Joint Report
of the Executive Board of thyssenkrupp AG
and the Board of Directors
of thyssenkrupp Holding Germany GmbH
pursuant to Sec. 293a German Stock Corporation Act
on the Control and Profit and Loss Transfer Agreement
dated 12 November 2021
between
thyssenkrupp AG, Duisburg and Essen
and
thyssenkrupp Holding Germany GmbH, Essen

For the information of the shareholders of thyssenkrupp AG (hereinafter “tk AG”) and in preparation of the resolution at the Annual General Meeting of tk AG on Friday, 4 February 2022, the Executive Board of tk AG and the Board of Directors of thyssenkrupp Holding Germany GmbH (hereinafter „tk HG“) hereby deliver the following report on the Control and Profit and Loss Transfer Agreement between tk AG and tk HG (hereinafter also referred to as the “Agreement”).

1. Contracting Parties

tk AG is a listed German stock corporation headquartered in Duisburg and Essen and registered in the Commercial Register of the Local Court Duisburg under HRB 9092 and the Local Court Essen under HRB 15364. Its fiscal year commences on 1 October and ends on 30 September. tk AG is the parent company of the thyssenkrupp Group. According to the company’s Articles of Association, its object is the management of a group of enterprises whose fields of business include (without being limited thereto) production, processing, sale, recycling and disposal of carbon and stainless steel, other steel and other materials, as well as recovery and extraction of raw materials; development, design, manufacture and sale of machinery, mechanical plant, components, systems and equipment; development, design, manufacture and sale of parts, components and systems for the vehicle industry; development, design, construction and operation of industrial plants and facilities of all types; trading, logistics, transport and other services in particular in the aforesaid fields of business and in the area of communications; acquisition, sale, development and management of real estate.

tk HG was established as a German limited liability company on 26 July 2021 and entered into the Commercial Register of the Local Court Essen on 20 August 2021 under HRB 32637. Its share capital amounts to EUR 25,000.00. Its fiscal year commences on 1 October and ends on 30 September. According to the tk HG’s Articles of Association the object of the company is the acquisition and sale, holding and management of stakes in other companies engaged in the
development, planning, manufacture, construction and distribution as well as the repair of industrial products and works of all kinds, in particular facilities, ships (shipyards), machinery, components, systems and equipment as well as parts, components and systems for the automotive industry, the management of its own assets as well as the conduct of all related business. The object of the company is also the provision of services for companies with the abovementioned field of activity.

tk HG is a non-operative intermediate holding company that focuses on the holding of stakes in other companies.

Since inception, tk AG holds all shares in tk HG and is, thus, its sole shareholder.

2. **Conclusion and Effective Date of the Agreement**

The Control and Profit and Loss Transfer Agreement between tk AG and tk HG was concluded on 12 November 2021. The Agreement has been signed by the Chairwoman of the Executive Board Martina Merz and the Executive Board member Oliver Burkhard as jointly authorized representatives on behalf of tk AG and by the Managing Directors Michael Conrad and Dieter Fehring as jointly authorized representatives on behalf of tk HG.

The Agreement shall be submitted to the Annual General Meeting of tk AG on 4 February 2022 in accordance with Sec. 293 German Stock Corporation Act. The notarized Shareholders' Meeting of tk HG approved the Agreement in accordance with Sec. 293 German Stock Corporation Act on 1 December 2021. The Agreement must be entered into the Commercial Register responsible for tk HG in order to enter into force.

3. **Commentary on the Control and Profit and Loss Transfer Agreement**

The Agreement's main contents are:

- tk HG places the management of its company under the control of tk AG (Sec. 1 para. 1 of the Agreement). Accordingly, tk AG shall be entitled to issue instructions to the Board of Directors of tk HG concerning the management of the company (Sec. 1 para. 2 of the Agreement).

- tk HG is obliged to transfer to tk AG its entire profit, which may be transferred in accordance with all provisions of Sec. 301 German Stock Corporation Act, as amended from time to time (Sec. 2 para. 1 1st subparagraph of the Agreement).
tk HG may, subject to the consent of tk AG, transfer amounts from its net income to other retained earnings to the extent that this is permissible under commercial law and economically justified based on prudent business judgment. These amounts may be withdrawn by tk HG from other retained earnings in subsequent years and transferred as profit (Sec. 2 para. 1 2nd subparagraph of the Agreement). The transfer of income from the reversal of other retained earnings formed prior to the inception of the Agreement and of capital reserves is excluded (Sec. 2 para. 1 3rd subparagraph of the Agreement).

tk AG is obliged to assume any losses of tk HG in accordance with all provisions of Sec. 302 German Stock Corporation Act, as amended from time to time (Sec. 2 para. 2 of the Agreement).

The Agreement shall take effect upon entry of its existence in the Commercial Register of tk HG and shall apply, with the exception of the right to issue instructions pursuant to Sec. 1 of the Agreement, for the period from 1 October 2021 (Sec. 3 para. 1 of the Agreement). The Agreement may be terminated for the first time with effect as of the end of 30 September 2026, subject to three months' notice and, if not terminated, shall be extended with the same notice period until the end of the following fiscal year (Sec. 3 para. 2 of the Agreement).

Each contracting party has the right to terminate the Agreement for good cause at any time without notice. Good cause shall be deemed to exist in particular if tk AG or affiliated companies of tk AG within the meaning of Secs. 15 et seqq. German Stock Corporation Act no longer hold a majority interest in tk HG due to a sale or contribution of shares in tk HG or for any other legal reason, tk AG is merged, tk AG or tk HG is split or liquidated, or an outside shareholder acquires an interest in tk HG for the first time within the meaning of Sec. 307 German Stock Corporation Act (Sec. 3 para 3 of the Agreement).

In order for the income tax group to be recognized, the Agreement had to be concluded for a period of at least five calendar years. In order to be able to benefit from the advantages of the tax group already from the year of registration, the parties agreed on the retroactive effect of the Agreement as described above.

The Agreement does not provide for any compensation or settlement for outside shareholders, as tk AG is the sole shareholder of tk HG. A valuation of the companies involved in the conclusion of the Agreement to determine an appropriate compensation and settlement was therefore not required.
Since tk AG holds all shares in tk HG, pursuant to Sec. 293b para. 1 German Stock Corporation Act, there is no need to have the Agreement audited by an expert auditor or to prepare a corresponding audit report in accordance with Sec. 293e German Stock Corporation Act.

4. Commercial Significance and Objective of the Profit and Loss Transfer Agreement

The primary objective of the Agreement is to establish a corporate tax group for tk AG and tk HG in accordance with Sec. 14 of the German Corporate Tax Act. It also serves the purpose of establishing a trade tax group including tk AG and tk HG in accordance with Sec. 2 para. 2 of the German Trade Tax Act. Accordingly, the Agreement contains the customary provisions of a control and profit and loss transfer agreement concluded to establish a tax group within a group of companies. The corporate and trade tax group enables the combined income taxation of tk HG (Controlled Company) and tk AG (Controlling Company). Profits and losses of the Controlled Company occurring during the existence of the tax group shall be directly assigned to the Controlling Company as defined by German tax law. Within the scope of the corporate and trade tax group, positive and negative earnings can, thus, be offset against each other and considered optimally from a tax perspective at the level of the Controlling Company tk AG.

Furthermore, within the scope of the tax group, profits of tk HG may be transferred to tk AG without an additional tax burden. Without a tax group, profits could only be transferred to tk AG via a payment of profits to tk AG. Based on currently applicable German tax law, 5 % of the profits paid to tk AG would be subject to corporate and trade tax, although they would already have been taxed at the level of tk HG.

The contractual control element ensures the uniform management of tk HG and its integration into the thyssenkrupp Group. To this end, the Agreement ensures that tk AG may issue instructions to the Board of Directors of tk HG on the management of tk HG. The Board of Directors of tk HG is obligated to comply with these instructions. The Agreement is thus a customary Group management tool.
5. **Alternatives to the Conclusion of the Control and Profit and Loss Transfer Agreement**

No commercially reasonable alternative to the conclusion of the Agreement between tk AG and tk HG was available that could have provided an equal or better contractual basis for achieving the aforementioned objectives. Pursuant to Secs. 14 and 17 of the German Corporate Tax Act, the conclusion of this Agreement is an indispensable prerequisite for the desired establishment of a corporate and trade tax group.

In particular, this joint taxation of tk AG and tk HG could not have been achieved by concluding a different type of inter-company agreement as defined by Sec. 292 German Stock Corporation Act (business lease, partial business transfer agreement, profit pool or partial profit pool) or by an operating agreement.

6. **Consequences for the Shareholders' Stakes**

Pursuant to the Agreement, tk HG shall place the management of its company under the control of tk AG, which shall be entitled to issue instructions to the Board of Directors of tk HG. As a result of the Agreement, tk HG undertakes to transfer its profits to tk AG in accordance with all provisions of Sec. 301 German Stock Corporation Act, as amended from time to time. This is contrasted by tk AG's obligation vis-à-vis tk HG to assume losses in accordance with all provisions of Sec. 302 German Stock Corporation Act, as amended from time to time. Apart from this, there are no particular consequences for shareholders of tk AG; especially because no compensation or settlement pursuant to Secs. 304 and 305 German Stock Corporation Act are due since there are no external shareholders in tk HG.

A summary assessment of the Agreement reveals that it is beneficial to both tk AG and tk HG.

[Signature Page follows]
Essen, 12 November 2021

thyssenkrupp AG

The Executive Board

[signed] [signed] [signed]
Martina Merz Oliver Burkhard Dr. Klaus Keysberg

Essen, 12 November 2021

thyssenkrupp Holding Germany GmbH

The Board of Directors

[signed] [signed] [signed]
Michael Conrad Dieter Fehring Sascha Greger