thyssenkrupp

Interim report 1st quarter 2021 / 2022

October 1, 2021 –
December 31, 2021

engineering. tomorrow. together.

thyssenkrupp in figures

		Full group				Group – continuing operations[1]			
		1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	Change	in %	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	Change	in %
Order intake	million €	7,845	10,398	2,554	33	7,845	10,398	2,554	33
Sales	million €	7,321	9,023	1,701	23	7,321	9,023	1,701	23
EBITDA	million €	250	554	304	++	254	554	301	++
EBIT[2]	million €	20	298	278	++	24	298	274	++
EBIT margin	%	0.3	3.3	3.0	++	0.3	3.3	3.0	++
Adjusted EBIT[2]	million €	78	378	300	++	78	378	300	++
Adjusted EBIT margin	%	1.1	4.2	3.1	++	1.1	4.2	3.1	++
Income/(loss) before tax	million €	(93)	203	297	++	(89)	203	293	++
Net income/(loss) or earnings after tax	million €	(125)	122	247	++	(121)	122	243	++
attributable to thyssenkrupp AG's shareholders	million €	(145)	106	251	++	(141)	106	247	++
Earnings per share (EPS)	€	(0.23)	0.17	0.40	++	(0.23)	0.17	0.40	++
Operating cash flows	million €	265	(599)	(864)	--	265	(599)	(863)	--
Cash flow for investments	million €	(274)	(253)	21	8	(274)	(253)	21	8
Cash flow from divestments	million €	873	25	(848)	(97)	873	25	(848)	(97)
Free cash flow[3]	million €	864	(827)	(1,691)	--	864	(827)	(1,691)	--
Free cash flow before M&A[3]	million €	32	(858)	(891)	--	32	(858)	(891)	--
Net financial assets (Dec. 31)	million €	(5,062)	(2,701)	2,361	47				
Total equity (Dec. 31)	million €	9,929	11,425	1,497	15				
Gearing (Dec. 31)	%	—[4]	—[4]	—	—				
Employees (Dec. 31)		103,128	100,386	(2,742)	(3)				

[1] See preliminary remarks.
[2] See reconciliation in segment reporting (Note 09).
[3] See reconciliation in the analysis of the statement of cash flows.
[4] Due to the strongly positive total equity and the reported net financial assets, the significance of the gearing key ratio is of no relevance.

THYSSENKRUPP STOCK / ADR MASTER DATA AND KEY FIGURES

ISIN		Number of shares (total)	shares	622,531,741
Shares (Frankfurt, Düsseldorf stock exchanges)	DE 000 750 0001	Closing price end Dec. 2021	€	9.68
ADR (over-the-counter-trading)	US88629Q2075	Stock Exchange value end Dec. 2021	million €	6,026
Symbols				
Shares	TKA			
ADR	TKAMY			

Contents

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

Foreword

Dr. Klaus Keysberg
Chief Financial Officer (CFO)

Dear Shareholders,

thyssenkrupp made a good start to the new fiscal year 2021 / 2022 and maintained its positive business performance trend in the 1st quarter. We lifted order intake, sales and adjusted EBIT year-on-year and our key financial indicators are thus in line with expectations.

Our quarterly figures clearly demonstrate that our transformation program measures are taking effect. Our goal – to build a high-performance group of companies with strong, independent businesses – is coming within reach. We remain upbeat about the year as a whole: the significant improvement in earnings from Steel and the emerging stabilization of the situation in the supply chains will allow us to further improve our earnings in the coming quarters. As the structural improvements continue, our businesses are combating the current rise in input costs. We are clearly confirming our forecast for the current fiscal year. With free cash flow before M&A breaking even, we will reach a further milestone in our transformation. This is a major, important step towards the ambitious mid-term targets we announced in December 2021.

We will systematically continue along the path we have chosen and are grateful that you are supporting us during our transformation. Your support is crucial so that we can successfully complete thyssenkrupp's transformation. And that is something we will continue to work on at full speed – you can count on that.

Dr. Klaus Keysberg

Interim management report

Preliminary remarks

This report follows thyssenkrupp's internal control concept.

The disposal processes initiated in the 2020 / 2021 fiscal year for the plant engineering activities of the mining, infrastructure and the stainless steel businesses in the Multi Tracks segment met the criteria for presentation as disposal groups in accordance with IFRS 5 for the first time in the 4th quarter of the 2020 / 2021 fiscal year. Accordingly, the assets and liabilities attributable to these activities have been disclosed separately for the first time in the statement of financial position as of September 30, 2021. The assets and liabilities attributable to the plant engineering activities of the mining business, stainless steel business and the Australian activities of the infrastructure business are also presented separately as of December 31, 2021. The sale process for the infrastructure business was completed at the end of November 2021, with the exception of the Australian activities.

Since the sale of the Elevator Technology business at the end of July 2020, thyssenkrupp has held an investment which was part of the consideration received for the sale. For further details regarding this investment, see also Note 02 (Discontinued operations and disposal groups) and Note 07 (Financial instruments). Irrespective of the deconsolidation already recognized, subsequent expenses and income and cash flows directly related to the sale of the elevator activities must continue to be reported separately in the statement of income and the statement of cash flows, pursuant to IFRS 5.

The Elevator investment mentioned above has been allocated to the Multi Tracks segment since October 1, 2020. This was also the case for thyssenkrupp Carbon Components until the completion of its sale at the end of August 2021.

In addition, thyssenkrupp AG and its subsidiaries are referred to in this interim management report as a "group". The group comprises the entities included in the legal scope of consolidation.

Since the interim report for the 1st half of 2020 / 2021, the description of the course of business is classified by segments. In addition, starting with this interim report, the disclosures on each segment start with a description of the business model and the explanation of the mid-term targets. The objective is to reflect the Group of Companies concept in the interim reporting as well.

Report on the economic position

	Order intake million €		Sales million €		EBIT[1] million €		Adjusted EBIT[1] million €		Employees	
	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021
Materials Services	2,482	3,722	2,368	3,290	11	219	5	219	15,804	15,454
Industrial Components	662	601	621	604	98	57	101	56	12,842	12,591
Automotive Technology	1,183	1,090	1,215	1,106	116	38	109	38	19,672	19,695
Steel Europe	2,408	2,481	1,917	2,669	22	112	20	124	26,336	26,247
Marine Systems	258	479	364	377	5	(2)	5	6	6,441	6,555
Multi Tracks[2]	1,425	2,567	1,200	1,540	(184)	(50)	(111)	(1)	19,538	17,661
Corporate Headquarters	2	1	5	2	(54)	(61)	(54)	(51)	648	622
Reconciliation	(574)	(543)	(370)	(565)	9	(15)	3	(14)	1,847	1,561
Group continuing operations[2]	**7,845**	**10,398**	**7,321**	**9,023**	**24**	**298**	**78**	**378**	**103,128**	**100,386**
Discontinued elevator operations[2]	0	0	0	0	(4)	0	0	0	0	0
Full group	**7,845**	**10,398**	**7,321**	**9,023**	**20**	**298**	**78**	**378**	**103,128**	**100,386**

[1] See reconciliation in segment reporting (Note 09).
[2] See preliminary remarks.

Summary

Start into the new fiscal year proceeds as expected: order intake, sales and adjusted EBIT in the 1st quarter record significant year-on-year improvement; FCF before M&A still impacted by temporary increase in working capital

- Significant year-on-year improvement in 1st quarter performance of continuing operations:
  – Order intake with increases at Materials Services, Steel Europe, Marine Systems and Multi Tracks, compared with decreases at Industrial Components and Automotive Technology; lower customer demand in particular in the more heavily automotive- and components-related businesses, because of semiconductor shortage
  – Sales growth largely driven by significant increase in materials businesses and at Multi Tracks
  – Adjusted EBIT with earnings increases at Materials Services, Steel Europe, Marine Systems and Multi Tracks, compared with decreases at Industrial Components and Automotive Technology
- 1st quarter performance of the segments compared with prior year:
  – Materials Services with significant increase in adjusted EBIT and adjusted EBIT margin, mainly because of significantly higher product prices; continued price rises at stainless steel and non-ferrous metals

- Industrial Components with overall slight sales decrease: rise in forgings business cannot offset lower sales in bearings business; adjusted EBIT also impacted by higher factor costs
- Automotive Technology with lower order intake and sales in line with weaker demand overall in China; despite all the measures, adjusted EBIT significantly impacted because of lower customer call-offs due to semiconductor shortage and higher factor costs
- Steel Europe with significantly improved sales and adjusted EBIT, reflecting a significant rise in average selling prices; order intake volume and shipments down year-on-year, especially in the automotive sector, due to materials and supply shortages
- Marine Systems with significant increase in order intake, mainly because of larger service and marine electronics projects; sales and adjusted EBIT improved slightly year-on-year
- Multi Tracks with significant rise in order intake, primarily because of major water electrolysis projects and a substantially lower loss in adjusted EBIT, mainly due to the recovery in the stainless steel business and improved project execution in plant engineering
- Corporate Headquarters with lower administrative expenses, largely because of non-recurring one-time expense for HR measures

- Net income improves significantly to positive result, mainly because of operating performance
- FCF before M&A of continuing operations in the 1st quarter clearly negative and down year-on-year, as expected: temporary increase in working capital and higher prices due to delays in customer call-offs due to persistent supply chain bottlenecks and in preparation for stronger demand in the following quarters
- Full-year forecast confirmed: significantly improved adjusted EBIT and free cash flow before M&A breaking even (see forecast report)
- Further steps to narrow the focus of the portfolio successfully implemented: sale of the infrastructure business to FMC Beteiligungs KG and of the stainless steel business to Italian company Arvedi closed on November 30, 2021 and January 31, 2022, respectively
- Ambitious mid-term targets for the group of companies published at the Capital Markets Day on December 2, 2021: adjusted EBIT of 4–6%, significantly positive FCF before M&A and return to a reliable dividend payment for the company as a whole; for mid-term targets at segment level, see chapter “Segment reporting”

Macro and sector environment

Recovery of global economy slowing – uncertainty remains high

- Highest-ever figures reported for new COVID infections, supply bottlenecks and current weakness of the Chinese economy are holding back ongoing upturn
- Compared with the start of the fiscal year, forecast growth in global economic output in 2021 nevertheless revised slightly upward at 5.6%; growth in 2022 expected slightly lower at 4.4%
- Industrialized countries: rise in economic output in 2021 at 5.2% slightly better than recently expected; 3.8% growth currently forecast for 2022
- Emerging economies: 2021 GDP growth of 5.9% rather higher than expected at the beginning of the fiscal year; further recovery in 2022 with growth of 4.8%

- Risks and uncertainties: uncertainty over further progression of the coronavirus pandemic in particular because of new virus mutations, in light of the trends in vaccination rates and tougher lockdown measures; uncertainty about the further course of numerous geopolitical flashpoints (Ukraine, Afghanistan, etc.) and trade conflicts; persistent supply bottlenecks for starting products in manufacturing industry; recurring floods and other natural disasters as a consequence of global warming; pronounced and lasting slowdown of growth in China; indebtedness problems in particular in some European countries, particularly also as a result of numerous state support measures to mitigate the impact of the pandemic; significant rise in material and commodity costs and associated fears about rising inflation

GROSS DOMESTIC PRODUCT

Real change compared to previous year in %	2021[1]	2022[2]
Euro zone	5.1	3.7
Germany	2.7	3.8
Russia	4.1	3.4
Rest of Central/Eastern Europe	4.8	4.0
USA	5.7	4.3
Brazil	4.7	1.1
Japan	1.9	3.6
China	8.1	5.5
India	7.8	6.0
Middle East & Africa	4.7	4.6
World	**5.6**	**4.4**

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

Automotive

- Global sales volumes and global production of cars and light trucks in 2021 with slight growth compared with the prior year, held back above all by materials-related production restrictions (in particular due to chip shortage) and logistical challenges in global supply chains; significant increase expected in 2022 – assuming successful containment of the infection rates; return to level before the pandemic due to ongoing chip shortage at the earliest in 2023 / 2024
- Europe: production weaker in 2021, sales volumes in line with the prior year; recovery expected in 2022, but still well below pre-pandemic levels
- North America: production on a level with the prior year in 2021, sales volumes up slightly at the expense of dealer inventories; recovery expected in 2022, but below pre-pandemic levels
- China: 2021 with production and sales volumes slight up year-on-year; continued recovery expected in 2022

Machinery

- Germany: following a 7% rise in production in 2021, positive growth forecast at the same level for 2022; high order backlogs and noticeably rising capital investment support production growth; materials backlogs remain a negative factor for the time being
- USA: following a clear production rise of around 12% in 2021, forecast for 2022 marked by less dynamic growth of approximately 3%; fiscal stimulus measures supportive, persistent supply chain problems in the short term still holding back production opportunities
- China: after a sharp production increase of approximately 13% in 2021, substantially lower pace of growth of a good 5% expected this year; government measures to limit excess capacity in heavy industry curbing growth opportunities

Construction

- Germany: pace of growth limited to around 1% in 2021 due to materials bottlenecks; pent-up purchasing power, gradually easing supply problems, continued favorable financing conditions and demand for new housing and office space support outlook for 2022
- USA: following an almost 8% increase in production in 2021, somewhat slower growth of around 5% this year – outlook positive because of government infrastructure spending and solid growth in housing construction; rising house prices and first interest rate hikes in the course of the year are negative factors
- China: after relatively weak growth of just below 3% in 2021, production only slightly year in the current year, at around 3.5%; tighter regulation of the real estate sector curbing growth, but continued trend towards supports housing construction and civil engineering projects

Steel

- Global demand for finished steel grew by 5% in 2021; industrialized countries posted far higher growth of 12% than emerging economies (3%); recovery in global demand expected to be more moderate in 2022, at 2%
- Demand in the EU market for flat carbon steel on the rise again at the beginning of Q1 2021 / 2022; limited materials availability and high EU price levels help imports grow to all-time high in October
- Global spot market prices trending downward, but some still considerably higher than lows in summer 2020
- Market environment remains challenging because of diverse risks: uncertainty about how the pandemic will develop, supply logjams for raw materials and starting materials, volatile raw materials prices, growing inflation

IMPORTANT SALES MARKETS

	2021[1]	2022[2]
Vehicle production, million cars and light trucks[3]		
World	74.5	80.9
Western Europe (incl. Germany)	9.3	11.5
Germany	3.2	4.3
North America (USA, Mexico, Canada)	13.0	15.2
USA	8.9	10.4
Mexico	3.0	3.4
Japan	7.4	8.0
China	24.3	24.5
India	4.0	4.2
Brazil	2.0	2.3
Machinery production, real, in % versus prior year		
World	13.0	4.7
Europe	12.0	5.4
Germany	7.0	7.0
USA	11.7	3.2
Japan	17.0	5.2
China	12.8	5.2
Construction output, real, in % versus prior year		
Euro zone	5.6	3.1
Germany	1.0	3.0
USA	7.7	5.1
China	2.7	3.4
India	16.9	5.4
Demand for steel, in % versus prior year		
World	4.5	2.2
Germany	10.0	13.3
EU(27) + Great Britain	12.7	5.5
USA	15.3	5.7
China	(1.0)	0.0

[1] Partly estimates
[2] Forecast
[3] Passenger cars and light commercial vehicles up to 6t (completely built up vehicles only; without so-called CKD units)
Sources: IHS Markit, Oxford Economics, wordsteel, national associations, own estimates

Segment reporting

Materials Services

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

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

In the current fiscal year, the main emphasis of our activities continues to be on sharpening the focus of our network of locations and on profitable growth in North America. In the 1st quarter, for example, we closed two more warehouse sites and drove forward major investment projects at sites in the USA and Mexico. Additionally, we are accelerating – including with support from AI – the expansion of digital supply chain solutions for resilient, sustainable supply chains.

Logistics center in Rotenburg

€3.3 bn

Sales

15,454

Employees worldwide

Performance in the 1st quarter

MATERIALS SERVICES IN FIGURES

		1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	Change in %
Order intake	million €	2,482	3,722	50
Sales	million €	2,368	3,290	39
EBITDA	million €	44	251	++
EBIT	million €	11	219	++
Adjusted EBIT	million €	5	219	++
Adjusted EBIT margin	%	0.2	6.7	—
Investments	million €	26	15	(40)
Employees (Dec. 31)		15,804	15,454	(2)

Order intake

- Significant increase in warehousing and distribution and in direct-to-customer business due to higher prices
- Plastics at the same level as the prior year

Sales

- Up significantly year-on-year, mainly because of sharp increase in prices
- Higher sales in warehousing and distribution, direct-to-customer business and automotive-related service centers
- Materials and raw materials sales volumes down overall year-on-year (2.1 million t vs. 2.2 million t), largely because of materials shortages and restricted demand because of supply bottlenecks (including semiconductors)
- Positive sales volume growth in particular in the direct-to-customer business and in the North American warehousing and service center business

Adjusted EBIT

- Significant increase due to higher margins in both business units (Distribution Services and Supply Chain Services) because of higher prices than the prior year, as well as receipt of an insurance payment and reversal of a provision
- Further progress in strategic transformation, driven mainly by continued network optimization and location consolidation through closure of two more warehouse sites
- Enhancement of transformation as part of the strategic Materials as a Service approach, e.g. by debuting the new data-based “Control Tower” Supply Chain Services at the Blechexpo trade fair and by financing two “green” innovation projects

Main special items in the reporting period

- No main special items in the reporting period

Investments

- Payments for machinery at new sites in Mexico and Texas (USA) and for building planning at the Texan steel service center
- Expansion of the Veghel location in the Netherlands with the objective of further consolidating the network in the Benelux (in return, closure of two sites in the region)
- Construction of a new production building in Switzerland and start of operation of a further deep-hole boring machine to expand business with systems components for customers from diecasting and toolmaking, mechanical engineering, medical technology and the watch and clock making industry
- Modernization and replacement investment at warehousing and service units; continuing digital transformation

Industrial Components

Industrial Components comprises two business units: the bearings business and forgings business. Overall, we are striving in the mid-term for an adjusted EBIT margin for the segment of at least 10% and a cash conversion rate of 0.6–0.8.

As the global market leader for bearings and one of the largest manufacturers of seamless rolled slewing rings, we as Bearings are striving for average sales growth in the mid-term of at least 5% per year. To increase our performance, we intend to continually implement measures to cut costs and improve efficiency – and this continues to be the case in the current fiscal year. These measures are also being accompanied by a long-term investment strategy aimed at profiting from ongoing market growth in the wind energy industry. In the 1st quarter, we were able to successfully conclude two restructuring measures in Germany.

Forged Technologies is a specialist in the forgings business and is among the leading global manufacturers of components for engines, undercarriages and construction machinery. Our mid-term goal is to increase our market share and achieve growth with new products. The main focus in the current fiscal year continues to be on enhancing our personnel efficiency, improving energy efficiency and optimizing our production processes. Another key focus is on successfully implementing our investment project to transform the business unit. In the 1st quarter, we were able to deliver the first sample parts for chassis components to our customers on schedule.


rothe erde® slewing bearing


Forging a sprocket for mining excavators

€284 m
Bearings sales

6,522
Bearings employees worldwide

€320 m
Forged Technologies sales

6,069
Forged Technologies employees worldwide

Performance in the 1st quarter

INDUSTRIAL COMPONENTS IN FIGURES

		1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	Change in %
Order intake	million €	662	601	(9)
Sales	million €	621	604	(3)
EBITDA	million €	122	84	(31)
EBIT	million €	98	57	(42)
Adjusted EBIT	million €	101	56	(44)
Adjusted EBIT margin	%	16.2	9.4	—
Investments	million €	32	30	(4)
Employees (Dec. 31)		12,842	12,591	(2)

Order intake

- Down year-on-year due to decrease at Bearings; forgings business with positive development
- Bearings: significant decrease compared with the prior-year quarter, especially in the wind energy segment, because of pull-forward effects in China; industrial applications with mixed performance: construction machinery and general engineering up year-on-year, exploration substantially weaker, crane construction on a level with the prior year
- Forgings business: up considerably year-on-year, largely driven by growth in the industrial business and continued high level at powertrain components for trucks; cars down slightly especially in Europe, due in particular to semiconductor problems and disrupted supply chains; undercarriages for construction machinery experiencing continued high demand in all relevant regions, supported slightly by expanded product offering and development of new markets and business areas.

Sales

- Sales down slightly year-on-year: decrease in bearings business unit compared with increase in sales in forgings business
- Bearings: down significantly year-on-year, largely because of temporary demand dip in the China region (above all in the wind energy segment); positive growth in industrial applications due to market recovery, especially in general engineering; Germany significantly up year-on-year, rest of Europe and Americas up slightly year-on-year
- Forgings business: sales growth thanks to significantly stronger increase in both business areas than in the prior year; positive effects in particular from US dollar exchange rate movements and passing through steel price increases

Adjusted EBIT

- Significantly lower than prior year because of decrease in both business units
- Bearings: significantly lower than prior year, driven largely by declining sales, product and regional structure of sales volume, and substantially increased materials costs; this was partially offset by efficiency enhancement measures (above all restructuring)
- Forgings business: decrease because of rising steel prices and significant rise in energy and freight costs with delayed opportunities for passing through; continued cost-cutting measures with associated optimization of personnel cost ratio were able to partly offset rise in costs

Main special items in the reporting period

- No material special items

Investments

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

Automotive Technology

Automotive Technology is a leading German supplier and engineering partner to the international automotive industry. The product and services offering comprises high-tech components, systems and automation solutions for vehicle manufacturing, as well as mechatronic solutions with electronics and internally developed software.

Our growth and performance goal is to be among the best in our competitive environment and to grow faster than the market. To achieve our mid-term performance targets – adjusted EBIT margin of 7–8% and a cash conversion rate of at least 0.5 – we are focusing on improving production efficiency and on measures in the field of procurement. Another focus is on margin improvements by expanding claim management resources.

We intend countering the challenges in our market environment that appeared in the middle of last fiscal year, such as shortage in supplies of electronic semiconductors and other starting products, disruptions to the supply chain, volatile customer call-offs and higher starting materials, logistics and energy costs, through strict cost control, the greatest possible flexibility in personnel deployment and negotiating new price conditions.

Chassis engineers at a mobile development platform

€1.1 bn

Sales

19,695

employees worldwide

Performance in the 1st quarter

AUTOMOTIVE TECHNOLOGY IN FIGURES

		1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	Change in %
Order intake	million €	1,183	1,090	(8)
Sales	million €	1,215	1,106	(9)
EBITDA	million €	169	94	(44)
EBIT	million €	116	38	(67)
Adjusted EBIT	million €	109	38	(65)
Adjusted EBIT margin	%	9.0	3.4	—
Investments	million €	50	47	(6)
Employees (Dec. 31)		19,672	19,695	0

Order intake

- Significantly down year-on-year especially in the automotive serial business, mainly because of persistent bottlenecks in the supply chain (especially semiconductor products) resulting in reduced customer call-offs, as well as weakening demand development in China
- Premium vehicles with lower demand decrease compared with volume models

Sales

- Sales following order intake especially in the automotive serial business; significant year-on-year decrease

Adjusted EBIT

- Significantly lower than prior year, largely due to lower customer demand due to semiconductor shortage and capacity utilization, as well as negative impacts from higher costs for raw material, packaging, freight and energy.
- Measures to flexibilize personnel deployment, such as less use of temporary work, short-time working and adjustments to shift models, as well as negotiating new price conditions due to cost increases, had an offsetting effect
- Positive one-time effect due to revaluation of selected pension commitments and sustained decrease in personnel costs on the back of scheduled implementation of restructuring program

Main special items in the reporting period

- No material special items

Investments

- Investment focus in the area of steering systems for order-related projects, with the goal of supporting cost and profitability targets and leveraging growth opportunities

Steel Europe

Steel Europe is the largest steel producer in Germany and concentrates on the attractive market segment of high-quality flat carbon steel, where it is one of the most important suppliers in its core European market.

Our growth and performance goal is to be among the best in our competitive environment. By systematically continuing to implement our Steel Strategy 20-30, we intend to significantly increase our operating performance. By doing this, we plan to increase our shipments in the mid-term to around 11 million tons and achieve an adjusted EBIT margin of 6–7% and a cash conversion rate of at least 0.4.

In the current fiscal year, in addition to ongoing restructuring, initiatives are geared to investments in the more efficient structures of the core units of our production network, focusing in particular on the growing demands of automotive customers and individual industrial sectors. We are also working at full speed on the green transformation, with the goal of being climate-neutral by 2045. We marked an important milestone at the start of the quarter by delivering the first product volumes of the new bluemint® Steel brand with a reduced carbon intensity.

View of the Duisburg site from above

€2.7 bn

Sales

26,247

employees worldwide

Performance in the 1st quarter

STEEL EUROPE IN FIGURES

		1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	Change in %
Order intake	million €	2,408	2,481	3
Sales	million €	1,917	2,669	39
EBITDA	million €	92	198	++
EBIT	million €	22	112	++
Adjusted EBIT	million €	20	124	++
Adjusted EBIT margin	%	1.1	4.7	—
Investments	million €	101	124	23
Employees (Dec. 31)		26,336	26,247	0

Order intake

- Slightly above prior year due to higher prices but a significant decline in volumes to 1,9 million t, among other things because of weak demand from all relevant customer sectors, primarily because of supply issues, limited order possibilities following the blast furnace number one realigning and the high prior-year level

Sales

- Significantly up year-on-year; substantial increase in revenues lifted by high price levels on the spot market; decline in shipments to 2.3 million t in particular to the automotive industry and suppliers, which were hit hard by the semiconductor shortage, partly offset by increased supplies, including to the construction and tube industry

Adjusted EBIT

- Up significantly year-on-year due to clearly positive revenue growth, despite sharp rise in raw materials and energy costs and lower shipments
- Positive effects from progressive restructurings and the ongoing performance program (mainly purchasing measures and materials efficiency)

Main special items in the reporting period

- Primarily impairment losses on property, plant and equipment

Investments

- Functional tests of the new hot-dip coating line 10 in Dortmund, which is intended to service the growing demand from automotive manufacturers for higher-quality hot-dip coated products; the line is expected to start operating in the course of the fiscal year
- Major investments under Strategy 20–30 are in the engineering phase with the suppliers, as planned; they include the transformation of the casting-rolling line in Duisburg-Bruckhausen to improve quality and cut costs, as well as the construction of a new double reversing mill and an annealing and isolating line in Bochum to support the ramp-up of e-mobility and the growing demand for high-quality electrical steel

Marine Systems

Marine Systems is a leading global manufacturer of conventional submarines, naval vessels and marine electronics and, in addition, offers its services to navies. As a fully integrated systems supplier, we develop and manufacture holistic solutions from a single source for our customers.

Our aim is to underline our technology leadership and strengthen our competitive position. In light of this, we are striving in the mid-term to achieve average annual sales growth of 6%, an improvement in the adjusted EBIT margin to industry standard levels (~6–7%) as well as a cash conversion rate of 1.0.

To safeguard profitability in the long term, we systematically implement our performance program. This entails optimizing processes, instruments and structures along the entire value chain and reducing administrative expenses.


Class 212A submarine

€377 m

Sales

6,555

employees worldwide

Performance in the 1st quarter

MARINE SYSTEMS IN FIGURES

		1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	Change in %
Order intake	million €	258	479	85
Sales	million €	364	377	3
EBITDA	million €	21	15	(28)
EBIT	million €	5	(2)	--
Adjusted EBIT	million €	5	6	14
Adjusted EBIT margin	%	1.4	1.6	—
Investments	million €	37	20	(46)
Employees (Dec. 31)		6,441	6,555	2

Order intake

- Up year-on-year due to extensive order intake in the areas of maintenance, service and marine electronics, as well as add-ons to existing orders in the surface vessel business

Sales

- Slight increase over prior year; stable sales growth continues

Adjusted EBIT

- Up slightly year-on-year; measures in the performance program for stabilizing low-margin legacy orders take effect; administrative expenses were further optimized

Main special items in the reporting period

- Adjustment to the carrying amount of an investment in a joint venture

Investments

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

Multi Tracks

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

Following the successful disposal of the infrastructure business and the stainless steel business (AST including its associated distribution organization), the main focus of our initiatives in the current fiscal year is on closing the Mining Technologies transaction. We also started preparing for the planned M&A processes for the Automation Engineering and Springs & Stabilizers business units. Another focus is on further developing the thyssenkrupp nucera hydrogen business. An IPO is currently the preferred option, which can be used to make the true value of the business visible and to fund further growth through potential proceeds from an IPO.

Assembling electrolysis cells

€1.5 bn

Sales

17,661

employees worldwide

Performance in the 1st quarter

MULTI TRACKS IN FIGURES

		1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	Change in %
Order intake	million €	1,425	2,567	80
Sales	million €	1,200	1,540	28
EBITDA	million €	(159)	(7)	96
EBIT	million €	(184)	(50)	73
Adjusted EBIT	million €	(111)	(1)	99
Adjusted EBIT margin	%	(9.2)	(0.1)	—
Investments	million €	26	16	(39)
Employees (Dec. 31)		19,538	17,661	(10)

Order intake

- Up significantly year-on-year, mainly driven by order intake for water electrolysis in Saudi Arabia at thyssenkrupp nucera
- Plant engineering: significant order intake at Uhde in India in the Petrochemicals and Polymers business
- Stainless steel business: further growth in volumes and raw materials prices

Sales

- Up significantly year-on-year with mixed performance in the individual businesses
- Higher volume in stainless steel business and positive effects of pass-through of higher raw material prices
- thyssenkrupp nucera: chlorine-alkali service business with positive growth in line with expectations
- Plant engineering: lower sales because of lower order intake in prior periods, due to concentrating on more attractive market segments and delays in the execution of individual projects, among other things

Adjusted EBIT

- Significantly lower year-on-year loss driven mainly by stainless steel and plant engineering
- Stainless steel business: significant earnings improvement, largely because of demand-driven recovery
- Plant engineering: Uhde and Cement with improved project execution; carve-out activities in the Mining business impact earnings
- Springs & Stabilizers: earnings depressed by damage at a Chinese plant caused by adverse weather as well as higher materials and energy costs
- Restructurings and cost-cutting measures with corresponding headcount reduction curb losses significantly in almost all businesses: site closure in Olpe, Germany, completed (Springs & Stabilizers)

Main special items in the reporting period

- Mainly at Springs & Stabilizers because of damage at a Chinese plant caused by adverse weather, deconsolidation effects at Infrastructure, impairment losses on the stainless steel business and consulting costs in connection with the potential IPO of thyssenkrupp nucera

Investments

- Continuing investment in technology portfolio to safeguard market position and preserve asset value

Corporate Headquarters

Adjusted EBIT

- Reduced administrative expenses due to a prior-period one-time expense for HR measures at Corp. HQ , as well as because of improvements at Regional Platforms

Main special items in the reporting period

- Higher project expenditure in connection with M&A transactions

Investments

- No major capital expenditures

Results of operations and financial position

Analysis of the statement of income

Income/(loss) from operations

- Sales of continuing operations rose substantially by 23% compared with the prior-year quarter, in particular because of the significant sales growth in the materials businesses of the Materials Services and Steel Europe segments; at the same time, disproportionately low increase in cost of sales of continuing operations compared with sales growth, especially as a result of higher materials expenses, accompanied by declining personnel expenses; at €1,194 million, gross profit of continuing operations post very substantial 39% growth over prior year, gross profit margin rose correspondingly to 13.2% (prior-year: 11.7%)
- Increase in selling expenses of continuing operations mainly resulting from higher sales-related freight, insurance and customs, and impairment losses on trade receivables recognized in the reporting period in connection with the measurement of the stainless steel business disposal group at fair value less costs to sell
- Increase in general and administrative expenses of continuing operations mainly because of higher consulting and IT expenses, together with lower personnel expenses
- Increase in other income of continuing operations in particular because of overall increase in insurance claims
- Higher other expenses of continuing operations above all due to increase in losses from hedging operating exchange rate risks and an increase in non-income taxes recognized in this item
- Deterioration in other gains and losses of continuing operations mainly because of losses from the deconsolidation of Infrastructure recognized in the reporting period and lower overall gains on the sale of investment property

Financial income/(expense), net

- Overall improvement in negative financial income/expense of continuing operations, mainly due to improved results of investments of continuing operations accounted for using the equity method due to lower share of losses of Elevator investment and drop in interest expenses for financial debt

Earnings per share

- Net income/(loss) improves significantly by €247 million to a positive €122 million
- Earnings per share correspondingly improve significantly by €0.40 to a positive €0.17

Analysis of the statement of cash flows

Operating cash flows

- Sharp deterioration in operating cash flows of continuing operations to a negative figure, in particular because of increased inventories and trade accounts receivable due to price increases; significantly improved net income of the period of continuing operations before depreciation, amortization and impairment losses as an offsetting factor

Cash flows from investing activities

- Capital expenditures of continuing operations down slightly year-on-year
- Cash inflows from disposals of continuing operations down significantly year-on-year mainly as a result of reduction of time deposits with an original term of more than 90 days in the prior-year quarter

Cash flows from financing activities

- Significant decline in cash flows from financing activities of continuing operations mainly because of higher payments for the early repayment of bonds and the repayment of a loan note in December 2021

Free cash flow and net financial assets

RECONCILIATION TO FREE CASH FLOW BEFORE M&A

million €	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	Change
Operating cash flows – continuing operations (consolidated statement of cash flows)	265	(599)	(863)
Cash flow from investing activities – continuing operations (consolidated statement of cash flows)	599	(228)	(827)
Free cash flow – continuing operations (FCF)[1]	**864**	**(827)**	**(1,691)**
–/+ Cash inflow/cash outflow resulting from material M&A transactions	29	(13)	(43)
Adjustment due to IFRS 16	(11)	(18)	(7)
Adjustment due to time deposits	(850)	0	850
Free cash flow before M&A – continuing operations (FCF before M&A)[1]	**32**	**(858)**	**(891)**
Discontinued elevator operations[1]	0	0	0
Free cash flow before M&A – group (FCF before M&A)	**32**	**(858)**	**(891)**

[1] See preliminary remarks.

- FCF before M&A of continuing operations clearly negative in the 1st quarter, as expected and down year-on-year: temporary increase in working capital and higher prices due to delays in customer call-offs due to persistent supply chain bottlenecks and in preparation for stronger demand in the following quarters
- Significant decrease in net financial assets at December 31, 2021 to €2.7 billion compared with September 30, 2021 mainly due to negative FCF before M&A
- Available liquidity of €8.3 billion (€6.8 billion cash and cash equivalents and €1.5 billion undrawn committed credit lines)
- €1,250 million bond due on March 3, 2022 redeemed early on December 3, 2021 in accordance with an early redemption option under the terms and conditions of issue
- Redemption of €100 million loan note due December 14, 2021

Rating

RATING

	Long-term rating	Short-term rating	Outlook
Standard & Poor's	BB-	B	stable
Moody's	B1	not prime	positive
Fitch	BB-	B	stable

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

Analysis of the statement of financial position

Non-current assets

- Overall low increase in property, plant and equipment mainly due to currency translation; depreciation, amortization and impairment losses slightly higher than additions as an offsetting factor
- Decrease in investments accounted for using the equity method and increase in other financial assets mainly due to subsequent measurement of the Elevator investment
- Increase in other non-financial assets primarily due to higher advance payments on property, plant and equipment

Current assets

- Sharp increase in inventories in particular in the materials businesses of the Steel Europe and Materials Services segments
- Increase in trade accounts receivable especially because at the materials businesses of the Steel Europe segment
- Overall decrease in contract assets primarily in connection with the execution of construction contracts in the marine business
- Decrease in other financial assets mainly as a result of derivatives accounting
- Increase in other non-financial assets mainly due to higher advance payments in operating activities and increased refund claims in connection with non-income taxes
- Significant decrease in cash and cash equivalents mainly as a result of the early repayment of a bond originally due in March 2022 and the scheduled repayment of a loan note in December 2021, the negative operating cash flow of continuing operations and capital expenditures of continuing operations
- Increase in assets held for sale in particular because of the continued business activities in the stainless steel business disposal group in the reporting period

Total equity

- Increase compared with September 30, 2021 mainly due to net income in the reporting period and gains recognized in other comprehensive income from remeasurement of pensions and similar obligations, from currency translation and from cash flow hedges

Non-current liabilities

- Increase in provisions for pensions and similar obligations primarily due to gains from the remeasurement of pensions mainly as a result of the higher pension interest rate in Germany

Current liabilities

- Lower provisions for current employee benefits and other provisions, especially because of utilization
- Significant decrease in financial debt, mainly because of the repayment of a bond and a loan note in December 2021 mentioned above
- Overall decrease in trade accounts payable, above all in the materials business of the Materials segment, accompanied by offsetting increases especially at the components businesses in the Industrial Components segment
- Increase in contract liabilities especially because of the execution of construction contracts in the marine business
- Increase in liabilities in connection with assets held for sale, especially because of the continued business activities in the stainless steel business disposal group in the reporting period

Compliance

- Strong values as foundation of our work – particularly in difficult economic environment; anchored in Mission Statement, Code of Conduct and Compliance Commitment
- Continuous implementation and enhancement of thyssenkrupp compliance management system in our core compliance areas corruption prevention, antitrust law, data protection, money laundering, and trade compliance
- Close involvement of Compliance in various portfolio activities to advise on antitrust issues
- More information on compliance at thyssenkrupp in the 2020 / 2021 Annual Report and on the website www.thyssenkrupp.com

Forecast, opportunity and risk report

2021 / 2022 forecast confirmed

Overall assessment and key assumptions

For key assumptions and expected economic parameters, see the Forecast section and the section "Macro and sector environment" in the Report on the economic position in the 2020 / 2021 Annual Report and this interim management report. The corresponding opportunities and risks are set out in the "Opportunity and risk report" that follows this section.

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

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

We were able to complete the sale processes for the infrastructure business and the stainless steel business at the end of November 2021 and the end of January 2022, respectively. Depending principally on when we receive approval from the antitrust authorities, we expect to complete the transaction for the Multi Tracks mining business for which a sales agreement has already been signed. We will also develop other "best owner" concepts towards a closing and continue to review the planned spin-out of Steel Europe. The analysis of how the hydrogen business can be optimally driven forward is also progressing. An IPO is currently the preferred option.

For 2022 we currently assume significant economic growth at global level. We expect most regions and countries to regain or exceed the pre-crisis level if they have not already done so in 2021.

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

- uncertainty over further progression of the coronavirus pandemic in particular because of new virus mutations, in light of the trends in vaccination rates and tougher lockdown measures and the "new normal" after the pandemic
- continued supply bottlenecks for industrial starting products (including semiconductors), which could increasingly hold back growth

- uncertainty about the further course of numerous geopolitical flashpoints and trade conflicts that could negatively impact our international business activities (Ukraine, Afghanistan, etc.)
- the volatility – including sudden fluctuations which are sometimes almost impossible to predict – and level of raw material prices as an important cost factor in our materials businesses and as a key factor for our plant engineering customers when awarding major projects as well as trend to a strong rise in factor costs (including energy, material and freight costs)
- the possible slowing growth of the Chinese economy as a key factor for global growth and as an important sales market

Expectations for 2021 / 2022

Our forecast is based on the market forecasts and the description of opportunities and risks provided in the section "Macro and sector environment" in the report on the economic position. GDP growth in 2022 for regions of importance to us – Germany, the USA and China – is expected to be 3.8%, 4.3% and 5.5% respectively.

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

The disposal process initiated in the 2020 / 2021 fiscal year for the plant engineering activities of the mining, infrastructure and the stainless steel businesses in the Multi Tracks segment met the criteria for presentation as disposal groups in accordance with IFRS 5 for the first time in the 4th quarter of the 2020 / 2021 fiscal year. As the sale processes for the infrastructure business and the stainless steel business were completed at the end of November 2021 and end of January 2022, respectively, these businesses no longer form part of the forecast for the remainder of the fiscal year and are termed "sold disposal groups" in the following. The prior-year reference values remain unchanged. For the sales and adjusted EBIT of the Multi Tracks segment and the Group, the prior-year figures for the sold disposal groups are shown on a pro forma basis in the following.

The forecast assumes no effects from further possible portfolio measures.

Sales are expected to grow in the mid-single-digit percentage range (prior year: €34 billion, of which sold disposal groups: pro forma €2.2 billion).

Taking the existing uncertainties described above into account, we are expecting a significant improvement in **adjusted EBIT** to a figure between €1.5 and 1.8 billion (prior year: €796 million, of which sold disposal groups: pro forma €61 million). This performance stems essentially from the significant earnings improvement at Steel Europe and a significantly reduced loss at Multi Tracks, partially offset by the lower earnings contributions from the components businesses and from Materials Services. However, it will not be possible to compensate fully for expenses due to supply chain issues and higher factor costs by cost-cutting and efficiency gains.

- At **Materials Services**, we are expecting volumes to develop roughly at the same level as the prior year. Although dynamic price movements are supportive, but lower than in prior year, we are assuming adjusted EBIT in a low to mid-three-digit million euro range (prior year: €587 million).

- At **Industrial Components** we are expecting sales to be on a level overall with the prior year and adjusted EBIT to decline to a figure in the low three-digit million euro range (prior year: sales: €2.5 billion, adjusted EBIT €322 million), including due to higher factor costs. A temporary regional slowdown in demand for wind energy is expected, particularly due to pull-forward effects already caused by subsidies in China. In the forgings business we are expecting headwinds for car and truck components from the ongoing bottlenecks in customer supply chains.

- At **Automotive Technology**, we are expecting growing contributions from the new plants and projects to deliver stable sales (prior year: €4.5 billion). However, this depends on how customer call-offs develop due to ongoing bottlenecks in the supply chain (including semiconductors). We are expecting adjusted EBIT to come in significantly below the prior year (prior year: €264 million), including because of the recent sharp rises in factor costs that could not be fully cushioned by continued efficiency measures.

- At **Steel Europe** we expect a significant increase in adjusted EBIT by at least €1 billion as a result of a planned volume and margin increase and structural improvements from implementing the Steel Strategy 20-30. This performance depends particularly on further developments with the supply chain issues, and in the ensuing shipment volumes (prior year: adjusted EBIT: €116 million).

- At **Marine Systems** we expect a slight improvement in sales and slightly higher adjusted EBIT (prior year, sales: €2.0 billion, adjusted EBIT: €26 million). This was also supported by improvements in project execution.

- For the businesses combined in **Multi Tracks**, following the sale of the infrastructure business and the stainless steel business, we are expecting a significant decline in sales (prior year: €5.7 billion, of which sold disposal groups: pro forma €2.2 billion) accompanied by a significant improvement in adjusted EBIT (prior year: adjusted EBIT €(298) million, of which sold disposal groups: pro forma €61 million). This will be mainly the result of the closure of the heavy plate mill, improved project execution in plant engineering and the ongoing restructuring measures.

- For **Corporate Headquarters** we anticipate adjusted EBIT at the same level as the prior year (prior year: adjusted EBIT €(194) million).

Capital spending is expected to be at the same level as a year earlier (prior year: €1,630 million). This relates to higher investments at Steel Europe in conjunction with the Steel Strategy 20–30 and a continued high level of investments for targeted growth initiatives in the other businesses. Investments will be approved on a restrictive basis, depending on business performance.

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

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

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

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

Opportunities and risks

Opportunities

- Detailed information on opportunities described in the 2020 / 2021 Annual Report continues to apply
- Opportunities from further systematic implementation of the transformation into a high-performing, sustainable group of companies
- Opportunities from comprehensive technology expertise under the strong "thyssenkrupp" umbrella brand; sustainable products and technologies offer increased opportunities of participating in growth, for example in the areas of renewable energy, hydrogen and e-mobility

Risks

- No risks that threaten the company's ability to continue as a going concern; detailed information on risks described in the 2020 / 2021 Annual Report continues to apply
- Uncertainties over further progression of the coronavirus pandemic in particular because of new virus mutations, vaccination rate trends and tougher lockdown measures; growth risks for the global economy and in markets relevant to thyssenkrupp
- Further economic risks: uncertainty about the further course of numerous geopolitical flashpoints and about trade conflicts; persistent supply bottlenecks for starting products in manufacturing industry; recurring floods and other natural disasters as a consequence of global warming; pronounced and lasting slowdown of growth in China; indebtedness problems in particular in some European countries, particularly as a result of numerous state support measures to mitigate the impact of the pandemic; significant rise in material and commodity prices and associated rising inflation fears
- Risks through temporary efficiency losses in production as a result of restructurings in connection with our company transformation
- Risks of cost and schedule overruns in the execution of major projects
- Risks from attacks on IT infrastructure; countermeasure: further continuous expansion of information security management and security technologies

Condensed interim financial statements of the thyssenkrupp group

thyssenkrupp group – statement of financial position

ASSETS

million €	Note	Sept. 30, 2021	Dec. 31, 2021
Intangible assets		1,892	1,892
Property, plant and equipment (inclusive of investment property)		6,513	6,532
Investments accounted for using the equity method		670	655
Other financial assets		718	735
Other non-financial assets		337	379
Deferred tax assets		472	466
Total non-current assets		**10,602**	**10,659**
Inventories		7,116	8,336
Trade accounts receivable		4,308	4,416
Contract assets		1,434	1,284
Other financial assets		849	673
Other non-financial assets		1,386	1,506
Current income tax assets		123	138
Cash and cash equivalents	14	8,974	6,717
Assets held for sale	02	2,019	2,286
Total current assets		**26,209**	**25,356**
Total assets		**36,811**	**36,014**

See accompanying notes to financial statements.

EQUITY AND LIABILITIES

million €	Note	Sept. 30, 2021	Dec. 31, 2021
Capital stock		1,594	1,594
Additional paid-in capital		6,664	6,664
Retained earnings		1,771	2,002
Cumulative other comprehensive income		372	705
thereof relating to disposal groups		(34)	(17)
Equity attributable to thyssenkrupp AG's stockholders		**10,400**	**10,966**
Non-controlling interest		445	460
Total equity		**10,845**	**11,425**
Provisions for pensions and similar obligations	03	7,896	7,749
Provisions for other non-current employee benefits		298	308
Other provisions	04	513	499
Deferred tax liabilities		60	71
Financial debt	05	3,784	3,772
Other financial liabilities		66	33
Other non-financial liabilities		1	1
Total non-current liabilities		**12,619**	**12,433**
Provisions for current employee benefits		176	144
Other provisions	04	1,175	1,084
Current income tax liabilities		151	168
Financial debt	05	1,640	284
Trade accounts payable		4,244	4,145
Other financial liabilities		729	706
Contract liabilities		2,205	2,408
Other non-financial liabilities		1,794	1,773
Liabilities associated with assets held for sale	02	1,232	1,444
Total current liabilities		**13,347**	**12,156**
Total liabilities		**25,966**	**24,589**
Total equity and liabilities		**36,811**	**36,014**

See accompanying notes to financial statements.

thyssenkrupp group – statement of income

million €, earnings per share in €	Note	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021
Sales	08, 09	7,321	9,023
Cost of sales	10	(6,464)	(7,829)
Gross Margin		**857**	**1,194**
Research and development cost		(51)	(51)
Selling expenses		(529)	(569)
General and administrative expenses		(348)	(361)
Other income	11	100	129
Other expenses		(14)	(32)
Other gains/(losses), net		11	(7)
Income/(loss) from operations		**25**	**302**
Income from companies accounted for using the equity method	12	(51)	(42)
Finance income		212	245
Finance expense		(275)	(302)
Financial income/(expense), net		**(115)**	**(99)**
Income/(loss) from continuing operations before tax		**(89)**	**203**
Income tax (expense)/income		(32)	(82)
Income/(loss) from continuing operations (net of tax)		**(121)**	**122**
Income/(loss) from discontinued operations (net of tax)	02	**(4)**	**0**
Net income/(loss)		**(125)**	**122**
Thereof:			
thyssenkrupp AG's shareholders		**(145)**	**106**
Non-controlling interest		20	16
Net income/(loss)		**(125)**	**122**
Basic and diluted earnings per share based on	13		
Income/(loss) from continuing operations (attributable to thyssenkrupp AG's shareholders)		**(0.23)**	**0.17**
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)		**(0.23)**	**0.17**

See accompanying notes to financial statements.

thyssenkrupp group – statement of comprehensive income

million €	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021
Net income/(loss)	**(125)**	**122**
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	(166)	133
Tax effect	(6)	(8)
Other comprehensive income from remeasurements of pensions and similar obligations, net	(172)	126
Unrealized gains/(losses) from fair value measurement of equity instruments		
Change in unrealized gains/(losses), net	5	1
Tax effect	0	0
Net unrealized (gains)/losses	5	1
Share of unrealized gains/(losses) of investments accounted for using the equity-method	0	0
Subtotals of items of other comprehensive income that will not be reclassified to profit or loss in future periods	**(167)**	**127**
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	(82)	105
Net realized (gains)/losses	0[1)]	3
Net unrealized (gains)/losses	(82)	108
Unrealized gains/(losses) from fair value measurement of debt instruments		
Change in unrealized gains/(losses), net	2	0
Net realized (gains)/losses	0	0
Tax effect	0	0
Net unrealized (gains)/losses	2	0
Unrealized gains/(losses) from impairment of financial instruments		
Change in unrealized gains/(losses), net	(1)	0
Net realized (gains)/losses	(1)	0
Tax effect	0	0
Net unrealized (gains)/losses	(2)	0
Unrealized gains/(losses) on cash flow hedges		
Change in unrealized gains/(losses), net	167	224
Net realized (gains)/losses	(11)	(11)
Tax effect	(46)	0
Net unrealized (gains)/losses	110	214
Share of unrealized gains/(losses) of investments accounted for using the equity-method	28	21
Subtotals of items of other comprehensive income that could be reclassified to profit or loss in future periods	**55**	**342**
Other comprehensive income	**(112)**	**469**
Total comprehensive income	**(237)**	**591**

million €	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021
Thereof:		
thyssenkrupp AG's shareholders	(271)	565
Non-controlling interest	34	25
Total comprehensive income attributable to thyssenkrupp AG's stockholders refers to:		
Continuing operations	(267)	565
Discontinued operations	(4)	0

See accompanying notes to financial statements.
[1] The split of realized and unrealized foreign currency translation adjustment has been adjusted.

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, 2020	**622,531,741**	**1,594**	**6,664**	**1,472**
Net income/(loss)				(145)
Other comprehensive income				(172)
Total comprehensive income				**(317)**
Profit attributable to non-controlling interest				
Other changes				(10)
Balance as of Dec. 31, 2020	**622,531,741**	**1,594**	**6,664**	**1,145**
Balance as of Sept. 30, 2021	**622,531,741**	**1,594**	**6,664**	**1,771**
Net income/(loss)				106
Other comprehensive income				126
Total comprehensive income				**232**
Profit attributable to non-controlling interest				
Other changes				0
Balance as of Dec. 31, 2021	**622,531,741**	**1,594**	**6,664**	**2,002**

See accompanying notes to financial statements.

	Equity attributable to thyssenkrupp AG's stockholders									
	Cumulative other comprehensive income									
					Cash flow hedges					
	Foreign currency translation adjustment	Fair value measurement of debt instruments	Fair value measurement of equity instruments	Impairment of financial instruments	Designated risk component	Hedging costs	Share of investments accounted for using the equity method	Total	Non-controlling interest	Total equity
	(93)	**6**	**2**	**42**	**84**	**(1)**	**40**	**9,810**	**364**	**10,174**
								(145)	20	(125)
	(81)	1	5	(2)	95	0	28	(126)	14	(112)
	(81)	**1**	**5**	**(2)**	**95**	**0**	**28**	**(271)**	**34**	**(237)**
								0	(8)	(8)
								(10)	10	0
	(174)	**7**	**7**	**40**	**179**	**(1)**	**67**	**9,529**	**400**	**9,929**
	19	**10**	**8**	**33**	**217**	**(37)**	**123**	**10,400**	**445**	**10,845**
								106	16	122
	98	0	1	0	206	8	21	459	10	469
	98	**0**	**1**	**0**	**206**	**8**	**21**	**565**	**25**	**591**
								0	(9)	(9)
								0	(1)	(1)
	117	**10**	**9**	**33**	**422**	**(29)**	**144**	**10,966**	**460**	**11,425**

thyssenkrupp group – statement of cash flows

million €	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021
Net income/(loss)	**(125)**	**122**
Adjustments to reconcile net income/(loss) to operating cash flows:		
Income/(loss) from discontinued operations (net of tax)	4	0
Deferred income taxes, net	(11)	17
Depreciation, amortization and impairment of non-current assets	230	258
Reversals of impairment losses of non-current assets	(18)	(17)
Income/(loss) from companies accounted for using the equity method, net of dividends received	51	42
(Gain)/loss on disposal of non-current assets	(13)	7
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes		
– Inventories	(225)	(1,211)
– Trade accounts receivable	247	(263)
– Contract assets	301	103
– Provisions for pensions and similar obligations	(16)	(20)
– Other provisions	(101)	(143)
– Trade accounts payable	209	8
– Contract liabilities	8	279
– Other assets/liabilities not related to investing or financing activities	(277)	219
Operating cash flows – continuing operations	**265**	**(599)**
Operating cash flows – discontinued operations	0	0
Operating cash flows	**265**	**(599)**
Purchase of investments accounted for using the equity method and non-current financial assets	(2)	(7)
Expenditures for acquisitions of consolidated companies net of cash acquired	(35)	(1)
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(231)	(237)
Capital expenditures for intangible assets (inclusive of advance payments)	(5)	(9)
Proceeds from disposals of previously consolidated companies net of cash disposed	0	18
Proceeds from disposals of property, plant and equipment and investment property	23	7
Proceeds from disposals of time deposits	850	0
Cash flows from investing activities – continuing operations	**599**	**(228)**
Cash flows from investing activities – discont. operations	0	0
Cash flows from investing activities	**599**	**(228)**

million €	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021
Repayments of bonds	(850)	(1,250)
Proceeds from liabilities to financial institutions	32	87
Repayments of liabilities to financial institutions	(90)	(73)
Lease liabilities	(34)	(35)
Proceeds from/(repayments on) loan notes and other loans	(10)	(100)
Profit attributable to non-controlling interest	(8)	(9)
Other financial activities	10	(53)
Cash flows from financing activities – continuing operations	**(949)**	**(1,434)**
Cash flows from financing activities – discont. operations	0	0
Cash flows from financing activities	**(949)**	**(1,433)**
Net increase/(decrease) in cash and cash equivalents	(86)	(2,261)
Effect of exchange rate changes on cash and cash equivalents	0	8
Cash and cash equivalents at beginning of year	10,697	9,017
Cash and cash equivalents at end of year	**10,611**	**6,764**
thereof cash and cash equivalents within the disposal groups	0	46
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows of continuing operations:		
Interest received	2	3
Interest paid	(27)	(21)
Dividends received	1	0
Income taxes (paid)/received	(20)	(59)

See accompanying notes to financial statements.

thyssenkrupp group – Selected notes

Corporate information

thyssenkrupp Aktiengesellschaft ("thyssenkrupp AG" or "Company") is a publicly traded corporation domiciled in Duisburg and Essen in Germany. The condensed interim consolidated financial statements of thyssenkrupp AG and its subsidiaries, collectively the "group", for the period from October 1, 2021 to December 31, 2021, were reviewed and authorized for issue in accordance with a resolution of the Executive Board on February 8, 2022.

Basis of presentation

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

The accounting principles and practices as applied in the group's condensed interim consolidated financial statements as of December 31, 2021 correspond to those pertaining to the most recent annual consolidated financial statements with the exception of the recently adopted accounting standards. A detailed description of the accounting policies is published in the notes to the consolidated financial statements of our annual report 2020 / 2021.

Review of estimates and judgments

The preparation of the group financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. All estimates and assumptions are made to the best of management's knowledge and belief in order to fairly present the group's financial position and results of operations; they are reviewed on an ongoing basis. This applies in particular with regard to the possible impacts of the current global coronavirus pandemic. Against this background an impairment test was conducted on the critical items goodwill, other intangible assets and property, plant and equipment, deferred tax assets, trade accounts receivable and contract assets (see Note 07). The following impairment losses should be highlighted in the 1st quarter ended December 31, 2022: 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.

The uncertainty in assessing the impact of the continuing global coronavirus pandemic on current business performance, including earnings prospects, remains unchanged compared with September 30, 2021; see also the description of current business performance, the economic environment and the expected future development of thyssenkrupp in the interim management report.

01 Recently adopted accounting standards

In fiscal year 2021 / 2022, thyssenkrupp adopted the following interpretations and amendments to existing standards that do not have a material impact on the Group's consolidated financial statements:

- Amendments to IFRS 4 "Insurance Contracts – deferral of IFRS 9", issued in June 2020
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 und IFRS 16 "Interest Rate Benchmark Reform – Phase 2", issued in August 2020

02 Discontinued operation and disposal groups

Discontinued Elevator operations

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

The following table shows subsequent expenses of the 1st quarter ended December 31, 2020 resulting from reciprocal obligations under the agreement on the sale of the elevator operations in 2019 / 2020. This required the reassessment of the mutual claims and obligations to reflect the information obtained after the sale.

DISCONTINUED ELEVATOR OPERATIONS

million €	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021
Sales	0	0
Other income	0	0
Expenses	(4)	0
Ordinary income/(loss) from discontinued operations (before tax)	**(4)**	**0**
Income tax (expense)/income	0	0
Ordinary income/(loss) from discontinued operations (net of tax)	**(4)**	**0**
Gain/(loss) recognized on disposal of discontinued operations (before tax)	0	0
Income tax (expense)/income	0	0
Gain/(loss) recognized on disposal of discontinued operations (net of tax)	**0**	**0**
Income/(loss) from discontinued operations (net of tax)	**(4)**	**0**
Thereof:		
thyssenkrupp AG's shareholders	(4)	0
Non-controlling interest	0	0

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

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

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

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

Disposal groups

In the course of its transformation and strategic realignment, thyssenkrupp is also focusing on its portfolio. In this context in the 4th quarter of 2020 / 2021 the disposal of Mining, Infrastructure and the stainless steel business has been initiated. These transactions do not meet the requirements of IFRS 5 for a presentation of a discontinued operation. Therefore, expenses and income will continue to be presented as income from continuing operations until the date of disposal and the assets and liabilities of the respective disposal groups will be disclosed separately in the balance sheet as of September 30, 2021 and – if not disposed of in the meantime – also in the balance sheet as of December 31, 2021 in the line items “Assets held for sale” and “Liabilities associated with assets held for sale”.

Mining disposal group

On July 29, 2021, thyssenkrupp signed an agreement to sell the mining business in the Multi Tracks segment to Danish company FLSmidth. The disposal group provides technologies for the mining industry. The transaction is subject to merger control approval. Signing triggered extensive carve-out activities expected to be completed by closing in a period of approximately twelve months. In connection with the initiated sale immediately before the initial classification as a disposal group it has been ensured that the measurement of the assets is in accordance with IAS 36; this has not resulted in any impairment.

The assets and liabilities of the disposal group as of September 30, 2021 and as of December 31, 2021, respectively are presented in the following table; €(27) million (Sept. 30, 2021: €(30) million) of cumulative other comprehensive income presented within equity is attributable to the disposal group.

MINING DISPOSAL GROUP

million €	Sept. 30, 2021	Dec. 31, 2021
Intangible assets	93	93
Property, plant and equipment (inclusive of investment property)	66	63
Deferred tax assets	18	19
Inventories	98	101
Trade accounts receivable	115	104
Contract assets	74	135
Other current financial assets	1	1
Other current non-financial assets	33	40
Current income tax assets	4	5
Cash and cash equivalents	31	31
Assets held for sale	**532**	**590**
Provisions for pensions and similar obligations	37	37
Provisions for other non-current employee benefits	4	4
Other non-current provisions	4	4
Deferred tax liabilities	0	1
Non-current financial debt	6	6
Provisions for current employee benefits	10	3
Other current provisions	39	37
Current income tax liabilities	2	3
Current financial debt	3	3
Trade accounts payable	95	69
Other current financial liabilities	1	0
Contract liabilities	167	250
Other current non-financial liabilities	78	78
Liabilities associated with assets held for sale	**445**	**495**

Infrastructure disposal group

On August 5, 2021, thyssenkrupp signed an agreement with FMC Beteiligungs KG to sell Infrastructure in the Multi Tracks segment. The disposal group is active in civil engineering, port engineering and special-purpose civil engineering, as well as in structural engineering. The product portfolio comprises the areas of profiles and anchor technology, flood protection, pile driving and drawing technology, drilling engineering, trench sheeting and shoring.

In connection with the allocation of Infrastructure to the Multi Tracks segment, comprehensive studies of the market environment and of the potential for disposing of individual assets were performed. In light of this, Infrastructure was tested again for impairment under IAS 36 in the 3rd quarter of 2020 / 2021 and an impairment loss of €27.3 million was identified; €0.2 million of this amount related to intangible assets and €24.3 million to property, plant and equipment. €2.8 million could not be recognized due to the lower value limits under IAS 36.105. The relevant recoverable amount used to determine the impairment loss in each case corresponded to the respective value in use, which amounted to €58 million in total and was determined applying a discount rate (after taxes) of 7.65%. In addition, the carrying amounts of assets and liabilities were reviewed in the 4th quarter of 2020 / 2021 on initial classification as a disposal group as part of the initiated sale process; this resulted in further impairment losses of €20 million, which relate in particular to current assets. Impairment losses are reported in cost of sales in the 4th quarter of 2020 / 2021. Following the recognized impairment losses, the carrying amount of the disposal group corresponded to fair value less costs of disposal.

After receiving all merger control approvals, the sale of Infrastructure to FMC Beteiligungs KG, with the exception of the Australian activities, was completed on November 30, 2021. This resulted in a loss of €6 million, which is reported in other gains and losses in the 1st quarter ended December 31, 2022. For the Australian activities, completion was expected with the completion of the IT carve-out activities at the end of January 2022. It happened on January 31, 2022 (see Note 15).

The assets and liabilities of the disposal group as of September 30, 2021 and the Australian activities still assigned to the disposal group as of December 31, 2021 are presented in the following table; €0 million (Sept. 30, 2021: €(2) million) of cumulative other comprehensive income presented within equity is attributable to the disposal group.

INFRASTRUCTURE DISPOSAL GROUP

million €	Sept. 30, 2021	Dec. 31, 2021
Inventories	39	6
Trade accounts receivable	22	3
Other current non-financial assets	2	0
Cash and cash equivalents	5	1
Assets held for sale	**68**	**10**
Provisions for pensions and similar obligations	17	0
Provisions for other non-current employee benefits	1	0
Non-current financial debt	3	0
Other current provisions	2	0
Current income tax liabilities	1	0
Current financial debt	2	0
Trade accounts payable	8	1
Other current financial liabilities	1	0
Contract liabilities	1	0
Other current non-financial liabilities	5	0
Liabilities associated with assets held for sale	**40**	**2**

Stainless steel business disposal group

On September 16, 2021, thyssenkrupp signed an agreement with Italian Arvedi group to sell the stainless steel business (stainless steel plant in Terni, Italy, (AST) including the associated sales organization in Germany, Italy and Turkey) in the Multi Tracks segment. Completion was expected in the first half of 2022, subject to merger control approvals. It happened on January 31, 2022 (see Note 15).

The carrying amounts of the assets and liabilities were reviewed in connection with the initiated sale process on initial classification as a disposal group in accordance with IAS 36; this resulted in the reversal of an impairment loss in the total amount of €38 million, as the fair value (level 3, derived from the purchase price) less costs of disposal is higher than the carrying amount. This had been written down as of September 30, 2020, due to the lower expectations regarding the future results of operations because of the coronavirus pandemic. Of the total €38 million reversal, €6 million is attributable to buildings and €32 million to technical machinery and equipment. It is reported in cost of sales in the 4th quarter of 2020 / 2021; deferred tax liabilities of €11 million were recognized at the same time. This resulted in the 1st quarter ended December 31, 2022 in impairment losses of a total of €26 million, €5 million of which are attributable to property, plant and equipment, €9 million to inventories, €11 million to trade accounts receivable and €1 million to deferred tax assets, reflecting the arrangements in the purchase agreement and changes in working capital from the measurement of the disposal group at fair value less costs to sell. The impairment losses on trade accounts receivable are reported in selling expenses and the other impairment losses in cost of sales.

The assets and liabilities of the disposal group as of September 30, 2021 and as of December 31, 2021, respectively are presented in the following table. There were also intragroup financing liabilities of €320 million (Sept. 30, 2021: €276 million) as of the reporting date. €10 million (Sept. 30, 2021: €(1) million) of cumulative other comprehensive income presented within equity is attributable to the disposal group.

STAINLESS STEEL BUSINESS DISPOSAL GROUP

million €	Sept. 30, 2021	Dec. 31, 2021
Intangible assets	22	23
Property, plant and equipment (inclusive of investment property)	282	284
Investments accounted for using the equity method	17	17
Other financial assets	7	7
Deferred tax assets	60	60
Inventories	521	562
Trade accounts receivable	477	690
Other current financial assets	6	8
Other current non-financial assets	8	7
Current income tax assets	12	12
Cash and cash equivalents	6	15
Assets held for sale	**1,419**	**1,686**
Provisions for pensions and similar obligations	20	20
Provisions for other non-current employee benefits	1	1
Other non-current provisions	15	15
Non-current financial debt	1	1
Provisions for current employee benefits	1	1
Other current provisions	24	25
Current income tax liabilities	0	3
Current financial debt	1	7
Trade accounts payable	577	738
Other current financial liabilities	9	10
Contract liabilities	38	44
Other current non-financial liabilities	59	81
Liabilities associated with assets held for sale	**747**	**947**

03 Provisions for pensions and similar obligations

Based on updated interest rates and fair value of plan assets, an updated valuation of pension obligations was performed as of December 31, 2021.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

million €	Sept. 30, 2021	Dec. 31, 2021
Pension obligations	7,647	7,495
Partial retirement	290	279
Other pension-related obligations	34	32
Reclassification due to the presentation as liabilities associated with assets held for sale	(75)	(57)
Total	**7,896**	**7,749**

The reduction in the conversion rate for pension commitments in Liechtenstein resulted in a €24 million reversal of provisions for pensions to profit or loss.

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

WEIGHTED AVERAGE ASSUMPTIONS

			Sept. 30, 2021			Dec. 31, 2021
in %	Germany	Other countries	Total	Germany	Other countries	Total
Discount rate for accrued pension obligations	0.90	1.51	1.04	1.00	1.51	1.12

04 Other provisions

The restructuring provisions included in other provisions decreased by €42 million to €294 million compared with September 30, 2021. Additions in the amount of €3 million, mainly relating to the Industrial Components, Steel Europe and Multi Tracks segments, were outweighed mainly by amounts utilized.

05 Financial debt

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

06 Contingencies and commitments

Contingencies

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

CONTINGENCIES

million €	Maximum potential amount of future payments as of Dec. 31, 2021	Provision as of Dec. 31, 2021
Advance payment bonds	26	0
Performance bonds	33	0
Other guarantees	5	1
Total	**64**	**1**

The thyssenkrupp group has issued or has had issued guarantees for TK Elevator GmbH and its subsidiaries in favor of their customers which decreased by €22 million to €36 million as of December 31, 2021 compared to September 30, 2021. The buyer consortium has undertaken to indemnify thyssenkrupp against expenses in connection with the guarantees until they are fully discharged. As additional security, thyssenkrupp has received guarantees in the same amount from the buyer.

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

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

Commitments and other contingencies

Due to the high volatility of iron ore prices, in the Steel Europe segment the existing long-term iron ore and iron ore pellets supply contracts are measured for the entire contract period at the iron ore prices applying as of the respective balance sheet date. Compared with September 30, 2021, purchasing commitments decreased significantly by around €1.2 billion to €1.4 billion due to price movements.

There have been no material changes to the other commitments and contingencies since the end of fiscal year 2020 / 2021.

07 Financial instruments

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

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

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

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

The fair value of commodity futures is based on published price quotations. It is measured as of the interim balance sheet date, both internally and by external financial partners.

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

Financial liabilities measured at amortized cost with a carrying amount of €8,173 million as of December 31, 2021 (Sept. 30, 2021: €9,585 million) have a fair value of €8,275 million (Sept. 30, 2021: €9,673 million) that was determined based on fair value measurement attributable to level 2.

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

FAIR VALUE HIERARCHY AS OF SEPT. 30, 2021

million €	Sept. 30, 2021	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	75	0	75	0
Equity instruments	12	7	5	0
Fair value recognized in equity				
Trade accounts receivable	**1,891**			**1,891**
Equity instruments	59			59
Debt instruments (measured at fair value)	25	25	0	0
Derivatives qualifying for hedge accounting	220	0	220	0
Total	**2,283**	**32**	**301**	**1,950**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	114	0	114	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	147	0	147	0
Total	**260**	**0**	**260**	**0**

FAIR VALUE HIERARCHY AS OF DEC. 31, 2021

million €	Dec. 31, 2021	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	64	0	64	0
Equity instruments	12	7	5	0
Fair value recognized in equity				
Trade accounts receivable	**2,065**			**2,065**
Equity instruments	60			60
Debt instruments (measured at fair value)	26	26	0	0
Derivatives qualifying for hedge accounting	76	0	76	0
Total	**2,303**	**33**	**145**	**2,125**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	93	0	93	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	67	0	67	0
Total	**160**	**0**	**160**	**0**

The fair value hierarchy reflects the significance of the inputs used to determine fair values. Financial instruments with fair value measurement based on quoted prices in active markets are disclosed in level 1. In level 2 determination of fair values is based on observable inputs, e.g. foreign exchange rates. Level 3 comprises financial instruments for which the fair value measurement is based on unobservable inputs using recognized valuation models.

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

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

RECONCILIATION LEVEL 3 FINANCIAL INSTRUMENTS

million €	
Balance as of Sept. 30, 2021	**59**
Changes income non-effective	1
Balance as of Dec. 31, 2021	**60**

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

Impairment of trade accounts receivable and contract assets

thyssenkrupp has developed the following model to determine expected credit losses, in particular expected default rates for trade accounts receivable:

The expected default rates are mainly derived from external credit information and ratings for each counterparty, which allows more accurate calculation of the probability of default compared with the formation of rating classes. The customer risk numbers assigned by trade credit insurers and the creditworthiness information provided by credit agencies are translated into an individual probability of default per customer using a central allocation system. This individual probability of default per customer is used uniformly throughout the thyssenkrupp group. The information is updated quarterly. If no rating information is available at counterparty level, an assessment is made based on the average probability of default for each segment plus an appropriate risk premium. For the group financial statements as of December 31, 2021, the latest external credit information and ratings were used, which already take into account current expectations of the possible effects of the coronavirus pandemic.

08 Segment reporting

Segment reporting follows thyssenkrupp's internal control concept.

Segment information for the 1st quarter ended December 31, 2020 and 2021, respectively is as follows:

SEGMENT INFORMATION

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Elevator Technology[1]	Group[2]
1st quarter ended Dec. 31, 2020										
External sales	2,283	615	1,214	1,719	365	1,110	4	11	0	7,321
Internal sales within the group	86	6	1	198	0	90	1	(381)	0	0
Sales	2,368	621	1,215	1,917	364	1,200	5	(370)	0	7,321
EBIT	11	98	116	22	5	(184)	(54)	9	(4)[3]	20
Adjusted EBIT	5	101	109	20	5	(111)	(54)	3	0	78
1st quarter ended Dec. 31, 2021										
External sales	3,193	600	1,103	2,317	377	1,427	0	4	0	9,023
Internal sales within the group	97	4	3	351	0	113	1	(569)	0	0
Sales	3,290	604	1,106	2,669	377	1,540	2	(565)	0	9,023
EBIT	219	57	38	112	(2)	(50)	(61)	(15)	0	298
Adjusted EBIT	219	56	38	124	6	(1)	(51)	(14)	0	378

[1] Discontinued operation (see Note 02).
[2] Inclusive of disposal groups
[3] It refers to expenses directly related to the Elevator sale that reconcile to group EBIT (see Note 02).

Compared with September 30, 2021, average capital employed decreased by €(459) million to €1,227 million at Marine Systems and by €(611) million to €219 million at Multi Tracks, while it increased by €735 million to €3,322 million at Material Services, by €160 million to €1,536 million at Industrial Components and by €663 million to €4,725 million at Steel Europe as of December 31, 2021.

The column "Reconciliation" breaks down as following:

BREAKDOWN RECONCILIATION

million €	Service Units	Special Units	Consolidation	Reconciliation
1st quarter ended Dec. 31, 2020				
External sales	9	3	(2)	11
Internal sales within the group	54	20	(455)	(381)
Total sales	63	23	(456)	(370)
EBIT	0	8	2	9
Adjusted EBIT	0	1	2	3
1st quarter ended Dec. 31, 2021				
External sales	4	0	0	4
Internal sales within the group	47	8	(624)	(569)
Total sales	51	8	(624)	(565)
EBIT	(3)	(4)	(8)	(15)
Adjusted EBIT	(3)	(3)	(8)	(14)

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

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

million €	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021
Adjusted EBIT as presented in segment reporting	**78**	**378**
Special items[1]	(57)	(79)
EBIT as presented in segment reporting	**20**	**298**
+ Non-operating income/(expense) from companies accounted for using the equity method	(53)	(38)
+ Finance income	212	245
– Finance expense	(275)	(302)
– Items of finance income assigned to EBIT based on economic classification	0	0
+ Items of finance expense assigned to EBIT based on economic classification	3	0
Income/(loss) group (net of tax)	**(93)**	**203**
– Income/(loss) from discontinued operations before tax	4	0
Income/(loss) from continuing operations before tax as presented in the statement of income	**(89)**	**203**

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

09 Sales

Sales and sales from contracts with customers are presented below:

SALES

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Group
1st quarter ended Dec. 31, 2020									
Sales from sale of finished products	321	532	936	1,768	7	633	0	(264)	3,932
Sales from sale of merchandise	1,944	72	105	36	3	49	0	(50)	2,159
Sales from rendering of services	122	2	50	47	11	100	5	(32)	305
Sales from construction contracts	2	0	119	0	338	403	0	(4)	859
Other sales from contracts with customers	0	14	4	65	6	10	0	(4)	95
Subtotal sales from contracts with customers	**2,389**	**620**	**1,215**	**1,916**	**365**	**1,194**	**5**	**(353)**	**7,351**
Other sales	(21)	1	0	1	(1)	6	0	(17)	(29)
Total	**2,368**	**621**	**1,215**	**1,917**	**364**	**1,200**	**5**	**(370)**	**7,321**
1st quarter ended Dec. 31, 2021									
Sales from sale of finished products	443	511	839	2,443	13	885	0	(418)	4,717
Sales from sale of merchandise	3,000	68	84	64	2	125	0	(122)	3,221
Sales from rendering of services	133	2	47	48	12	126	2	(33)	337
Sales from construction contracts	4	0	133	0	348	392	0	(6)	871
Other sales from contracts with customers	0	24	4	117	2	11	0	(3)	155
Subtotal sales from contracts with customers	**3,581**	**606**	**1,107**	**2,672**	**377**	**1,539**	**2**	**(582)**	**9,301**
Other sales	(290)	(1)	0	(3)	0	1	0	17	(278)
Total	**3,290**	**604**	**1,106**	**2,669**	**377**	**1,540**	**2**	**(565)**	**9,023**

SALES FROM CONTRACTS WITH CUSTOMERS BY CUSTOMER GROUP

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Group
1st quarter ended Dec. 31, 2020									
Automotive	334	183	1,156	616	0	258	1	(3)	2,545
Trading	345	28	52	322	2	98	0	(126)	721
Engineering	239	375	3	50	5	207	0	0	880
Steel and related processing	429	7	1	503	0	274	0	(230)	983
Construction	130	4	0	4	0	28	0	(1)	164
Public sector	18	0	0	1	350	0	0	1	370
Packaging	21	0	0	286	0	0	0	1	309
Energy and utilities	19	8	0	54	0	12	0	0	94
Other customer groups	853	14	3	80	7	318	4	5	1,285
Total	**2,389**	**620**	**1,215**	**1,916**	**365**	**1,194**	**5**	**(353)**	**7,351**
1st quarter ended Dec. 31, 2021									
Automotive	445	212	1,037	630	0	359	1	32	2,715
Trading	277	55	59	634	1	130	0	(332)	824
Engineering	406	300	6	69	8	33	0	(13)	808
Steel and related processing	746	12	1	700	0	443	0	(189)	1,713
Construction	269	7	0	11	0	26	0	(14)	299
Public sector	26	1	0	2	364	0	0	10	403
Packaging	37	0	0	311	0	0	0	7	356
Energy and utilities	27	4	0	125	0	12	0	3	171
Other customer groups	1,348	14	4	192	4	536	0	(86)	2,012
Total	**3,581**	**606**	**1,107**	**2,672**	**377**	**1,539**	**2**	**(582)**	**9,301**

SALES FROM CONTRACTS WITH CUSTOMERS BY REGION

million €	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	Corporate Headquarters	Reconciliation	Group
1st quarter ended Dec. 31, 2020									
German-speaking area[1]	891	93	393	1,076	50	191	4	(258)	2,440
Western Europe	390	100	182	415	27	399	0	(62)	1,450
Central and Eastern Europe	346	11	62	141	1	72	0	(19)	613
Commonwealth of Independent States	14	7	2	11	0	32	0	0	66
North America	562	111	253	152	4	87	1	(17)	1,153
South America	2	38	15	20	5	60	0	1	142
Asia / Pacific	115	15	11	8	75	81	0	(1)	305
Greater China	18	232	240	30	2	89	0	1	612
India	9	7	1	12	4	43	0	0	76
Middle East & Africa	41	6	56	52	198	140	0	2	495
Total	**2,389**	**620**	**1,215**	**1,916**	**365**	**1,194**	**5**	**(353)**	**7,351**
1st quarter ended Dec. 31, 2021									
German-speaking area[1]	1,029	121	372	1,575	84	287	1	(413)	3,055
Western Europe	634	114	137	531	49	593	0	(79)	1,979
Central and Eastern Europe	597	12	40	194	3	87	0	(65)	868
Commonwealth of Independent States	18	6	3	12	0	25	0	0	64
North America	1,020	145	260	170	1	113	1	(49)	1,660
South America	16	43	11	30	20	51	0	4	175
Asia / Pacific	206	16	12	10	75	79	0	(5)	393
Greater China	16	129	246	29	0	105	0	12	537
India	18	11	1	18	5	82	0	2	138
Middle East & Africa	27	9	25	102	140	118	0	11	432
Total	**3,581**	**606**	**1,107**	**2,672**	**377**	**1,539**	**2**	**(582)**	**9,301**

[1] Germany, Austria, Switzerland, Liechtenstein

Of the sales from contracts with customers €1,160 million (prior year: €1,097 million) results from long-term contracts and €8,141 million (prior year: €6,254 million) from short-term contracts in the 1st quarter ended December 31, 2021, €1,289 million (prior year: €1,220 million) relates to sales recognized over time, and €8,012 million (prior year: €6,130 million) to sales recognized at a point in time in the 1st quarter ended December 31, 2021.

10 Cost of sales

Cost of sales include €16 million resulting from reversals of write-downs of inventories due to the positive development of market prices.

11 Other income

Gains from premiums and from grants in the amount of €10 million in the 1st quarter ended December 31, 2021 (prior year: €13 million) mainly include refunds of social security contributions in connection with the utilization of short-time work allowance in Germany, which the group received from the public sector. Furthermore other income includes €23 million (prior year: €13 million) resulting from insurance compensation.

12 Financial income/(expense), net

The line item “Income from investments accounted for using the equity method” includes expenses in the amount of €38 million (prior year: €53 million) from ordinary shares in Vertical Topco I S.A., Luxembourg, which are part of the Elevator investment (cf. Note 02).

13 Earnings per share

Basic earnings per share are calculated as follows:

EARNINGS PER SHARE (EPS)

	1st quarter ended Dec. 31, 2020		1st quarter ended Dec. 31, 2021	
	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €
Income/(loss) from continuing operations (net of tax) (attributable to thyssenkrupp AG’s shareholders)	(141)	(0.23)	106	0.17
Income/(loss) from discontinued operations (net of tax) (attributable to thyssenkrupp AG’s shareholders)	(4)	(0.01)	0	0.00
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)	**(145)**	**(0.23)**	**106**	**0.17**
Weighted average shares	622,531,741		622,531,741	

There were no dilutive securities in the periods presented.

14 Additional information to the statement of cash flows

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

RECONCILIATION OF LIQUID FUNDS

million €	Dec. 31, 2020	Sept. 30, 2021	Dec. 31, 2021
Cash and cash equivalents according to the balance sheet	10,611	8,974	6,717
Cash and cash equivalents of disposal groups	0	42	46
Liquid funds according to statement of cash flows	10,611	9,017	6,764

As of December 31, 2021 cash and cash equivalents of €18 million (Dec. 31, 2020: €106 million; Sept. 30, 2021: €44 million) result from the joint operation HKM.

15 Subsequent events

On January 31, 2022 the sale of the stainless steel business (stainless steel plant in Terni, Italy, (AST) including the associated sales organization in Germany, Italy and Turkey) to the Italian Arvedi group was completed (closing). Is has been agreed that thyssenkrupp will retain shares in the amount of 15% in AST to strengthen the already existing operating cooperation with Arvedi. The sale of the stainless steel business will improve thyssenkrupp's net financial position in an amount of more than €600 million.

In addition, on January 31, 2022 also the sale of the Australian activities of the Infrastructure disposal group was completed.

Essen, February 8, 2022

thyssenkrupp AG
The Executive Board

Merz

Burkhard Keysberg

Review report

To thyssenkrupp AG, Duisburg and Essen

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated statement of financial position, the consolidated statement of income and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and selected explanatory notes – and the interim group management report of thyssenkrupp AG, Duisburg and Essen, for the period from October 1, 2021, to December 31, 2021, which are part of the quarterly financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz" German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additional observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Essen, February 9, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Harald Kayser	Michael Preiß
(German Public Auditor)	(German Public Auditor)

Additional information

Contact and 2022 / 2023 financial calendar

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2022 / 2023 financial calendar

May 11, 2022
Interim report 1st half 2021 / 2022 (October to March)

August 11, 2022
Interim report 9 months 2021 / 2022 (October to June)

November 17, 2022
Annual report 2021 / 2022 (October to September)

February 03, 2023
Annual General Meeting

February 14, 2023
Interim report 1st quarter 2022 / 2023 (October to December)

This interim report was published on February 10, 2022.
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Forward-looking statements
This document contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond thyssenkrupp's ability to control or estimate precisely, such as the future market environment and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then 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 these materials.

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

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

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