Düsseldorf, November 21, 2023

KPMG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Marc Ufer

Wirtschaftsprüfer

[German Public Auditor]

Dr. Markus Zeimes

Wirtschaftsprüfer

[German Public Auditor]

Executive Board

As of September 30, 2023

Miguel Ángel López Borrego

(since June 1, 2023)

Appointed until May 2026 // Spanish

Chair

Corporate Functions Communications,

Investor Relations Management,

Legal & Compliance and

Transformation & Portfolio Development

Chief Executive Officer of thyssenkrupp Decarbon Technologies GmbH

● NORMA SE

Subsidiaries of thyssenkrupp AG:

● thyssenkrupp nucera AG & Co. KGaA

■ thyssenkrupp nucera Management AG

Oliver Burkhard

Appointed until September 2028 // German

Corporate Function Human Relations Management

Service Unit thyssenkrupp Services

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 Functions Controlling, Accounting & Risk, Corporate

Finance, Taxes & Customs, Internal Auditing, Mergers & Acquisitions

Service Unit thyssenkrupp Information Management

Executive Board of thyssenkrupp Decarbon Technologies GmbH

Subsidiaries of thyssenkrupp AG:

■ thyssenkrupp Materials Services GmbH (Chair)

■ thyssenkrupp Marine Systems GmbH (Chair)

■ thyssenkrupp Steel Europe AG

□ thyssenkrupp (China) Ltd., PR China (Chair)

□ thyssenkrupp NA Holding Corp., USA (Chair)

□ thyssenkrupp North America, LLC, USA (Chair)

● thyssenkrupp nucera AG & Co. KGaA

■ thyssenkrupp nucera Management AG

Martina Merz

Left the Executive Board at the end of May 30, 2023 // German

● Siemens AG

○ AB Volvo, Sweden

Subsidiaries of thyssenkrupp AG:

● thyssenkrupp nucera AG & Co. KGaA

- Membership of supervisory boards within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2023)
- 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, 2023)
- /○ Company listed on the stock exchange

Supervisory Board

As of September 30, 2023

Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm, Michelau

Consultant

President of the Federation of German Industries (BDI)

Chair

Appointed until 2026 // 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

Vice Chairman

Appointed until 2024 // German

- Siemens AG
- Traton SE
- Siemens Energy AG
- MAN Truck & Bus SE
- Airbus GmbH

Birgit A. Behrendt, Cologne

Consultant

Appointed until 2026 // German

- Kion Group AG
- Ford Werke GmbH
- Stulz Verwaltungsgesellschaft mbH
- Umicore S.A., Belgium
- Infinium Holdings, Inc., USA
- Rolls Royce plc, UK

Dr. Patrick Berard, Boulogne / France

(since February 3, 2023)

Consultant

Appointed until 2026 // French

- Geodis S.A., France
- LKQ Corporation, 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, Independent Director

Appointed until 2026 // German

- Pernod Ricard S.A., France
- Burelle S.A., France
- Solvay S.A., Belgium
- AMSilk GmbH (Chair)
- ChemicalInvest Holding BV, Netherlands (Chair)
- Dussur, Ryadh
- Fire (BC) Holdco Ltd. (Italmatch), UK

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 2028 // German

- Munich Re, Munich

Angelika Gifford, Kranzberg

Vice President EMEA Meta Inc. (USA)

Appointed until 2026 // German

Dr. Bernhard Günther, Haan

Chief Transformation Officer Fortum Corporation, Espoo, Finland

Appointed until 2026 // German

- Membership of supervisory boards within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2023)
- 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, 2023)
- /○ Company listed on the stock exchange

Achim Hass, Schwartbruck

Power electronics technician // Chairman of the Works Council of thyssenkrupp Marine Systems GmbH (Kiel) // Chairman of the General Works Council of thyssenkrupp Marine Systems GmbH
Appointed until 2024 // German
■ Babcock Pensionskasse VVaG
Subsidiaries of thyssenkrupp AG:
■ thyssenkrupp Marine Systems GmbH

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

Fitter // Chairman of the General Works Council of thyssenkrupp rothe erde GmbH
Appointed until 2024 // German
Subsidiaries of thyssenkrupp AG:
■ thyssenkrupp rothe erde Germany GmbH

Thorsten Koch, Wadern

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

Katrin Krawinkel, Düsseldorf

(since January 1, 2023)
Attorney // Compliance Officer at thyssenkrupp Corporate Function Legal & Compliance // Chairwoman of the Executives' Committee of thyssenkrupp AG and executive member of the Group Executives' Committee
Appointed until 2024 // German

Dr. Ingo Luge, Hanover

Director and Management Consultant
Appointed until 2026 // German
□ Gradyent Holding B.V., Netherlands (Chair)
Investments within the E.ON group:
■ Avacon AG
■ E.ON Energie Deutschland GmbH
■ PreussenElektra GmbH (Chair)

Tekin Nasikkol, Ratingen

Bachelor of Arts (Business Administration) // Member of the Works Council and Chairman of the General Works Council of thyssenkrupp Steel Europe AG // Chairman of the Group Works Council of thyssenkrupp AG
Appointed until 2024 // German
□ Novitas BKK Pflegekasse
□ PEAG Holding GmbH
Subsidiaries of thyssenkrupp AG:
■ thyssenkrupp Steel Europe AG

Dr. Verena Volpert, Lennestadt

Tax accountant
Appointed until 2024 // German
■ Vibracoustic SE

Ulrich Wilsberg, Duisburg

(since February 3, 2023)
Wholesale and foreign trade clerk // Chairman of the thyssenkrupp Materials Services Works Council Union, Chairman of the thyssenkrupp GfT Gleistechnik GmbH works council
Appointed until 2024 // German
Subsidiaries of thyssenkrupp AG:
■ thyssenkrupp Materials Services GmbH

Kirstin Zeidler, Dortmund

(since July 7, 2023)
Chairwoman of the Works Council of thyssenkrupp Steel Europe AG, Dortmund location, and Vice Chairwoman of the General Works Council of thyssenkrupp Steel Europe AG
Appointed until 2024 // German
□ VKH Vorsorgekasse Hoesch
Subsidiaries of thyssenkrupp AG:
■ thyssenkrupp Steel Europe AG

In the course of fiscal year 2022 / 2023 the following members left the Supervisory Board:

Friederike Helfer, Altendorf / Switzerland

(until February 3, 2023)

Partner at Cevian Capital Limited

Appointed until 2023 // Austrian

○ Vesuvius plc., UK

Peter Remmler, Wolfsburg

(until February 3, 2023)

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

Subsidiaries of thyssenkrupp AG:

■ thyssenkrupp Materials Services GmbH

Dirk Sievers, Werne

(until June 20, 2023)

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

Isolde Würz, Villmar

(until December 31, 2022)

Attorney // Corporate Lawyer at thyssenkrupp Corporate Function Legal & Compliance // Chairwoman of the Executives' Committee of thyssenkrupp AG and executive member of the Group Executives' Committee

Appointed until 2024 // German

Supervisory Board Committees

As of September 30, 2023

Executive Committee

Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm (Chair)

Dr. Bernhard Günther

Jürgen Kerner

Tekin Nasikkol

**Mediation Committee under
§ 27 (3) Codetermination Act**

Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm (Chair)

Dr. Bernhard Günther

Jürgen Kerner

Tekin Nasikkol

Personnel Committee

Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm (Chair)

Dr. Bernhard Günther

Jürgen Kerner

Tekin Nasikkol

Audit Committee

Dr. Verena Volpert (Chair)

Dr. Wolfgang Colberg

Dr. Bernhard Günther

Tanja Jacquemin

Tekin Nasikkol

Ulrich Wilsberg

Strategy, Finance and Investment Committee

Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm (Chair)

Stefan E. Buchner

Prof. Dr. Dr. h.c. Ursula Gather

Daniela Jansen

Jürgen Kerner

Thorsten Koch

Dr. Ingo Luge

Tekin Nasikkol

Nomination Committee

Prof. Dr.-Ing. Dr.-Ing. E. h. Siegfried Russwurm (Chair)

Birgit A. Behrendt

Prof. Dr. Dr. h.c. Ursula Gather

Dr. Bernhard Günther

Dr. Ingo Luge

Glossary

List of definitions and abbreviations

Adjusted EBIT margin

Earnings power in the reporting period;
adjusted EBIT divided by sales

Average collection period

Trade accounts receivable divided by sales, multiplied by 360
(the lower the ratio, the faster the customers pay)

Business cash flow

Mainly FCF before M&A less 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

Continuing operations

Continuing operations are operations that are not defined by IFRS 5 as discontinued operations.

COSO

Committee of Sponsoring Organizations of the Treadway Commission

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 divided by sales

EBITDA

Earnings before interest, taxes, depreciation and amortization

EMIR audit

European Market Infrastructure Regulation
Adopted in August 2012. Designed to make over-the-counter trading in derivatives more transparent and secure. Compliance is audited annually.

Equity ratio

Total equity divided by total assets
(the higher the ratio, the lower the indebtedness)

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.

FY

Fiscal year

GCGC

German Corporate Governance Code

German Act on Corporate Due Diligence Obligations in Supply Chains

Legislation that came into force in Germany on January 1, 2023 to regulate the responsibility of enterprises to respect human rights both within their own organization and in global supply chains. This includes protection from child labor, the right to fair pay and protection of the environment.

Greater China

thyssenkrupp defines this region as China, Hong Kong, Mongolia, Macau and Taiwan.

High Risk Supplier Reduction (HSR)

An internal indicator used by thyssenkrupp to measure the annual reduction in the proportion of suppliers classified as potentially high risk in the initial risk analysis performed in accordance with the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) relative to the total population of potentially high-risk suppliers.

Internal financing capability

Ratio of operating cash flows to cash flows from investing activities

Inventory turnover

Inventories divided by sales, multiplied by 360
(the lower the ratio, the faster the inventory turnover)

Long-Term Incentive plan (LTI)

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.

Net income/(loss)

The profit or loss for a given fiscal year. It is calculated as the balance of all income and expenses.

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.
EBIT divided by average capital employed

Science-Based-Targets initiative SBTi

An initiative by the World Wide Fund for Nature, the World Resources Institute, the CDP and the United Nations Global Compact to mobilize companies to set targets for reducing greenhouse gas emissions and verify that these targets are consistent with scientific findings.

Short-Term Incentive (STI)

One-year variable compensation

Staggered Board

A board where the terms of office of members end at different times.

Subsidiaries

Companies controlled directly or indirectly by thyssenkrupp AG that are included in the consolidated financial statements.

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

Weighted average cost of capital (WACC)

Minimum rate of return defined by investors

Contact and 2024 / 2025 financial calendar

For more information please contact:

Communications

Phone: +49 201 844536043

Email: press@thyssenkrupp.com

Investor Relations

Email: ir@thyssenkrupp.com

Institutional investors and analysts

Phone: +49 201 844536464

Fax: +49 201 8456531000

Private investors

Phone: +49 201 844536367

Fax: +49 201 8456531000

Published by

thyssenkrupp AG

thyssenkrupp Allee 1, 45143 Essen, Germany

Postfach, 45063 Essen, Germany

Phone: +49 201 8440

Email: info@thyssenkrupp.com

www.thyssenkrupp.com

2024 / 2025 financial calendar

February 2, 2024

Annual General Meeting

February 14, 2024

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

May 15, 2024

Interim report 1st half 2023 / 2024 (October to March)

August 14, 2024

Interim report 9 months 2023 / 2024 (October to June)

November 19, 2024

Annual report 2023 / 2024 (October to September)

January 31, 2025

Annual General Meeting

This annual report was published on November 22, 2023.

Produced in-house using firesys.

Design and layout: 3st kommunikation, Mainz

Photo credits: Julia Sellmann (Supervisory Board, Executive Board), thyssenkrupp (segment photo pages)

Forward-looking statements

This document contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond thyssenkrupp's ability to control or estimate precisely, such as the future market environment and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. If any of these or other risks or uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may be materially different from those expressed or implied by such statements. thyssenkrupp does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of this report.

Rounding differences, rates of change and notes on energy data

Percentages and figures in this report may include rounding differences, meaning that the total of the individual figures stated may not always be exactly the same as the total shown or that it may not be possible to calculate the stated percentages from the individual figures to which they relate. The signs used to indicate

rates of change are based on economic aspects: Improvements are indicated by a plus (+) sign, deteriorations are shown in brackets (). Very high positive and negative rates of change ($\geq 100\%$ or $\leq (100)\%$) are indicated by ++ and -- respectively. In order to meet the publication deadlines, the energy data for the last weeks of the fiscal year are extrapolated where necessary, using established forecasting and extrapolation methods, in order to report precise data that are as close as possible to the actual figures for the fiscal year. The indicators relating to total energy consumption include all fully consolidated companies. Since these indicators are only determined at year-end, they refer to the scope of consolidation as of this date.

Variances for technical reasons

Due to statutory disclosure requirements the Company must submit this financial report electronically to the Federal Gazette (Bundesanzeiger). For technical reasons there may be variances in the accounting documents published in the Federal Gazette.

German and English versions of the financial report can be downloaded from the internet at www.thyssenkrupp.com. In the event of variances, the German version shall take precedence over the English translation.

