thyssenkrupp

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Financial statements of thyssenkrupp AG 2019 / 2020

Contents

The annual financial statements of thyssenkrupp AG were prepared according to the accounting regulations for large incorporated enterprises with the legal form of a stock corporation (Aktiengesellschaft) under German commercial law. The management report on thyssenkrupp AG is combined with the management report on the thyssenkrupp group and published as a combined management report in the Annual Report of thyssenkrupp AG.

Figures in this report may include rounding differences, so the sum of the individual values stated may not correspond exactly to the stated total.

As part of the strategic realignment, thyssenkrupp AG and its subsidiaries are referred to in these financial statements as a "group" or "group of companies". The group continues to comprise the entities included in the scope of consolidation. Subsidiaries are companies indirectly or directly controlled by thyssenkrupp AG which are included in the consolidated financial statements.

German and English versions of the annual financial statements of thyssenkrupp AG 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.

Statement of financial position

ASSETS

million €	Note	Sept. 30, 2019	Sept. 30, 2020
Fixed assets			
Intangible assets	01	61	36
Property, plant and equipment	01	293	148
Financial assets	02	19,264	18,111
		19,618	**18,295**
Operating assets			
Receivables and other assets	03	6,047	7,199
Cash on hand and cash at banks		2,541	10,872
		8,588	**18,072**
Prepaid expenses and deferred charges	04	**41**	**34**
Total assets		**28,247**	**36,400**

EQUITY AND LIABILITIES

million €	Note	Sept. 30, 2019	Sept. 30, 2020
Total equity	05		
Capital stock		1,594	1,594
Additional paid-in capital		2,703	2,703
Other retained earnings		2,283	2,480
Unappropriated profit/loss		196	(289)
		6,778	**6,489**
Provisions	06		
Accrued pension and similar obligations		1,069	1,089
Other provisions		136	135
		1,205	**1,224**
Liabilities	07		
Bonds		5,950	5,200
Liabilities to financial institutions		327	271
Liabilities to affiliated companies		12,860	22,836
Other liabilities		1,126	380
		20,263	**28,687**
Deferred income		**1**	**0**
Total equity and liabilities		**28,247**	**36,400**

Statement of income

million €	Note	2018/2019	2019/2020
Net sales	11	581	486
Cost of sales	12	(169)	(106)
Gross profit		**412**	**380**
General administrative expenses	13	(520)	(607)
Other operating income	15	1,259	128
Other operating expense	16	(183)	(1,297)
Income from investments	17	(2,367)	2,091
Net interest	18	(166)	(164)
Write-downs of financial assets and securities classed as operating assets	19	(247)	(803)
Income taxes	20	5	(16)
Earnings after taxes/Net loss		**(1,807)**	**(289)**

Profit appropriation			
Net loss		(1,807)	(289)
Profit carried forward		2,004	0
Unappropriated profit/loss		**196**	**(289)**

Notes

General

thyssenkrupp AG is the corporate headquarters responsible for the strategic management of the group of companies. This includes above all defining strategy, allocating resources, as well as executive and financial management. Operating business is the responsibility of the subsidiaries. The management function of thyssenkrupp AG involves the allocation of subsidiaries to the segments as well as the establishment, acquisition and disposal of other companies, groups of companies and investments in other companies.

thyssenkrupp AG, with registered office in Duisburg and Essen, is entered in the commercial register of Duisburg local court under HRB 9092 and in the commercial register of Essen local court under HRB 15364.

As a utility provider thyssenkrupp AG is subject to the requirements of the German Energy Industry Act (EnWG). thyssenkrupp AG is a vertically integrated utility in the meaning of § 3 no. 38 EnWG and is therefore required to unbundle its accounting in accordance with § 6b (3) EnWG.

The management report on thyssenkrupp AG is combined with the management report on the thyssenkrupp group in accordance with § 315 (5) HGB in conjunction with § 298 (2) HGB.

The financial statements and combined management report for fiscal year 2019 / 2020 together with the auditors' report are published in the electronic Federal Gazette "Bundesanzeiger". They will be accessible at www.thyssenkrupp.com (Investors/Reporting & Publications). They can also be ordered from thyssenkrupp AG, thyssenkrupp Allee 1, 45143 Essen, Germany.

To improve the clarity of presentation, items are combined in the statements of financial position and income. They are shown separately in the Notes.

Accounting and valuation principles under commercial law

The financial statements are drawn up in accordance with the rules of the German Commercial Code (Handelsgesetzbuch, HGB) and Stock Corporation Act (Aktiengesetz, AktG).

Intangible assets purchased from third parties are capitalized at purchase cost and amortized on a straight-line basis in line with their expected useful life, applying prorated amounts in the year of addition, generally over a period of five years. Impairment is charged where necessary if the carrying value of individual intangible assets exceeds their fair value. Internally generated intangible assets are not recognized.

Property, plant and equipment are stated at purchase cost less cumulative depreciation and impairment. Interest on borrowings is not capitalized. Depreciation is charged over the useful life of the asset. Impairment is charged where necessary if the carrying value of individual items of property, plant and equipment exceeds their fair value. If the reasons for the impairment cease to exist in subsequent fiscal years, the impairment is reversed to the extent of the increase in value up to a maximum of the original purchase cost.

Depreciation is based mainly on the following useful lives: Buildings 20 – 33 years, land improvements 5 – 20 years, other equipment 3 – 25 years and factory and office equipment 3 – 10 years.

Depreciation of movable assets is charged by the straight-line method. In the year of addition depreciation is charged pro rata temporis. Items with a purchase cost up to and including €250 are recognized as an expense in the year of addition. Additions within a fiscal year of assets with a purchase cost of more than €250 but no more than €1,000 are pooled. The pool is written down by one fifth in the year of addition and each of the following four fiscal years.

Shares in affiliated companies and investments are generally recognized at purchase cost. Fair values are stated if impairments exist which are expected to be of lasting duration. If the reasons for the impairment cease to exist in subsequent fiscal years, the impairment is reversed to the extent of the increase in value up to a maximum of the original purchase cost.

Securities classed as financial assets (special funds) are stated at purchase cost or in cases where a long-term decrease in value is likely at the lower fair value.

Non-interest-bearing or low-interest-bearing loans are discounted to present value; the other loans are stated at face value.

Receivables and miscellaneous assets are stated at face value. Identifiable risks from receivables and miscellaneous assets are recognized through appropriate allowances; general allowances are made for general risks of default at their lower fair value. Non-interest-bearing or low-interest-bearing receivables with a maturity of more than one year are discounted to present value.

Cash and cash equivalents are stated at face value at the reporting date.

Prepaid expenses and deferred charges relate to expenses incurred before the reporting date that are recognized after the reporting date.

Capital stock is recognized at face value.

Accrued pensions and similar obligations are recognized according to the projected unit credit method. Pension obligations were recognized based on the “2018 G tables” of Prof. Dr. Klaus Heubeck adapted to group-specific circumstances and taking into account an average salary increase rate of 2.5%, a pension increase of 1.8% and company-specific employee turnover rates. An exception applies for pension obligations based on securities-linked pension funds. In this case the fund assets are measured at fair value in accordance with § 253 (1) sentence 3 HGB.

For the 2019 / 2020 fiscal year pension obligations are discounted in accordance with § 253 (2) HGB at the published average market interest rate over the past ten years based on an assumed residual term of 15 years, using a forecast interest rate of 2.41% (prior year 2.83%). For discounting at the average market interest rate over the past seven years based on an assumed residual term of 15 years, a forecast interest rate of 1.71% is used (prior year 2.06%). The difference between pension provisions at September 30, 2020 based on the average market interest rate over the past ten years and the average market interest rate over the past seven years is €80 million and is not available for distribution.

Provisions for pensions and similar obligations are discounted at the published average market interest rate over the past seven years.

Insofar as plan assets are available in accordance with § 246 (2) sentence 2 HGB, the recognized provision for pensions and similar obligations generally corresponds to the balance of the necessary settlement amounts based on reasonable commercial assessment and the fair value of the plan assets. If the fair value of the plan assets exceeds the obligations, it is stated on the assets side of the statement of financial position under the item “Excess of plan assets over pension obligations”. Expense and income from the plan assets are netted accordingly with the interest cost on pension obligations and recognized under net interest.

Other provisions take account of all recognizable risks and uncertain obligations. They are recognized at the settlement amounts needed to cover future payment commitments, based on a reasonable commercial assessment. Future price and cost increases are taken into account insofar as sufficient objective evidence is available to support their occurrence. Provisions with a residual term of more than one year are discounted at the average market interest rate for the previous seven fiscal years according to their residual term. For non-current personnel provisions, such as those for long-service rewards, an interest rate of 1.71% (prior year 2.06%) applies based on an assumed residual term of 15 years. Current personnel provisions, such as for commitments under partial retirement agreements, are discounted at an interest rate of 0.59% (prior year 0.79%) according to their term.

Liabilities are stated at settlement value.

Contingent liabilities are recognized in accordance with the liability existing at the reporting date. Contingencies under group and bank warranty declarations are generally recognized according to the outstanding liability under the individual agreements. In the case of group warranty declarations, the principal debt amount is also taken into account where appropriate.

Deferred taxes are recognized for differences between the HGB and taxable values of assets and liabilities that will result in future tax expenses or benefits, and for loss and interest carry-forwards expected to be utilized in the next five years. Deferred taxes are calculated on the basis of the combined income tax rate of the thyssenkrupp AG tax group of currently 32.284%. Deferred tax assets and liabilities are netted. Net deferred tax assets are not recognized.

Derivative financial instruments are generally used to hedge exposure to foreign currency exchange rate, interest rate and commodity price risks arising from operating, investing, and financing activities. Where the conditions under commercial law are met, assets, liabilities, pending transactions or highly probable forecast transactions (hedged items) are grouped together with these derivative financial instruments (hedging instruments) in portfolio hedges to offset opposing changes in value or cash flows deriving from the occurrence of comparable risks. A portfolio hedge exists when several hedged items and hedging instruments are grouped together. Where hedging relationships do not meet the conditions for hedge accounting, they are accounted for according to generally accepted accounting principles.

For the portion of a hedge that is effective, mutually offsetting changes in the value of the hedged item and the value of the hedging instrument(s) are recognized in the statement of income using the gross presentation method. The effectiveness of the hedge is tested on the basis of the Dollar Offset Method (portfolio hedges). For the portion of a hedge that is ineffective, net losses are also recognized immediately in the statement of income; net gains are not recognized.

The accounting and valuation methods for foreign currency receivables and payables hedged using financial instruments are presented in section 10 Derivative financial instruments.

Currency translation

Foreign currency transactions are generally translated at the spot rate applying on the booking date. Foreign currency accounts receivable and payable with a remaining term of more than one year are translated at the lower of the historical or spot exchange rate on the reporting date. Foreign currency accounts receivable and payable with a remaining term of one year or less are translated at the spot exchange rate on the closing date.

Notes to the statement of financial position

01 Intangible assets and property, plant and equipment

Movements in intangible assets and property, plant and equipment are presented in the fixed assets schedule below.

MOVEMENTS IN FIXED ASSETS

	Purchase or manufacturing cost					Depreciation/amortization/impairment					Net values	
		Transfers	Additions	Disposals		Accumu-lated	Write-ups	Increases	Decreases	Accumu-lated		
million €	Oct. 01, 2019				Sept. 30, 2020	Oct. 01, 2019	2019/2020	2019/2020	2019/2020	Sept. 30, 2020	Oct. 01, 2019	Sept. 30, 2020
Intangible assets												
Acquired trademarks and similar rights	221	1	4	73	152	171	0	14	69	116	51	36
Advance payments and assets under construction	10	(1)	0	10	0	0	0	0	0	0	10	0
	232	**0**	**4**	**83**	**152**	**171**	**0**	**14**	**69**	**116**	**61**	**36**
Property, plant and equipment												
Land, leasehold rights and buildings, including buildings on third-party land	401	0	0	31	371	135	0	113	5	244	266	127
Other equipment, factory and office equipment	88	0	0	17	71	62	0	6	17	51	26	20
Advance payments and assets under construction	0	0	0	0	1	0	0	0	0	0	0	1
	490	**0**	**0**	**48**	**442**	**197**	**0**	**119**	**21**	**295**	**293**	**148**
Financial assets												
Shares in affiliated companies	19,690	0	4,294	5,922	18,062	621	4	803	0	1,420	19,069	16,642
Loans to affiliated companies	48	0	9	15	42	0	0	0	0	0	48	42
Investments	2	0	657	0	659	0	0	0	0	0	2	659
Loans to companies in which investments are held	0	0	603	0	603	0	0	0	0	0	0	603
Securities classed as financial assets (special funds)	126	0	17	0	144	0	0	0	0	0	126	144
Other loans	18	0	3	1	21	0	0	0	0	0	18	21
	19,885	**0**	**5,584**	**5,938**	**19,531**	**621**	**4**	**803**	**0**	**1,420**	**19,264**	**18,111**
Total	**20,606**	**0**	**5,588**	**6,069**	**20,126**	**989**	**4**	**936**	**90**	**1,831**	**19,618**	**18,295**

The €83 million disposals of intangible assets are due above all to the internal transfer of software and also to the external sales of licenses already amortized. Amortization of €14 million relates mainly to software licenses.

The €145 million reduction in net fixed assets is due in particular to a €101 million impairment charge on office buildings at the thyssenkrupp Quarter.

02 Financial assets

Movements in financial assets are presented in the fixed assets schedule (Note 01).

The list of shareholdings presented in accordance with § 285 no. 11, no. 11 a and no. 11 b HGB is published in the Federal Gazette (Bundesanzeiger) and additionally on the Company's website (www.thyssenkrupp.com (Investors/Reporting and Publications)).

Shares in affiliated companies

Additions to shares in affiliated companies of €4,294 million and disposals of €5,922 million were recognized. This is due in particular to the contribution in kind at book values of 35.2% of the shares held in thyssenkrupp Elevator USA Holding, Inc. to thyssenkrupp USA Holding AG & Co. KG and a contribution in kind of the remaining shares (64.8%) to thyssenkrupp Nederland Holding B.V., also at book values. This results in a €1,490 million increase in the investment book value of thyssenkrupp USA Holding AG & Co. KG and an increase of €2,740 million in the investment book value of thyssenkrupp Nederland Holding B.V. As a result a €4,229 million decrease in the investment book value of thyssenkrupp Elevator USA Holding, Inc. was recognized.

Capital repayments at thyssenkrupp Nederland Holding B.V. reduced its investment book value by €1,693 million in total. €1,250 million of this relates to the distribution in kind of the reinvestment in the Elevator Technology business and €443 million to a capital repayment as part of the dividend distribution. Furthermore, the €65 million acquisition of thyssenkrupp Finance CA Corp. was recognized in additions.

The impairment charges of €803 million are explained in Note 20 "Write-downs of financial assets and securities classed as operating assets".

Investments

There was a €657 million addition to investments. This amount relates to the reinvestment in Vertical Topco I S.A. which was stated at fair value as purchase cost at the date of addition on July 31. thyssenkrupp Nederland Holding B.V. received this in connection with the sale of Elevator Technology as part of the overall purchase price and transferred it to thyssenkrupp AG by way of a dividend in kind.

Loans to companies in which investments are held

The loans to companies in which investments are held reported for the first time in this fiscal year also result from the aforementioned acquisition of the reinvestment by thyssenkrupp Nederland Holding B.V. and transfer by way of a dividend in kind to thyssenkrupp AG. This is a non-interest-bearing loan recorded at the reporting date at its amortized cost of €603 million.

Securities classed as financial assets (special fund)

The securities classed as financial assets, comprising shares in special funds, serve the external (prorated) full funding and (additional) bankruptcy protection of pension credits.

These special funds were set up under the group's own Contractual Trust Agreement (CTA) and are held fully separately from the other financial assets of thyssenkrupp AG by thyssenkrupp Trust e.V. (trustee).

The new securities-linked pension plan for professionals and executives ("flex^{plan}") introduced as of January 1, 2017 in particular is funded through a contractual trust agreement entered into in 2017. At September 30, 2020 the historical cost of the securities contained in this special fund and attributable to thyssenkrupp AG was around €5 million.

Irrespective of this, benefits under the former pension plans are also funded through a separate trust arrangement, with the trust assets chiefly securing the parts of the pension obligations that exceed the protection limits of the mutual pension guarantee association (Pensionssicherungsverein a.G. (PSV)). At September 30, 2020 the historical cost of the securities in this special fund was around €144 million.

03 Receivables and other assets

million €	Sept. 30, 2019	with more than one year remaining to maturity	Sept. 30, 2020	with more than one year remaining to maturity
Receivables from affiliated companies	5,661	70	6,823	82

Receivables from affiliated companies mainly consist of current receivables under the central financial clearing scheme in the amount of €6,735 million and receivables from sales taxes.

million €	Sept. 30, 2019	with more than one year remaining to maturity	Sept. 30, 2020	with more than one year remaining to maturity
Other assets	387	256	376	238

thyssenkrupp AG recognized pension obligations transferred to third parties internally (without transfer of liability) under accrued pension and similar obligations (Note 06), and capitalized the indemnification right created by transfer of responsibility for meeting the obligations as miscellaneous assets in the amount of the corresponding obligation (in accordance with the projected unit credit method) of €238 million (prior year €256 million).

04 Prepaid expenses and deferred charges

Prepaid expenses and deferred charges mainly include €14 million discounts and future maintenance expenses for licenses.

05 Equity

Capital stock

The capital stock of thyssenkrupp AG is unchanged at €1,593,681,256.96 and is divided into 622,531,741 no-par shares with a mathematical share of the capital stock of €2.56.

Additional paid-in capital

At September 30, 2019 the additional paid-in capital is unchanged at €2,703 million.

Other retained earnings

million €	Sept. 30, 2019	Sept. 30, 2020
Oct. 01	**2,283**	**2,283**
Transfer to other retained earnings	0	196
Sept. 30	**2,283**	**2,480**

Other retained earnings at September 30, 2020 are €2,480 million after the €196 million transfer resolved by the Annual General Meeting.

Unappropriated income/loss

million €	2019/2020
Unappropriated profit Oct. 01, 2019	196
Transfer to other retained earnings	196
Profit carried forward	0
Net loss 2019/2020	**(289)**
Profit carried forward	0
Unappropriated loss Sept. 30, 2020	**(289)**

The Annual General Meeting of thyssenkrupp AG on January 31, 2020 resolved to transfer the €196 million unappropriated income for the 2018 / 2019 fiscal year to other retained earnings.

At September 30, 2020 an unappropriated loss of €289 million is reported.

Further disclosures on equity

Acquisition and use of treasury stock

The resolution of the Annual General Meeting on January 30, 2015 authorizing the Company to purchase for all legally permissible purposes treasury shares up to a total of 10% of the capital stock at the time of the resolution of €1,448,801,144.32 or – if lower – at the time the authorization is exercised, ended on January 29, 2020.

Information on shareholdings

The Alfried Krupp von Bohlen und Halbach Foundation, Essen, voluntarily informed us that it continues to hold an unchanged total of 130,313,600 no-par value shares of thyssenkrupp AG at the balance sheet date; this is equivalent to around 21% of the voting rights.

With regard to other shareholdings in thyssenkrupp AG we had information on shares in the voting rights of 3% or more based on the following announcements pursuant to § 40 (1) Securities Trading Act (WpHG):

In accordance with the German Securities Trading Act (WpHG) Cevian Capital II GP Limited, St. Helier, Jersey, Channel Islands, announced in March 2014 that on February 27, 2014 its share in the voting rights exceeded the 15% threshold and on that date stood at 15.08% (85,321,744 voting rights). All these voting rights are attributable directly to Cevian Capital II GP Limited in accordance with § 34 (1) sentence 1 WpHG. Cevian Capital II GP Limited was attributed voting rights held by its controlled company Cevian Capital II Master Fund LP, whose share in the voting rights of thyssenkrupp AG at this date was 12.23%. Cevian Capital II Master Fund LP, Camana Bay, Grand Cayman, Cayman Islands, announced on January 24, 2014 that its share in the voting rights exceeded the 10% threshold and on that date stood at 10.06% (56,927,356 voting rights).

BlackRock, Inc., Wilmington, USA, announced that on September 30, 2020 its share in the voting rights was 4.28%. 3.11% of these voting rights (19,349,574 voting rights) were attributable to BlackRock, Inc. in accordance with § 34 WpHG. 1.07% of these voting rights (6,648,748 voting rights) were attributable to BlackRock, Inc. as instruments in the meaning of § 38 (1) no. 1 WpHG (securities lending). 0.10% of these voting rights (631,431 voting rights) were attributable to BlackRock, Inc. as instruments in the meaning of § 38 (1) no. 2 WpHG (contract for difference).

GIC Private Limited, Singapore, announced that on April 29, 2020 its share in the voting rights fell below the 5% threshold and on that date stood at 4.76%. 4.15% of these voting rights (25,817,984 voting rights) were attributable to GIC Private Limited in accordance with § 34 WpHG. 0.61% of these voting rights (3,790,210 voting rights) were attributable to GIC Private Limited as instruments in the meaning of § 38 (1) no. 2 WpHG (single stock swap).

Harris Associates L.P., Wilmington, USA, announced that on November 12, 2018 its share in the voting rights exceeded the 5% threshold and on that date stood at 5.05%. This includes more than 3% voting rights of Harris Associates Investment Trust. The 5.05% voting rights (31,443,701 voting rights) were attributable to Harris Associates L.P. in accordance with § 34 WpHG.

Harris Associates Investment Trust, Boston, USA, announced that on January 8, 2019 its share in the voting rights exceeded the 5% threshold and on that date stood at 5.03%. The 5.03% voting rights (31,316,500 voting rights) were attributable to Harris Associates Investment Trust in accordance with § 34 WpHG.

06 Provisions

million €	Sept. 30, 2019	Sept. 30, 2020
Accrued pension and similar obligations	1,069	1,089
Other provisions	136	135
(thereof for taxes)	9	5
(thereof miscellaneous provisions)	127	130

Accrued pension and similar obligations include pension obligations in the amount of €1,082 million (prior year €1,065 million), partial retirement obligations in the amount of €5 million (prior year €4 million) and obligations to Pensionssicherungsverein (pension guarantee association) in the amount of €2 million (prior year €0.5 million). In the past fiscal year €74 million (prior year €53 million) was allocated to provisions for pension and similar obligations.

The recognized amount of provisions includes the settlement amount of €1,087 million (prior year €1,068 million) after deduction of €5 million plan assets (prior year €4 million). The changes in value of the plan assets, which are part of the CTA in accordance with the flex^{Plan} pension plan, are combined with expense for pensions and recognized under general administrative expenses. The fair value of the plan assets is determined on the basis of market prices.

The flex^{Plan} is a securities-linked pension plan. As in this case the obligation must be stated at the fair value of the securities, the distribution restriction in accordance with § 268 (8) HGB is not relevant.

thyssenkrupp AG bears an additional liability from the transfer of businesses and internal transfer of pension obligations. An indemnification right was credited directly to miscellaneous assets and a corresponding obligation charged directly to pension obligations (Note 03).

Tax provisions exist mainly for wage taxes and income taxes. Due to a surplus, sales taxes are reported on the assets side of the balance sheet this year.

Miscellaneous provisions cover all identifiable risks. They include future obligations in the personnel area and outstanding invoices. The recognition of a provision for the volunteer program allowing employees to move to a transfer company as part of the realignment of Corporate Headquarters was partly offset by lower provisions for outstanding invoices.

07 Liabilities

million €	Sept. 30, 2019 term to maturity within 1 year	more than 1 year	thereof more than 5 years	Sept. 30, 2020 term to maturity within 1 year	more than 1 year	thereof more than 5 years
Bonds		5,950	600	850	4,350	
Liabilities to financial institutions	89	238		171	100	
Liabilities to affiliated companies	12,860			22,836		
Other liabilities	932	194	91	184	196	85
Payments received on account of orders	1			1		
Trade accounts payable	63	3		51		
Liabilities to companies in which investments are held						
Miscellaneous liabilities	868	191	91	132	196	85
(amount thereof for loans)	704	191	91	5	185	85
(amount thereof for taxes)	3			2		
(amount thereof for social security)	0			0		
Total	**13,881**	**6,382**	**691**	**24,041**	**4,646**	**85**

The €750 million bond originally due on November 25, 2020 was redeemed early on September 2, 2020. For this thyssenkrupp AG exercised its right to early redemption in accordance with the terms and conditions of issue.

Liabilities to financial institutions include both fixed-interest and variable-interest loans with interest rates of up to 1.75% p. a.

Liabilities to affiliated companies mainly concern deposits in the central financial clearing system in the amount of €17,685 million. The year-on-year change is mainly due to receipt of the purchase price from the sale of Elevator Technology. Loss transfers of €5,111 million under profit and loss transfer agreements are also included.

Miscellaneous liabilities include drawings under a commercial paper program with a limit of €3 billion. Commercial papers are debt instruments which can be issued under the program with a term of up to 364 days depending on investor demand. As of September 30, 2020, €5 million (prior year €704 million) had been drawn under the program. Miscellaneous liabilities also include non-current bonds with a par value of €184 million (prior year €191 million) and current accrued interest liabilities of €78 million (prior year €83 million).

08 Contingencies

thyssenkrupp AG has issued guarantees or had guarantees issued in favor of customers or lenders in the amount of €6,497 million (prior year €7,030 million), of which for affiliated companies €6,291 million (prior year €7,008 million). Depending on the type of guarantee, the terms vary between 3 months and 10 years (e.g. for rent and lease guarantees). The basis for possible payments under the guarantees is the non-performance of the principal debtor under a contractual agreement, e.g. late delivery, delivery of non-conforming goods under a contract, or non-performance with respect to the warranted quality. All guarantees are issued by or issued by instruction of thyssenkrupp AG 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 an external third party, such third party is generally requested to provide additional collateral in a corresponding amount.

To our knowledge the underlying obligations can be fulfilled in all cases; claims are not expected.

09 Other financial obligations and other risks

The main financial obligations relate to profit and loss transfer agreements, energy supply contracts, the group's IT strategy and in particular license agreements, insurance business as well as obligations from rental and lease agreements.

Obligations are due in the coming fiscal years as follows:

million €	
2020/2021	1,491
2021/2022	685
2022/2023	96
2023/2024	11
2024/2025	10
as of 2025/2026	40
Total	**2,333**

The total of €2,333 million includes obligations to affiliated companies of around €1,920 million, relating in particular to loss transfers under domination and profit and loss transfer agreements.

Legal disputes

The Company is involved in various legal, arbitration and out-of-court disputes. Predicting the progress and results of lawsuits involves considerable difficulties and uncertainties. This means that lawsuits not disclosed separately could also individually or together with other legal disputes have a negative and also potentially major future impact on the Group's net assets, financial position, results of operations and liquidity. However, at present the Company does not expect pending lawsuits not explained separately in this section to have a major negative impact on net assets, financial position, results of operations and liquidity.

10 Derivative financial instruments

million €	Nominal value Sept. 30, 2019	Fair value	Nominal value Sept. 30, 2020	Fair value
Foreign currency forward contracts[1)]	4,654	(17)	5,211	(6)
Interest/currency swaps	22	0	18	2
Total	**4,676**	**(17)**	**5,229**	**(4)**

[1)] Incl. foreign currency derivatives entered into by thyssenkrupp AG with Group companies in its function as central hedging platform

With its global business activities, thyssenkrupp AG is exposed in particular to risks from exchange rate and interest rate fluctuations and to a minor extent commodity prices. To contain risks thyssenkrupp AG mainly uses derivative financial instruments. The use of these instruments is only permissible in connection with hedged items and is subject to policies applicable throughout the group, compliance with which is continuously monitored.

Derivative financial instruments and the corresponding hedged items may be regarded as hedges if a clear hedging relationship is demonstrated. thyssenkrupp AG only uses derivative financial instruments where they are in a clear hedging relationship with a corresponding hedged item.

To hedge against foreign currency risks thyssenkrupp AG generally has at its disposal foreign currency derivatives, currency options and interest rate/foreign currency swaps. Foreign currency derivatives are entered into via the central hedging platform to hedge foreign currency exposure in the group. At the reporting date receivables of €2,991 million and liabilities of €2,220 million were hedged. All foreign currency derivatives with a remaining term to maturity of no more than 53 months are designated as portfolio hedges. Interest rate/foreign currency swaps are used to hedge against foreign currency risks from specific group-internal loans of thyssenkrupp AG with a total volume of €18 million. Interest rate/foreign currency swaps with a remaining term to maturity of no more than 40 months, each with terms matching that of the corresponding hedged item, are designated as portfolio hedges. At the reporting date overall provisions of €1 million for hedge ineffectiveness were recognized. By the end of the terms of the hedges, which are between one and 53 months, it is expected that the changes in value and cash flows from the hedged items and the hedges will almost completely balance each other out due to the high effectiveness of the hedges.

At the current reporting date thyssenkrupp AG has no commodity derivatives.

The fair values recognized for derivative financial instruments are calculated according to standard valuation methods taking into account the market data available at the reporting date. For this the following principles are applied:

The fair value of foreign currency forward transactions is determined on the basis of the middle spot exchange rate applicable as of the reporting date, and taking account of forward premiums or discounts arising for the respective remaining contract term compared to the contracted forward exchange rate. For currency options, recognized models are used to determine the option price. In addition to its remaining term, the fair value of an option is influenced by other factors such as the current level and volatility of the underlying exchange rate or the underlying base interest rates.

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, and the exchange rates for each foreign currency in which cash flows occur are also included.

11 Deferred taxes

Deferred tax assets result from the recognition and measurement differences between the HGB and tax balance sheet carrying amounts of the entire thyssenkrupp AG tax group. Deferred tax liabilities mainly result from recognition and measurement differences in the special reserve for impairment losses and are netted against deferred tax assets, which mainly result from recognition and measurement differences in inventories, pension provisions (including plan assets) and provisions for onerous contracts. Net deferred tax assets are not recognized.

Notes to the statement of income

12 Net sales

million €	Sept. 30, 2019	Sept. 30, 2020
DACHLI[1])	338	249
North America	144	140
Western Europe	48	45
Greater China	22	21
Asia Pacific	9	8
Central/ Eastern Europe	7	8
India	3	5
Middle East & Africa	4	4
South America	5	4
Commonwealth of Independent States	1	2
Total	**581**	**486**

[1]) Germany, Austria, Switzerland, Liechtenstein

Net sales include in particular income of €363 million (prior year €401 million) from amounts charged on in accordance with the corporate design, company naming and trademark policy for the corporate mark. Also included are usage fees for licenses, software and central IT security services of €71 million (prior year €79 million) and leases of €36 million (prior year €21 million).

Net sales are lower year-on-year as thyssenkrupp AG no longer provides insurance services for subsidiaries (prior year €78 million).

13 Cost of sales

The cost of sales of €106 million (prior year €169 million) is directly related to the income reported under net sales. The reduction in the cost of sales is due to the absence of insurance services (prior year €74 million).

In the statement of income structured according to § 275 (3) HGB, thyssenkrupp AG's total materials expense is reported under cost of sales. Expenses for purchased services amount to €1 million (prior year €1 million) and are directly related to the income from usage fees for licenses reported under net sales.

14 General administrative expenses

million €	2018/2019	2019/2020
Personnel expense	191	189
Depreciation/amortization	30	127
Other administrative costs	299	291
(thereof business consulting expenses)	64	112
(thereof expense for services)	128	99
(thereof data processing services)	78	62
(thereof maintenance expense)	0	0
Total	**520**	**607**

The increase in general administrative expenses is due in particular to a €101 million impairment charge on office buildings at the thyssenkrupp Quarter. The higher business consulting expenses were incurred in connection with project expense from the Elevator Technology transaction.

15 Personnel expense structured in accordance with § 275 (2) no. 6 HGB

million €	2018/2019	2019/2020
Salaries	127	107
Statutory social contributions	12	9
Expense for pensions and other benefits	53	77
Total	**191**	**193**

€189 million personnel expense (prior year €191 million) is included in general administrative expenses and €4 million (prior year €0.3 million) in cost of sales.

Personnel expense contains salaries, severance payment expenses, leave and special bonuses as well as the change in accrued personnel obligations and the social plan provision. Statutory social contributions contain in particular the employer share of pension, unemployment, nursing care and health insurance contributions. Expense for pensions includes the contributions to the pension guarantee association (Pensions-Sicherungs-Verein) and the service cost of the pension provision allocation; interest on the pension provision allocation is reported under net interest.

Payroll expense was lower in particular due to the year-on-year reduction in headcount. The main reason for the increase in expense for pensions and other benefits is a higher allocation to pension provisions.

The average number of employees at thyssenkrupp AG in the fiscal year, not including apprentices and interns, was 693 (prior year 872). 609 people (prior year 744) worked for Corporate Headquarters, segment boards and other representatives and 84 (prior year 128) for the Automotive Technology office.

16 Other operating income

Other operating income of €128 million (prior year €1,259 million) includes €30 million income from the internal sale of software, €28 million (prior year €6 million) from the sale of non-operating real estate and €7 million (prior year €95 million) from the reversal of provisions.

In the past fiscal year, prior-period other operating income amounted to around €11 million (prior year €95 million), mainly relating to the reversal of provisions and a €4 million impairment reversal on the shares in an investment.

Other operating income in the prior year included €1,080 million income from the transfer to thyssenkrupp Elevator AG of selected usage rights for the groupwide brand.

17 Other operating expense

Other operating expense of €1,297 million (prior year €183 million) includes €1,080 million exceptional expense for the reversal of the usage rights for the groupwide brand transferred to thyssenkrupp Elevator AG in fiscal 2018/2019.

Also included are internal waivers of receivables from thyssenkrupp Presta Aktiengesellschaft in the amount of €74 million and from thyssenkrupp Italia S.r.l. in the amount of €49 million. Further expenses were incurred for maintenance and other services for non-operating real estate in the amount of €21 million (prior year €14 million), for allocations to provisions in the amount of €19 million (prior year €9 million) and for other taxes such as wage taxes and sales taxes in the amount of €17 million (prior year €6 million).

There were other prior-period operating expenses of €1 million (prior year €2 million).

18 Income from investments

million €	2018/2019	2019/2020
Profit-and-loss-transfer-agreements:		
Income from profit transfer	0	0
Expense from loss transfer	(2,967)	(5,116)
Income from investee companies	599	7,207
(amount thereof from affiliated companies)	599	7,207
Total	**(2,367)**	**2,091**

The €2,149 million increase in expense from loss transfers relates in particular to thyssenkrupp Technologies Beteiligungen GmbH, where a loss of €4,860 million (prior year €2,464 million) had to be offset. The loss is due in particular to higher loss transfers to the company itself as well as impairment charges on financial assets. A loss of €212 million (prior year €183 million) had to be offset at thyssenkrupp Materials Services GmbH.

Income from investee companies stems from dividend payments collected from thyssenkrupp Nederland Holding B.V. in the amount of €7,057 million, which includes retained earnings and income from the sale of Elevator Technology, and from thyssenkrupp (China) Ltd. in the amount of €149 million.

19 Net interest

million €	2018/2019	2019/2020
Income from loans classified as financial assets	4	3
(amount thereof from affiliated companies)	4	3
Other interest and similar income	106	117
(amount thereof from affiliated companies)	92	89
Interest and similar costs	(277)	(284)
(amount thereof to affiliated companies)	(71)	(67)
Total	**(166)**	**(164)**

Net interest comprises interest expense and income from both the central financial clearing system and external financing. Added to this is an interest component due to the addition of accrued interest on pension obligations and other provisions with a remaining term of more than one year of €22 million (prior year €25 million).

20 Write-downs of financial assets and securities classed as operating assets

In the current fiscal year there were impairment losses due to expected permanent impairment on the shares in thyssenkrupp Materials Services GmbH (€407 million), thyssenkrupp Regional Investment GmbH (€184 million), thyssenkrupp Steel Europe AG (€131 million), thyssenkrupp Italia S.r.l. (€77 million) and thyssenkrupp Presta Mülheim GmbH (€3 million).

21 Income taxes

Taxes on income include corporation and trade tax and comparable non-German income-related taxes. These relate to income for prior years and taxes in the reporting period. Under a recognition option for an excess of deferred tax assets over deferred tax liabilities, deferred taxes are not included in tax expense.

22 Auditors' fees

A breakdown of the total fee charged by the financial-statement auditors into audit fees, audit-related fees, tax fees and fees for other services is provided in the corresponding disclosure in the Notes to the consolidated financial statements of thyssenkrupp AG. For thyssenkrupp AG and the companies it controls, other audit-related services, mainly for audits of ongoing projects in connection with the introduction of IT systems, and miscellaneous audit-related services were performed. In addition tax services were performed comprising the preparation of tax returns and tax advice in connection with projects and internal reorganizations. Other services mainly include project-related advisory services.

23 Supervisory Board and Executive Board compensation

Total compensation paid to active members of the Executive Board for their work in the reporting year amounted to around €6 million (prior year €7 million). Alongside fixed salaries, fringe benefits and performance bonuses, this also includes the LTI as a stock-based, long-term, performance-related component. Stock rights were issued in the past fiscal year for the LTI with a fair value of around €1 million (prior year €3 million) at grant date. The individual variable compensation was determined taking into account the requirement for appropriateness.

Total compensation to former members of the Executive Board of thyssenkrupp AG and its predecessor companies and their surviving dependants amounts to €24 million (prior year €15 million).

Pension obligations to former members of the Executive Board and their surviving dependants are recognized in the amount of €255 million (prior year €237 million).

For the 2019 / 2020 fiscal year compensation to the members of the Supervisory Board on the basis of the consolidated financial statements still to be adopted including attendance fees amounts to around €2 million (prior year €2 million).

More information on Executive Board and Supervisory Board compensation is provided in the compensation report as part of the combined management report on the thyssenkrupp group and thyssenkrupp AG.

Information on the members of the Supervisory Board and Executive Board in accordance with § 285 no. 10 HGB is provided below under Other directorships held by Executive Board members and Other directorships held by Supervisory Board members.

24 Declaration of conformity in accordance with the German Corporate Governance Code

The Executive Board and Supervisory Board issued a declaration of conformity in accordance with § 161 AktG on October 1, 2020 and made it permanently accessible to shareholders on the Company's website.

25 Subsequent events

The economic situation in Germany and Europe continues to be dominated by the coronavirus pandemic. Case numbers have been rising again significantly since mid-October 2020, causing the German government to introduce new restrictions for November 2020 aimed at reducing contacts and thus the overall risk of infection. Based on the experience gained since spring 2020 the Company is prepared for this situation in terms of organization and processes. Due to the uncertainties associated with the pandemic, further impacts on the results of operations and financial position of the Company cannot be ruled out.

Independent Auditors’ report

To thyssenkrupp AG, Duisburg und Essen

Report on the Audit of the Annual Financial Statements and of the Management Report

Audit Opinions

We have audited the annual financial statements of thyssenkrupp AG, Duisburg und Essen, which comprise the balance sheet as at September 30, 2020, and the statement of profit and loss for the financial year from October 1, 2019 to September 30, 2020, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of thyssenkrupp AG, which is combined with the group management report, including the non-financial statement pursuant to § [Article] 289b Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and § 315b Abs. 1 HGB for the financial year from October 1, 2019 to September 30, 2020. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § 289f HGB and § 315d HGB.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at September 30, 2020 and of its financial performance for the financial year from October 1, 2019 to September 30, 2020 in compliance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the Company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year October 1, 2019 to September 30, 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

① Impairment of investments in affiliated companies

Our presentation of this key audit matter has been structured as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matter:

① Impairment of investments in affiliated companies

① In the annual financial statements of thyssenkrupp AG as at September 30, 2020 shares in affiliated companies amounting to EUR 16,642 million (46% of total assets) are recognized under the "Financial assets" balance sheet item. Each year, thyssenkrupp AG tests the carrying amounts of its equity investments for impairment as of the balance sheet date in a routine process based on own valuations. In general, for the purpose of determining the respective fair value, the discounted cash flow method is used of each investment to calculate a total enterprise value, which is adjusted for the net financial position so that an equity value can be derived for the purposes of comparing that against the carrying amount of the respective equity investment. The calculation is based on the budget projections prepared by the executive directors, which among other things also take into account the expected effects of the ongoing Corona crisis on the business activities of the affiliated companies, and the projected cash flows are discounted using the weighted aver-age cost of capital. The result of these measurements depends to a large extent on the executive directors' estimates and assumptions with respect to future cash flows, including in the light of the effects of the Corona crisis, the discount rate applied and the growth rate. Therefore, the measurements are subject to material uncertainties. Based on the Company's valuations and other documentation, as at September 30, 2020 there was a need for five instances to recognize an impairment loss which amounts to EUR 803 million in total. Against this background and due to its significance for thyssenkrupp AG's assets and liabilities and financial performance, this matter was of particular importance during our audit.

② As part of our audit, we evaluated among other things, the method used for performing impairment tests and assessed the calculation of the weighted average cost of capital. In addition, we assessed the appropriateness of the future cash flows used in the measurement, specifically by reconciling this information to the budget projections and by comparing selected planning assumptions with general and sector-specific market expectations. We evaluated the assessment of the executive directors regarding to the effects of the Corona crisis on the business activities of the affiliated companies and examined how they were taken into account in the budget projections. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the total enterprise value calculated in this way, we also focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the measurement model. In addition, we carried out a detailed examination of the measurement model and the underlying budget projections for selected equity investments. The selection was based on qualitative criteria and the amount by which the calculated enterprise value exceeded the carrying amount of the respective equity investment. In this connection, among other things, we analyzed on the basis of further evidence the consistency of planning assumptions and the viability of planned measures to increase future cash flows, and discussed this in detail with the respective management. We assessed the feasibility of the material measures which have an impact on value against the background of, among other things, the business concept to date as well as current and expected market conditions. In addition, we conducted our own sensitivity analyses. In our view, the measurement inputs and underlying measurement assumptions used by the executive directors were properly derived for conducting impairment tests.

③ The Company's disclosures on financial assets and impairment of financial assets are contained in the sections “General”, “Financial assets” and “Write-downs on financial assets and securities classed as operating assets” of the notes to the financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f HGB and § 315d HGB.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report. The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures..

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Audit of Compliance with the Accounting Obligations pursuant to § 6b Abs. 3 EnWG

Audit Opinion

We have audited whether the Company has complied with its obligations pursuant to § 6b Abs. 3 Sätze 1 to 5 EnWG [Energiewirtschaftsgesetz: German Energy Industry Act] to maintain separate accounts for the financial year from October 1, 2019 to September 30, 2020.

In our opinion, the obligations pursuant to § 6b Abs. 3 Sätze 1 to 5 EnWG to maintain separate accounts have been complied with in all material respects.

Basis for the Audit Opinion

We conducted our audit of the compliance with the obligations to maintain separate accounts in accordance with § 6b Abs. 5 EnWG in compliance with IDW Auditing Standard: Audit pursuant to § 6b Energiewirtschaftsgesetz [German Energy Industry Act] (IDW PS 610 n.F.). Our responsibilities under those requirements and principles are further described in section "Auditor's Responsibilities for the Audit of the Compliance with the Accounting Obligations pursuant to § 6b Abs. 3 EnWG". We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We as an audit firm apply the requirements of the IDW Standard on Quality Control: Requirements to quality control for audit firms (IDW QS 1). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the compliance with the accounting obligations pursuant to § 6b Abs. 3 EnWG.

Responsibilities of the Executive Directors and the Supervisory Board for the Compliance with the Accounting Obligations pursuant to § 6b Abs 3 EnWG

The executive directors are responsible for the compliance with the obligations pursuant to § 6b Abs. 3 Sätze 1 to 5 EnWG to maintain separate accounts.

In addition, the executive directors are responsible for such internal control as they have determined necessary to comply with the obligations to maintain separate accounts.

The supervisory board is responsible for overseeing the Company's compliance with the accounting obligations pursuant to § 6b Abs. 3 EnWG.

Auditor's Responsibilities for the Audit of the Compliance with the Accounting Obligations pursuant to § 6b Abs. 3 EnWG

Our objective is to obtain reasonable assurance about whether the executive directors have complied, in all material respects, with their obligations pursuant to § 6b Abs. 3 Sätze 1 to 5 EnWG to maintain separate accounts.

In addition, our objective is to include a report in the auditor's report which contains our audit opinion on the compliance with the accounting obligations pursuant to § 6b Abs. 3 EnWG.

The audit of the compliance with the obligations pursuant to § 6b Abs. 3 Sätze 1 to 5 EnWG to maintain separate accounts comprises an assessment of whether the allocation of the accounts to the activities pursuant to § 6b Abs. 3 Sätze 1 to 4 EnWG has been made appropriately and comprehensibly and whether the principle of consistency has been observed.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 31 January2020. We were engaged by the supervisory board on 12 February 2020. We have been the auditor of the thyssenkrupp AG, Duisburg and Essen, without interruption since the financial year 2012/2013.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German public auditor responsible for the Engagement

The German Public Auditor responsible for the engagement is Michael Preiß.

Essen, 16 November 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company, and the combined management report includes a fair review of the development and performance of the business and the position of the Company and the thyssenkrupp Group, together with a description of the principal opportunities and risks associated with the expected development of the Company and the thyssenkrupp Group.

Essen, November 16, 2020
thyssenkrupp AG

The Executive Board

Merz

Burkhard

Keysberg

Other directorships held by Executive Board members

(as of September 30, 2020)

Martina Merz

Appointed until March 2023 // German
Chairwoman

○ SAF-Holland SE (Deputy Chair)
○ Volvo AB, Sweden

Subsidiaries of thyssenkrupp AG:

□ thyssenkrupp (China) Ltd., PR China (Chair)

Oliver Burkhard

Appointed until September 2023 // German

□ PEAG Holding GmbH (Chair)

Subsidiaries of thyssenkrupp AG:

■ thyssenkrupp Marine Systems GmbH (Chair)
■ thyssenkrupp Steel Europe AG

Dr. Klaus Keysberg

Appointed until July 2024 // German

Subsidiaries of thyssenkrupp AG:

■ thyssenkrupp Materials Services GmbH (Chair)
■ thyssenkrupp Steel Europe AG (Chair)
□ thyssenkrupp Materials (Shanghai) Co., Ltd., PR China
□ thyssenkrupp North America, Inc., USA (Chair)

Johannes Dietsch

left the Executive Board at the close of March 31, 2020 // German

● Covestro AG
■ Covestro Deutschland AG

■ Membership of supervisory boards within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2020)

□ Membership of comparable German and non-German control bodies of business enterprises within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2020)

● / ○ Company listed on the stock exchange

Other directorships held by Supervisory Board members

(as of September 30, 2020)

Prof. Dr.-Ing. Siegfried Russwurm, Michelau

Consultant
Appointed until 2023 // German

- ■ Dr. Johannes Heidenhain GmbH
- ■ Voith GmbH & Co. KGaA (Chairman of the Shareholders' Committee and Supervisory Board)

Jürgen Kerner, Munich

(since January 31, 2020)
Member of the Executive Committee and Treasurer of IG Metall
Appointed until 2024 // German

- ● MAN SE
- ● Siemens AG
- ● Traton SE
- ● Siemens Energy GmbH
- ■ MAN Truck & Bus SE
- ■ Premium Aerotec GmbH

Birgit A. Behrendt, Cologne

(since January 31, 2020)
Consultant
Appointed until 2023 // German

- ● Kion Group AG
- ■ Ford Werke GmbH
- □ Stulz Verwaltungsgesellschaft mbH (Member of the Administrative Board)

Dr. Wolfgang Colberg, Munich

Consultant
Appointed until 2023 // German

- ○ Pernod Ricard SA, France
- □ AMSilk GmbH (Chairman of the Advisory Board)
- ○ Burelle SA, France
- □ ChemicalInvest Holding BV, Netherlands (Chairman)
- □ Efficient Energy GmbH (Chairman of the Advisory Board)

Prof. Dr. Dr. h.c. Ursula Gather, Dortmund

Chairwoman of the Board of Trustees of the Alfried Krupp von Bohlen und Halbach Foundation
Appointed until 2023 // German

- ● Munich Re AG

Angelika Gifford, Kranzberg

Vice President Central Europe Facebook Inc.
Appointed until 2023 // German

- ● TUI AG, Hanover

Dr. Bernhard Günther, Haan

(since January 31, 2020)
CFO and CHRO innogy SE
Appointed until 2023 // German

- ● Uniper SE

Achim Hass, Kiel

Power electronics technician // Chairman of the Works Council of thyssenkrupp Marine Systems GmbH (Kiel) // Chairman of the General Works Council of thyssenkrupp Marine Systems GmbH
Appointed until 2024 // German

- ■ Babcock Pensionskasse VvaG

Subsidiaries of thyssenkrupp AG:

- ■ thyssenkrupp Marine Systems GmbH

Friederike Helfer, Altendorf/Switzerland

(since January 31, 2020)
Partner at Cevian Capital Limited
Appointed until 2023 // Austrian

- ○ Vesuvius plc

Dr. Ingrid Hengster, Frankfurt am Main

Member of the Executive Board of KfW Group
Appointed until 2023 // Austrian

- ■ Deutsche Bahn AG
- □ KfW Capital GmbH & Co. KG

Tanja Jacquemin, Frankfurt am Main

Lecturer for the research and teaching area "Supervisory Boards and Corporate Codetermination" at the Academy of Labour
Appointed until 2024 // German

Dr. Norbert Kluge, Ratingen

Founding Director of the Institute for Codetermination and Corporate Governance (I.M.U.) of the Hans Böckler Foundation
Appointed until 2024 // German

Barbara Kremser-Bruttel, Gelsenkirchen

Office clerk // Chairwoman of the Works Council of thyssenkrupp Electrical Steel GmbH
Appointed until 2024 // German
Subsidiaries of thyssenkrupp AG:
- ■ thyssenkrupp Electrical Steel GmbH

Dr. Ingo Luge, Hanover

(November 12, 2019 – January 31, 2020 and since February 11, 2020)
Director and Management Consultant
Appointed until 2021 // German
- ■ Avacon AG
- ■ E.ON Energie Deutschland GmbH
- ■ PreussenElektra GmbH

Tekin Nasikkol, Ratingen

(since August 4, 2020)
Bachelor of Arts (Business Administration) // Chairman of the Works Council and Chairman of the General Works Council of thyssenkrupp Steel Europe AG
Appointed until 2024 // German
Subsidiaries of thyssenkrupp AG:
- ■ thyssenkrupp Steel Europe AG

Peter Remmler, Wolfsburg

Wholesale and export trader // Vice Chairman of the Works Council of thyssenkrupp Schulte GmbH (Braunschweig) // Chairman of the Works Council Union Materials Services
Appointed until 2024 // German
Subsidiaries of thyssenkrupp AG:
- ■ thyssenkrupp Materials Services GmbH

Dirk Sievers, Bochum

Technical Officer // Chairman of the Works Council of thyssenkrupp Steel Europe AG / Electrical Steel (Bochum) // Chairman of the Group Works Council of thyssenkrupp AG
Appointed until 2024 // German
- □ PEAG Holding GmbH (Member of the Advisory Board)

Dr. Lothar Steinebach, Leverkusen

Former member of the Management Board of Henkel AG & Co. KGaA
Appointed until 2023 // German
- ■ Carl Zeiss AG
- □ Diem Client Partner AG, Switzerland (Member of the Management Board)

Friedrich Weber, Schöndorf

Machine setter // Chairman of the General Works Council of thyssenkrupp Bilstein GmbH // Chairman of the Works Council Union Components Technology // Vice Chairman of the European Works Council of thyssenkrupp AG // Vice Chairman of the Group Works Council of thyssenkrupp AG
Appointed until 2024 // German
Subsidiaries of thyssenkrupp AG:
- ■ thyssenkrupp Bilstein GmbH

Isolde Würz, Mülheim/Ruhr

Attorney // Corporate Lawyer at thyssenkrupp Corporate Function Legal & Compliance // Chairwoman of the Executives' Committee of thyssenkrupp AG and executive member of the Group Executives' Committee
Appointed until 2024 // German

■ Membership of supervisory boards within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2020)
□ Membership of comparable German and non-German control bodies of business enterprises within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2020)
● / ○ Company listed on the stock exchange

In the course of the fiscal year 2019 / 2020 the following members left the Supervisory Board. Where they held other directorships at the time of departure these are listed below:

Markus Grolms, Dinslaken

(until January 31, 2020)
Vice Chairman // Trade union secretary at IG Metall
Appointed until 2024 // German

Susanne Herberger, Dresden

(until July 31, 2020)
Engineer (FH) – information technology // Vice Chairwoman of the Works Council of thyssenkrupp Aufzüge GmbH (Dresden) // Chairwoman of the Works Council Union Elevator Technology // Vice Chairwoman of the Group Works Council of thyssenkrupp AG
Appointed until 2024 // German
Subsidiaries of thyssenkrupp AG:

- ■ thyssenkrupp Elevator AG

Prof. Dr. Bernhard Pellens, Bochum

(until January 31, 2020)
Professor of Business Studies and International Accounting, Ruhr University Bochum
Appointed until 2020 // German

- ■ LVM Landwirtschaftlicher Versicherungsverein Münster aG
- ■ LVM Krankenversicherungs-AG

Carola v. Schmettow, Düsseldorf

(until January 31, 2020)
CEO of HSBC Trinkaus & Burkhardt AG
Appointed until 2020 // German

- □ HSBC France SA, France

Jens Tischendorf, Zurich

(until January 31, 2020)
Partner at Cevian Capital Ltd.
Appointed until 2020 // German

- ● Bilfinger SE

■ Membership of supervisory boards within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2020)

□ Membership of comparable German and non-German control bodies of business enterprises within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2020)

● / ○ Company listed on the stock exchange

www.thyssenkrupp.com