Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	948 236 907
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	TK ELEVATOR NORWAY HOLDING AS
Forretningsadresse:	Brobekkveien 38 0598 OSLO

Regnskapsår

Årsregnskapets periode:	01.10.2019 - 30.09.2020

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Geir Hansen
Dato for fastsettelse av årsregnskapet:	16.12.2020

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 04.08.2022

Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	8, 11	18 739 362	13 978 049
Sum inntekter		**18 739 362**	**13 978 049**
Kostnader			
Lønnskostnad	10	8 608 283	3 659 732
Avskrivning på varige driftsmidler	2	41 058	41 931
Andre driftskostnader	11	9 894 202	9 748 701
Sum kostnader		**18 543 542**	**13 450 364**
Driftsresultat		**195 820**	**527 685**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap		2 300 000	17 600 000
Annen renteinntekt	11	1 020 954	1 364 706
Andre finansinntekter		1 156	-40 296
Sum finansinntekter		**3 322 110**	**18 924 410**
Annen rentekostnad		539	31
Andre finanskostnader		65 033	30 067
Sum finanskostnader		**65 572**	**30 098**
Netto finans		**3 256 538**	**18 894 312**
Ordinært resultat før skattekostnad		**3 452 357**	**19 421 997**
Skattekostnad på ordinært resultat	9	253 624	408 479
Ordinært resultat etter skattekostnad		**3 198 733**	**19 013 518**
Årsresultat	6	**3 198 733**	**19 013 518**
Årsresultat etter minoritetsinteresser		**3 198 733**	**19 013 518**
Totalresultat		**3 198 733**	**19 013 518**
Overføringer og disponeringer			

Resultatregnskap

Beløp i: NOK	Note	2020	2019
Ordinært utbytte		2 300 000	59 725 000
Avsatt til/fra (-) annen egenkapital		898 733	-40 711 482
Sum overføringer og disponeringer		**3 198 733**	**19 013 518**

Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	9	95 272	90 956
Sum immaterielle eiendeler		**95 272**	**90 956**
Varige driftsmidler			
Maskiner, inventar o. l.	2	18 494	59 552
Sum varige driftsmidler	2	**18 494**	**59 552**
Finansielle anleggsmidler			
Investering i datterselskap	3	90 161 375	90 161 375
Sum finansielle anleggsmidler		**90 161 375**	**90 161 375**
Sum anleggsmidler		**90 275 141**	**90 311 883**
Omløpsmidler			
Varer			
Fordringer			
Fordringer på selskap i samme konsern	4	56 328 072	56 114 291
Andre kortsiktige fordringer		265 648	1 168 927
Sum fordringer		**56 593 721**	**57 283 218**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l	5	742 778	185 769
Sum bankinnskudd, kontanter og lignende		**742 778**	**185 769**
Sum omløpsmidler		**57 336 499**	**57 468 987**
SUM EIENDELER		**147 611 639**	**147 780 870**

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Balanse

Beløp i: NOK	Note	2020	2019
Innskutt egenkapital			
Aksjekapital 5 200 aksjer à kr. 1 000	7	5 200 000	5 200 000
Sum innskutt egenkapital		**5 200 000**	**5 200 000**
Opptjent egenkapital			
Annen egenkapital		140 019 401	139 120 668
Sum opptjent egenkapital		**140 019 401**	**139 120 668**
Sum egenkapital	6	**145 219 401**	**144 320 668**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9		
Annen langsiktig gjeld			
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Leverandørgjeld	4	259 054	1 248 334
Betalbar skatt	9	139 388	470 393
Off.avgifter, skattetrekk m.m.		564 426	824 501
Annen kortsiktig gjeld		1 429 370	916 975
Sum kortsiktig gjeld		**2 392 238**	**3 460 202**
Sum gjeld		**2 392 238**	**3 460 202**
SUM EGENKAPITAL OG GJELD		**147 611 639**	**147 780 870**

thyssenkrupp

TK Elevator Norway Holding AS

Resultatregnskap

	Note	2019/2020	2018/2019
Driftsinntekter og driftskostnader			
Salgsinntekt	8, 11	18 739 362	13 978 049
Sum driftsinntekter		**18 739 362**	**13 978 049**
Lønnskostnad	10	8 608 283	3 659 732
Avskrivning på varige driftsmidler	2	41 058	41 931
Andre driftskostnader	11	9 894 202	9 748 701
Sum driftskostnader		**18 543 542**	**13 450 364**
Driftsresultat		**195 820**	**527 685**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap		2 300 000	17 600 000
Renteinntekter	11	1 020 954	1 364 706
Andre finansinntekter		1 156	-40 296
Rentekostnader		539	31
Andre finanskostnader		65 033	30 067
Resultat av finansposter		**3 256 538**	**18 894 312**
Ordinært resultat før skattekostnad		**3 452 357**	**19 421 997**
Skattekostnad på ordinært resultat	9	253 625	408 479
Årsresultat	6	**3 198 732**	**19 013 518**
Overføringer			
Utbytte utdelt gjennom året		2 300 000	59 725 000
Avsatt til/fra (-) annen egenkapital		898 732	-40 711 482
Sum overført		**3 198 732**	**19 013 518**

TK Elevator Norway Holding AS

Balanse

	Note	30.09.2020	30.09.2019
Eiendeler			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	9	95 271	90 956
Sum immaterielle eiendeler		**95 271**	**90 956**
Varige driftsmidler			
Maskiner, inventar o. l.	2	18 494	59 552
Sum varige driftsmidler	2	**18 494**	**59 552**
Finansielle anleggsmidler			
Investeringer i datterselskap	3	90 161 375	90 161 375
Sum finansielle anleggsmidler		**90 161 375**	**90 161 375**
Sum anleggsmidler		**90 275 140**	**90 311 883**
Omløpsmidler			
Fordringer			
Fordringer på selskap i samme konsern	4	56 328 072	56 114 291
Andre kortsiktige fordringer		265 648	1 168 927
Sum fordringer		**56 593 721**	**57 283 218**
Bankinnskudd, kontanter o.l	5	742 778	185 769
Sum omløpsmidler		**57 336 499**	**57 468 987**
Sum eiendeler		**147 611 638**	**147 780 870**

thyssenkrupp

TK Elevator Norway Holding AS

Balanse

	Note	30.09.2020	30.09.2019
Egenkapital og gjeld			
Innskutt egenkapital			
Aksjekapital 5 200 aksjer à kr. 1 000	7	5 200 000	5 200 000
Sum innskutt egenkapital		**5 200 000**	**5 200 000**
Opptjent egenkapital			
Annen egenkapital		140 019 400	139 120 668
Sum opptjent egenkapital		**140 019 400**	**139 120 668**
Sum egenkapital	6	**145 219 400**	**144 320 668**
Gjeld			
Kortsiktig gjeld			
Leverandørgjeld	4	259 054	1 248 334
Betalbar skatt	9	139 388	470 393
Off.avgifter, skattetrekk m.m.		564 426	824 501
Annen kortsiktig gjeld		1 429 370	916 975
Sum kortsiktig gjeld		**2 392 238**	**3 460 202**
Sum Gjeld		**2 392 238**	**3 460 202**
Sum gjeld og egenkapital		**147 611 638**	**147 780 870**

Oslo, 16.12.2020

Styret i TK Elevator Norway Holding AS

Torbjørn Endrerud	Geir Johannes Hansen	Inga Engel
Styreleder	Styremedlem/daglig leder	Styremedlem

thyssenkrupp

TK Elevator Norway Holding AS

Indirekte kontantstrøm

		Note	2019/2020	2018/2019
Kontantstrømmer fra operasjonelle aktiviteter				
	Resultat før skattekostnad		3 452 357	19 421 997
-	Periodens betalte skatt		-588 945	494 797
+	Ordinære avskrivninger		41 058	41 931
+/-	Endring i leverandørgjeld		-989 279	-1 751 182
+/-	Endring i andre tidsavgrensningsposter		-931 794	1 105 667
=	**Netto kontantstrøm fra operasjonelle aktiviteter**		**983 397**	**19 313 210**
Kontantstrømmer fra investeringsaktiviteter				
Kontantstrømmer fra finansieringsaktiviteter				
-	Utmelding av konsernkontoordning	**4**	52 786 026	0
-	Utbetalinger av utbytte		2 300 000	59 725 000
=	**Netto kontantstrøm fra finansieringsaktiviteter**		**-55 086 026**	**-59 725 000**
=	Netto endring i kontanter og kontantekvivalenter		-54 102 629	-40 411 790
+	Beh. av kont. og kontantekvivalenter ved per. begynnelse		54 845 407	95 257 196
=	**Beh. av kont. og kontantekvivalenter ved per. slutt**		**742 778**	**54 845 407**

TK Elevator Norway Holding AS

Noter 2019/2020

NOTE 1 REGNSKAPSPRINSIPPER

Regnskapsprinsipper
Årsregnskapet er satt opp i samsvar med aksjelov, regnskapsloven og god regnskapsskikk i Norge gjeldende per 30. september 2020. Årsregnskapet, som er utarbeidet av selskapets styre og ledelse, må leses i sammenheng med årsberetningen og revisjonsberetningen. Den nødvendige spesifiseringen er gjort i notene. Notene er følgelig en integrert del av årsregnskapet.

Salgsinntekter
Inntekter ved salg av varer og tjenester vurderes til virkelig verdi av vederlaget, netto etter fradrag for merverdiavgift, rabatter og andre avslag.

Tjenester inntektsføres i takt med utførelsen.

Klassifisering av balanseposter
Eiendeler bestemt til varig eie eller bruk er klassifisert som anleggsmidler. Eiendeler som er knyttet til varekretsløpet klassifiseres som omløpsmidler. Fordringer for øvrig klassifiseres som omløpsmidler hvis de skal tilbakebetales innen et år. For gjeld legges analoge kriterier til grunn.

Anleggsmidler vurderes til anskaffelseskost, men nedskrives til virkelig verdi når verdifallet forventes ikke å være forbigående. Anleggsmidler med begrenset økonomisk levetid avskrives planmessig. Langsiktig gjeld balanseføres til pålydende. Anskaffelseskost omfatter også direkte utgifter for å klargjøre eiendelen for bruk.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt mottatt beløp på opptakstidspunktet.

Varige driftsmidler
Varige driftsmidler balanseføres og avskrives lineært til restverdi over driftsmidlets forventede utnyttbare levetid. Ved endring av avskrivningsplan fordeles virkningen over gjenværende avskrivningstid ("knekkpunktmetoden"). Vedlikehold av driftsmidler kostnadsføres løpende som driftskostnader. Påkostninger og forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet. Skille mellom vedlikehold og påkostning regnes i forhold til driftsmidlets stand på anskaffelsestidspunktet.

Aksjer i datterselskaper
Datterselskap vurderes etter kostmetoden i selskapsregnskapet. Investeringen er vurdert til anskaffelseskost for aksjene med mindre nedskrivning har vært nødvendig. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan forventes å være forbigående og det må anses nødvendig etter god regnskapsskikk. Nedskrivninger er reversert når grunnlaget for nedskrivning ikke lenger er til stede.

Utbytte, konsernbidrag og andre utdelinger fra datterselskap er inntektsført samme år som det er avsatt i givers regnskap. Overstiger utbytte / konsernbidraget andelen av opptjent resultat etter anskaffelsestidspunktet, representerer den overskytende del tilbakebetaling av investert kapital, og utdelingene er fratrukket investeringens verdi i balansen til morselskapet.

TK Elevator Norway Holding AS

Noter 2019/2020

Fordringer
Kundefordringer og andre fordringer oppføres til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av en individuell vurdering av de enkelte fordringene. I tillegg gjøres det for øvrige kundefordringer en uspesifisert avsetning for å dekke antatt tap.

Utenlandsk valuta
Transaksjoner i utenlandsk valuta omregnes til kursen på transaksjonstidspunktet. Pengeposter i utenlandsk valuta er vurdert til kursen ved regnskapsårets slutt. Pengeposter inkluderer fordringer og gjeld som skal gjøres opp i kontanter. Valutakursendringer resultatføres løpende i regnskapsperioden under andre finansposter.

Gjeld
Gjeld, med unntak av enkelte avsetninger for forpliktelser, balanseføres til nominelt gjeldsbeløp.

Pensjoner
Selskapet har tidligere hatt ulike pensjonsordninger. Pensjonsordningene er finansiert gjennom innbetalinger til forsikringsselskap, med unntak av AFP-ordningen. Selskapet har hatt både innskuddsplaner og ytelsesplaner, men fra 2012/2013 har selskapet kun nye innskuddsplaner.

Innskuddplaner
Ved innskuddsplaner betaler selskapet innskudd til et forsikringsselskap. Selskapet har ingen ytterligere betalingsforpliktelse etter at innskuddene er betalt. Innskuddene regnskapsføres som lønnskostnad. Eventuelle forskuddsbetalte innskudd balanseføres som eiendeler (pensjonsmidler) i den grad innskuddet kan refunderes eller redusere fremtidige innbetalinger.

Skatt
Skattekostnaden er knyttet til det regnskapsmessige resultat og består av betalbar skatt og endring i netto utsatt skatt. Utsatt skatt i resultatregnskapet er skatt beregnet på endringer i midlertidige forskjeller mellom skattemessige og regnskapsmessige verdier. Utsatt skatt er beregnet med 22 %% på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt skattemessig underskudd til fremføring ved utgangen av regnskapsåret. Utsatt skatt avsettes som langsiktig gjeld i balansen. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli nyttiggjort.

Kontantstrømoppstilling
Kontantstrømoppstillingen utarbeides etter den indirekte metoden. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer som umiddelbart og med uvesentlig kursrisiko kan konverteres til kjente kontantbeløp og med gjenværende løpetid mindre enn tre måneder fra anskaffelsesdato.

Bruk av estimater
Utarbeidelse av regnskap i samsvar med regnskapsloven krever bruk av estimater. Videre krever anvendelse av selskapets regnskapsprinsipper at ledelsen må utøve skjønn. Områder som i stor grad inneholder slike skjønnsmessige vurderinger, høy grad av kompleksitet, eller områder hvor forutsetninger og estimater er vesentlig for årsregnskapet, er beskrevet i note.

TK Elevator Norway Holding AS

Noter 2019/2020

Note 2 Anleggsmidler

		Driftsløsøre, inventar ol	Sum
	Anskaffelseskost pr. 01.10.19	3 212 752	3 212 752
=	**Anskaffelseskost 30.09.20**	**3 212 752**	**3 212 752**
	Av- og nedskrivninger pr. 01.10.19	3 153 200	3 153 200
+	Årets ordinære avskrivninger	41 058	41 058
=	**Av- og nedskrivninger pr. 30.09.20**	**3 194 259**	**3 194 259**
	Bokført verdi 01.10.19	59 552	59 552
-	Årets avskrivning og nedskrivning	41 058	41 058
=	**Bokført verdi 30.09.20**	**18 494**	**18 494**
	Økonomisk levetid	3-5 år	
	Avskrivningsplan	Lineær	

Note 3 Datterselskap, tilknyttet selskap m.v.

Investering i datterselskap regnskapsføres etter kostmetoden.

Datterselskap	Forretnings-kontor	Eier- og Stemme-andel	Bokført verdi	Egenkapital 30.09.2020	Resultat 2019/2020
TK Elevator Norway AS	Oslo	100%	39 256 934	129 951 207	5 394 326
TK Rulletrapper AS	Oslo	100%	100 000	107 983 882	12 313 161
TK Elevator Sweden AB	Stockholm	100%	50 804 441	115 329 334	17 273 695
Sum investering i datterselskap			**90 161 375**	**353 264 423**	**34 981 182**

Tallene for thyssenKrupp Elevator Sverige AB er regnet om til NOK ved å bruke snittkurs for året på 99,78 for resultatet og sluttkurs 30.09.2020 på 105,01 for egenkapitalen.

Selskapet har benyttet seg av unntaket i regnskapsloven §3-7 med hensyn til å utarbeide konsernregnskapet.

Selskapet inngår i konsernet Vertical Topco III GmbH, ThyssenKrupp Allee 1, c/o TK Elevator GmbH, 45143 Essen, Tyskland. Konsernregnskapet kan fås utlevert av det tyske morselskapet.

TK Elevator Norway Holding AS

Noter 2019/2020

Note 4 Mellomværende med selskap i samme konsern m.v.

	Kundefordringer		Andre fordringer	
	2019/2020	**2018/2019**	**2019/2020**	**2018/2019**
Norske konsernselskaper	0	0	1 578 454	1 447 614
Konsernkontoordning	0	0	0	54 659 638
Øvrige konsernselskaper	0	0	54 749 619	7 040
Sum	**0**	**0**	**56 328 072**	**56 114 291**

	Leverandørgjeld		Kortsiktig gjeld	
	2019/2020	**2018/2019**	**2019/2020**	**2018/2019**
Norske konsernselskaper	0	0	0	0
Øvrige konsernselskaper	20 268	0	0	0
Sum	**20 268**	**0**	**0**	**0**

Konsernkontoordningen er opphørt - innestående er i årsregnskapet presentert som fordring på konsernselskap. Reklassifiseringen er i kontantstrømmen presentert som finansiell aktivitet.

Note 5 Bundne bankinnskudd, trekkrettigheter

Bundne bankinnskudd	**2019/2020**	**2018/2019**
Skattetrekksmidler	222 590	186 051

Note 6 Egenkapital

	Aksjekapital	**Annen egenkapital**	**Sum egenkapital**
Pr. 01.10.2019	5 200 000	139 120 668	144 320 668
Årets resultat	0	3 198 732	3 198 732
Utdelt utbytte gjennom året	0	-2 300 000	-2 300 000
Pr. 30.092020	**5 200 000**	**140 019 400**	**145 219 400**

TK Elevator Norway Holding AS

Noter 2019/2020

Note 7 Aksjonærer

Aksjekapitalen i TK Elevator Norway Holding AS pr. 30.09.2020 består av:

	Antall	Pålydende	Bokført
Ordinære aksjer	1 000	5 200	5 200 000
Sum	**1 000**		**5 200 000**

Eierstruktur

De største aksjonærene i % pr. 30.09.2020 var:

	Ordinære	Eierandel
TK Elevator Europe Africa GmbH	1 000	100 %
Totalt antall aksjer	**1 000**	**100 %**

Selskapet har benyttet seg av unntaket i regnskapsloven §3-7 med hensyn til å utarbeide konsernregnskap. Selskapet inngår i konsernet Vertical Topco III GmbH, ThyssenKrupp Allee 1, c/o TK Elevator GmbH, 45143 Essen, Tyskland. Konsernregnskapet kan fås utlevert av det tyske morselskapet.

Note 8 Driftsinntekter

Fordeling på virksomhetsområder	**2019/2020**	**2018/2019**
Administrasjonsinntekter	18 739 362	13 978 049
Annet	0	0
Sum	**18 739 362**	**13 978 049**

Geografisk fordeling	**2019/2020**	**2018/2019**
Norge	16 113 218	11 398 278
Andre land	2 626 144	2 579 771
Sum	**18 739 362**	**13 978 049**

Inntektsøkningen fra 2018/2019 til 2019/2020 skyldes i all hovedsak at viderefakturerte lønninger til datterselskap tidligere ble presentert netto som en reduksjon av lønnskostnadene.

TK Elevator Norway Holding AS

Noter 2019/2020

Note 9 Skatt

Årets skattekostnad	**2019/2020**	**2018/2019**
Resultatført skatt på ordinært resultat:		
Betalbar skatt	257 940	347 678
Endring i utsatt skattefordel	-4 315	60 801
Skattekostnad ordinært resultat	**253 625**	**408 479**
Skattepliktig inntekt:		
Ordinært resultat før skatt	3 452 357	19 421 997
Permanente forskjeller	-2 299 518	-17 595 266
Endring i midlertidige forskjeller	19 617	-246 377
Skattepliktig inntekt	**1 172 456**	**1 580 354**
Betalbar skatt i balansen:		
Betalbar skatt på årets resultat	257 940	347 678
Skyldig ilignet skatt fra tidligere år	-118 552	122 715
Sum betalbar skatt i balansen	**139 388**	**470 393**
Beregning av effektiv skattesats		
Resultat før skatt	3 452 357	19 421 997
Beregnet skatt av resultat før skatt	759 519	4 272 839
Skatteeffekt av permanente forskjeller	-505 894	-3 870 959
Sum	**253 625**	**401 881**
Effektiv skattesats	7,3 %	2,1 %

Skatteeffekten av midlertidige forskjeller og underskudd til fremføring som har gitt opphav tilutsatt skatt og utsatte skattefordeler, spesifisert på typer av midlertidige forskjeller:

	2020	**2019**	**Endring**
Varige driftsmidler	-130 247	-135 390	-5 143
Avsetninger mv	-302 805	-278 045	24 760
Sum	**-433 052**	**-413 435**	**19 617**
Grunnlag for beregning av utsatt skatt	**-433 052**	**-413 435**	**19 617**
Utsatt skattefordel (22 %)	**-95 272**	**-90 956**	**4 316**

TK Elevator Norway Holding AS

Noter 2019/2020

Note 10 Lønnskostnader, antall ansatte, godtgjørelser, lån til ansatte m.m.

Lønnskostnader	2019/2020	2018/2019
Lønninger	6 899 272	2 497 619
Arbeidsgiveravgift	1 031 274	934 444
Pensjonskostnader	522 680	373 234
Andre ytelser	155 056	-145 565
Sum	**8 608 283**	**3 659 732**
Gjennomsnittlig antall årsverk:	8	4

Ytelser til ledende personer
Daglig leder er lønnet av thyssenkrupp Elevator AS for regnskapsåret 2019/2020.
Det er ikke utbetalt godtgjørelse til styret.

Det er ikke gitt lån/ sikkerhetsstillelse til daglig leder, styrets leder eller andre nærstående parter.

Pensjonsforpliktelser
Selskapet har innskuddsplan for sine ansatte. Selskapet er pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon. Selskapets pensjonsordninger tilfredsstiller kravene i denne lov.

Revisor
Kostnadsført revisjonshonorar for 2019/2020 utgjør kr 112 147.
I tillegg kommer honorar for andre tjenester med kr 0.
Beløpene er eks. merverdiavgift.

Note 11 Transaksjoner med nærstående parter

Selskapets transaksjoner med nærstående parter	2019/2020	2018/2019
Salg av administrative tjenester til datterselskap	18 739 362	13 978 049
Kjøp av administrative tjenester fra konsernselskap	2 611 289	2 523 139
Renteinntekter konsernkonto	1 018 847	1 360 670

Note 12 Finansiell risiko

Selskapet er utsatt for kurssvingninger i utenlandsk valuta, hovedsakelig knyttet til selskapets varekjøp i euro. Kundefordringer og opptjent verdi på prosjekter er utsatt for kredittrisiko.

thyssenkrupp

TK Elevator Norway Holding AS

Styrets årsberetning for regnskapsåret 01.10.19 - 30.09.20

Selskapet driver sin virksomhet fra leide lokal i Oslo. TK Elevator Norway Holding AS er et rent administrasjonsselskap som får sine kostnader dekket fra sine datterselskaper i konsernet. Datterselskap i Norge er: TK Elevator Norway AS og TK Rulletrapper AS. TK Elevator Sweden AB i Sverige er også underlagt TK Elevator Norway Holding AS.

Det fremlagte resultatregnskap og balanse med tilhørende noter gir etter styrets oppfatning tilfredsstillende uttrykk for resultatet i perioden og den økonomiske stilling ved regnskapsperiodens slutt. Den økte omsetningen skyldes at lønningene til flere ansatte viderefaktureres til datterselskapene. Det utarbeides ikke eget konsernselskap for de norske selskapene da tallene inngår i konsernselskapet for morselskapet i Tyskland.

Ved avslutningen av regnskapet for 2019/2020 er selskapet meldt ut av thyssenkrupp sin konsernkontoordning. Mellomværende med konsernselskap er derfor i kontantstrømmen ikke lenger ansett som likvide midler. Reklassifiseringen er presentert som en finansaktivitet.

Utover det som fremgår av årsrapporten kjenner ikke styret til andre forhold som har betydning for å bedømme selskapet. Styret anser at forutsetningen for fortsatt drift er til stede og regnskapet er utarbeidet under denne forutsetning.

Egenkapitalandelen på ca. 98,4% anses som meget tilfredsstillende.

Det oppnådde resultat for selskapet samt den finansielle situasjon er i samsvar med de planer og forventninger styret var forespeilet. Det har etter regnskapsperiodens slutt ikke inntruffet forhold som har betydning for å vurdere selskapets eller konsernets stilling og resultat.

Selskapet er lite utsatt for kredittrisiko, renterisiko og valutarisiko i dens ordinære forretnings virksomhet.

Antall sykedager i perioden har vært 69. Ingen skader eller ulykker har forkommet, verken på materiell eller personell. Det har i perioden ikke vært iverksatt tiltak av betydning med hensyn til arbeidsmiljø. Arbeidsmiljøet i selskapet ansees av styret å være tilfredsstillende.

Selskapet forurenser ikke det ytre miljø.

Av selskapet 8 ansatte pr. 30.09.2019 er 2 kvinner. Av konsernets total 345 ansatte er 34 kvinner.

Selskapet har som mål å være en arbeidsplass hvor det ikke forekommer diskriminering. Selskapet arbeider aktivt og målrettet for å utforme og tilrettelegge de fysiske forholdene slik at virksomhetens ulike funksjoner kan benyttes av flest mulig. Ved ansettelser legges det vekt på kvalifikasjoner til arbeidet som skal utføres uavhengig av etnisk eller nasjonal opprinnelse, avstamming, hudfarge, språk, religion og livssyn etc.

thyssenkrupp

Årets overskudd på kr. 3.198.732,- er disponert som følger.

- Overført til annen egenkapital: 3.198.732,-

Oslo, 16.12.2020

Styret i TK Elevator Norway Holding AS

Torbjørn Endrerud Styrets leder	Geir Hansen Daglig leder/Styremedlem	Inga Engel Styremedlem

Til generalforsamlingen i TK Elevator Norway Holding AS

Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert TK Elevator Norway Holding AS' årsregnskap som består av balanse per 30. september 2020, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 30. september 2020, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

For videre beskrivelse av revisors oppgaver og plikter vises det til:
https://revisorforeningen.no/revisjonsberetninger

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet og forutsetningen om fortsatt drift er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 16. desember 2020
PricewaterhouseCoopers AS

Øystein Sandvik
Statsautorisert revisor
(elektronisk signert)

Securely signed with Brevio

Revisjonsberetning TK Elevator Norway Holding AS

Signers:

Name	*Method*	*Date*
Øystein Blåka Sandvik	BANKID_MOBILE	2020-12-16 17:26

CONSOLIDATED FINANCIAL STATEMENTS

for the short financial year from
January 2, to September 30, 2020

for the TK Elevator Topco GmbH, Essen
(previously Vertical Topco III GmbH, Essen)

TK Elevator Topco GmbH - Consolidated Statements of Financial Position

Assets

million €	Note	Jan. 02, 2020	Sept. 30, 2020
Intangible assets	05	-	18,817
Property, plant and equipment	06	-	986
Investments accounted for using the equity method	07	-	25
Other financial assets	11	-	394
Other non-financial assets	12	-	53
Deferred tax assets	30	-	10
Total non-current assets		**-**	**20,284**
Inventories	08	-	621
Trade accounts receivable	09	-	1,343
Contract assets	10	-	467
Other financial assets	11	-	46
Other non-financial assets	12	-	308
Current income tax assets		-	89
Cash and cash equivalents		0	552
Total current assets		**0**	**3,426**
Total assets		**0**	**23,710**

Equity and liabilities

million €	Note	Jan. 02, 2020	Sept. 30, 2020
Capital stock[1)]		0	0
Additional paid-in capital		(0)	2,727
Retained earnings		-	2,109
Cumulative other comprehensive income		-	179
Equity attributable to the TK Elevator Topco GmbH's shareholders		0	5,015
Non-controlling interest		-	26
Total equity	13	**0**	**5,041**
Accrued pension and similar obligations	14	-	366
Provisions for other employee benefits	15	-	39
Other provisions	15	-	230
Deferred tax liabilities	30	-	2,591
Financial debt	16	-	11,346
Other financial liabilities	18	-	1
Other non-financial liabilities	19	-	1
Total non-current liabilities		**-**	**14,573**
Provisions for current employee benefits	15	-	166
Other provisions	15	-	419
Current income tax liabilities		-	147
Financial debt	16	-	94
Trade accounts payable	17	-	664
Other financial liabilities	18	-	149
Contract liabilities	10	-	1,721
Other non-financial liabilities	19	-	736
Total current liabilities		**-**	**4,096**
Total liabilities		**-**	**18,669**
Total equity and liabilities		**0**	**23,710**

[1)] Capital stock as of January 02, 2020, contains initial capital in the amount of €25 thousand.

See accompanying notes to the Consolidated Financial Statements.

TK Elevator Topco GmbH - Consolidated Statements of Profit or Loss

million €	Note	Jan. 02, 2020 - Sept. 30, 2020
Sales	23, 24	1,373
Cost of sales	05, 06	(1,078)
Gross margin		**294**
Research and development cost		(21)
Selling expenses		(79)
General and administrative expenses		(253)
Other income	25	13
Other expenses	26	(25)
Other gains/(losses), net	27	(2)
Income/(loss) from operations		**(72)**
Income from companies accounted for using the equity method		1
Finance income		335
Finance expense		(395)
Financial income/(expense), net	28	**(60)**
Income/(loss) before tax		**(133)**
Income tax (expense)/income	30	19
Net loss		**(114)**

Thereof:	
Shareholders of TK Elevator Topco GmbH	**(114)**
Non-controlling interest	(0)
Net loss	**(114)**

See accompanying notes to the Consolidated Financial Statements.

TK Elevator Topco GmbH - Consolidated Statements of Comprehensive Income

million €	Jan. 02, 2020 - Sept. 30, 2020
Net loss	**(114)**
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	2
Tax effect	(1)
Other comprehensive income from remeasurements of pensions and similar obligations, net	1
Share of unrealized gains/(losses) of investments accounted for using the equity-method	0
Subtotals of items of other comprehensive income that will not be reclassified to profit or loss in future periods	**1**
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	180
Net realized (gains)/losses	0
Net unrealized (gains)/losses	180
Unrealized gains/(losses) from fair value measurement of securities	
Change in unrealized gains/(losses), net	0
Net realized (gains)/losses	0
Tax effect	(0)
Net unrealized (gains)/losses	(0)
Unrealized gains/(losses) on cash flow hedges	
Change in unrealized gains/(losses), net	1
Net realized (gains)/losses	0
Tax effect	(1)
Net unrealized (gains)/losses	1
Share of unrealized gains/(losses) of investments accounted for using the equity-method	0
Subtotals of items of other comprehensive income that could be reclassified to profit or loss in future periods	**181**
Other comprehensive income	**182**
Total comprehensive income	**69**
Thereof:	
Shareholders of TK Elevator Topco GmbH	67
Non-controlling interest	2

See accompanying notes to the Consolidated Financial Statements.

TK Elevator Topco GmbH - Consolidated Statements of Changes in Equity

		Equity attributable to the TK Elevator Topco GmbH's shareholders									
				Cumulative other comprehensive income							
						Cash flow hedges					
million €	Capital stock[1)]	Additional paid-in capital	Retained earnings	Foreign currency translation adjust-ment	Fair value measure-ment of securities	Desig-nated risk compo-nent	Hedging costs	Share of invest-ments accounted for using the equity method	**Total**	**Non-controlling interest**	**Total equity**
Balance as of Jan. 02, 2020	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0**	**-**	**0**
Net income/(loss)			(114)						(114)	(0)	(114)
Other comprehensive income			1	178	(0)	1	(0)	0	180	2	182
Total comprehensive income	**0**	**0**	**(112)**	**178**	**(0)**	**1**	**(0)**	**0**	**67**	**2**	**69**
Profit attributable to non-controlling interest									0	0	0
Capital increase[2)]		2,727							2,727		2,727
Other transactions with shareholders			2,221						2,221		2,221
Other changes			0						0	24	24
Balance as of September 30, 2020	**0**	**2,727**	**2,109**	**178**	**(0)**	**1**	**(0)**	**0**	**5,015**	**26**	**5,041**

[1)] Capital stock as of January 02, 2020, contains initial capital in the amount of €25 thousand.

[2)] Refer to Note 13.

See accompanying notes to the Consolidated Financial Statements.

TK Elevator Topco GmbH - Consolidated Statements of Cash Flows

million €	Jan. 02, 2020 - Sept. 30, 2020
Net loss	**(114)**
Adjustments to reconcile net income/(loss) to operating cash flow s:	
Deferred income taxes, net	(78)
Depreciation, amortization and impairment of non-current assets	128
Reversals of impairment losses of non-current assets	(0)
Income/(loss) from companies accounted for using the equity method, net of dividends received	(1)
(Gain)/loss on disposal of non-current assets	1
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes	
– Inventories	52
– Trade accounts receivable	38
– Contract assets	0
– Accrued pension and similar obligations	(17)
– Other provisions	66
– Trade accounts payable	(26)
– Contract liabilities	(99)
– Other assets/liabilities not related to investing or financing activities	(114)
Operating cash flows	**(164)**
Purchase of investments accounted for using the equity method and non-current financial assets	0
Expenditures for acquisitions of consolidated companies net of cash acquired	(14,792)
Capital expenditures for property, plant and equipment (inclusive of advance payments)	(34)
Capital expenditures for intangible assets (inclusive of advance payments)	(27)
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	(0)
Proceeds from disposals of previously consolidated companies net of cash disposed	0
Cash and cash equivalents disposed of due to loss of control over companies consolidated so far but not sold	0
Proceeds from disposals of property, plant and equipment	1
Proceeds from disposals of intangible assets	0
Cash flows from investing activities	**(14,851)**
Proceeds from liabilities to financial institutions	888
Repayments of liabilities to financial institutions	(1)
Repayments of lease liabilities	(18)
Proceeds from loan notes and other loans	9,606
Repayments on loan notes and other loans	(0)
Proceeds from capital increase	2,575
Other financing activities	(78)
Other transactions w ith shareholders	2,585
Cash flows from financing activities	**15,556**
Net increase/(decrease) in cash and cash equivalents	542
Effect of exchange rate changes on cash and cash equivalents	10
Cash and cash equivalents at beginning of year	0
Cash and cash equivalents at end of year	**552**
Additional information regarding cash flow s from interest and income taxes w hich are included in operating cash flow s:	
Interest received	2
Interest paid	(3)
Income taxes paid	(26)

See also accompanying notes to the Consolidated Financial Statements.

TK Elevator Topco GmbH - Notes to the Consolidated Financial Statements

01 General information

TK Elevator Topco GmbH ("**TK Elevator Topco**" or "**Company**", previously Vertical Topco III GmbH, previously SCUR Alpha 1150 GmbH) is a corporation with its registered office at thyssenkrupp Allee 1, 45143 Essen (previously Munich), Germany. The company is recorded in the Commercial Register in Essen under the number HRB 31007. The present reporting year as of September 30, 2020 is a short financial year, since the Company, as the parent company of the present group of companies, was founded on January 2, 2020.[1] The sole shareholder is Vertical Topco II SA, Luxembourg. The present consolidated financial statements of the Company and its subsidiaries ("**Group**") were prepared by the management on February 17, 2021 and approved for publication.

As of July 31, 2020, the entire thyssenkrupp Elevator Technology business, i.e. TK Elevator GmbH and its subsidiaries (hereinafter "thyssenkrupp Elevator"), were acquired through TK Elevator Holding GmbH from a consortium around Advent und Cinven. Since the acquisition, thyssenkrupp Elevator, including its subsidiaries, is under the control of TK Elevator Topco, as the parent company of the present TK Elevator Group (hereinafter "TK Elevator" or "Group"), who prepares the consolidated financial statements for the largest and, at the same time, also the smallest group of companies. The Group is primarily engaged in the development, design, production, installation, maintenance and modernization of elevators, escalators, moving walkways, chair and platform lifts, passenger boarding bridges and other means of transport for persons and cargo, as well as related service activities. TK Elevator GmbH has the operational control over the Group.

02 Basis of preparation

These consolidated financial statements were prepared in line with Art. 315e of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as applicable in the European Union as per Regulation (EC) No. 1606/2002 of the European Parliament and of the Council concerning the use of International Accounting Standards.

The consolidated financial statements of TK Elevator Topco GmbH are the first IFRS consolidated financial statements and have not been prepared in accordance with IFRS 1.

Assets and liabilities are classified by maturity. They are classified as current if they are due within one year or within the normal operating cycle of the companies and operations belonging to the Group. Inventories as well as trade payables and receivables are generally presented as current. Deferred tax assets and liabilities and pension provisions are recognized as non-current.

The consolidated statement of profit or loss has been prepared using the cost-of-sales method.

The consolidated statement of changes in equity shows the changes of the entire equity attributable to the shareholders of the Company and the changes of equity to the non-controlling shares in the short financial year.

The consolidated statement of cash flows is prepared using the indirect method.

As the Company was founded on January 2, 2020, the Company has not provided any comparative information for prior periods. Due to the initial consolidation of the acquired thyssenkrupp Elevator as of July 31, 2020, the consolidated financial statements include only two months of operating business.

[1] Articles of incorporation dated January 2, 2020; recorded in the Commercial Register on April 24, 2020.

03 Significant accounting policies

All amounts are presented in millions of euros (€ million) unless stated otherwise. There may be deviations from the unrounded amounts. The annual figure 2020 stated in the consolidated financial statements relates to the short financial year from January 2 to September 30, 2020.

Consolidation

The consolidated financial statements include the accounts of TK Elevator Topco GmbH and all significant entities which are directly or indirectly controlled by TK Elevator Topco GmbH (subsidiaries). This typically occurs when the Company possesses more than half of the voting rights of a company.

The financial statements are included in the consolidated financial statements from the date when control is obtained until the date when control ceases. Capital consolidation is performed by offsetting the carrying amounts of subsidiaries against their attributable equity. On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition.

The interest of minority shareholders (non-controlling interest) is stated at the minority's proportion of the fair values of the identifiable assets, liabilities and contingent liabilities recognized.

All significant intercompany transactions and balances between Group entities are eliminated on consolidation.

Joint arrangements where two or more parties jointly control an activity either classify as joint operations or as joint ventures. Joint ventures are accounted for using the equity method of accounting. Where the Group transacts with its joint operations or joint ventures, unrealized profits and losses are eliminated to the extent of the Group's interest.

Subsidiaries and joint ventures which influence on the Group's net assets, financial position and results of operations are only immaterial. Such entities are measured at fair value and reported under the "Other financial assets, non-current". Goodwill arising on an acquisition is recognized as an asset and tested annually for impairment or on such other occasions that events or changes in circumstances indicate that it might be impaired.

Goodwill arising on the acquisition of a joint venture is included within the carrying amount of the joint venture. Goodwill arising on the acquisition of subsidiaries or joint operations is presented separately in the statement of financial position.

Foreign currency translation

The functional and reporting currency of the Company and its relevant European subsidiaries is the euro (€). Monetary assets and liabilities are translated into the functional currency at the closing rate. Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary items measured at fair value are translated at the exchange rate prevailing at the date when the fair value was determined. Any resulting translation differences are recognized in profit or loss.

The assets and liabilities of the foreign subsidiaries included in the consolidated financial statements whose functional currency is not the euro are translated from the functional currency, which is generally the local currency, into the Group currency, the euro, on the basis of their period end exchange rates. The translation is performed using the closing rate method. Income and expenses from foreign subsidiaries are translated using the exchange rate prevailing at the date of the respective transaction. Currency translation differences are recognized in other comprehensive income and the net gains or losses on currency translation are aggregated and reported within equity. If the subsidiary concerned is deconsolidated, these translation differences are reversed through profit or loss.

Companies that manage their sales, purchases, and financing substantially not in their local currency use the currency of their primary economic environment as their functional currency. The translation into the Group currency is performed using the closing rate method. Balance sheet items are translated at the respective closing rates on the reporting date, and income and expenses are translated at the respective average monthly exchange rates. Differences arising from the translation of equity are reported separately in equity.

The exchange rates of those currencies significant to the Group have developed as follows:

Currencies

Basis €1	Exchange rate as of	Adjusted 2-month average exchange rate for the
	Sept. 30, 2020	Year ended Sept. 30, 2020
US Dollar	1.17	1.17
Chinese Renminbi Yuan	7.97	8.12
South Korean Won	1,368.51	1,397.25
Brazilian Real	6.63	6.39
Canadian Dollar	1.57	1.56

In the opening balance as of January 2, 2020, there were no transactions in foreign currencies.

The adjusted 2-month average exchange rates reflect particularly the period from the acquisition of thyssenkrupp Elevator.

Intangible assets

Intangible assets with finite useful lives are capitalized at cost and amortized on a straight-line basis over their estimated useful lives. Useful lives are examined on an annual basis and adjusted when applicable on a prospective basis. The amortization expense of intangible assets is primarily included in cost of sales in the consolidated statement of profit or loss.

Intangible assets with finite useful lives are depreciated on a straight-line basis over their estimated useful lives, whereby the following periods are used:

- Concessions, patents, acquired software and similar rights as well as licenses to such rights and assets: 3 to 15 years
- Customer relationships: 1.5 to 40 years, whereof useful lives of 12 to 40 years are applied for customer relationships and 1.5 years for acquired order backlog
- Development costs, internally developed software and website: corresponding to the expected selling period of the products or services generated by the development activities or the expected useful lives of the production process or other internally used assets generated by the development activities.

Intangible assets with indefinite useful lives are measured at cost and tested for impairment annually, or if there is an indication that their value has declined. Goodwill is always considered to have an indefinite useful life. In addition, the useful lives of the brands are also essentially indefinite. Impairment losses are recognized in other expenses.

Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and impairment losses. Capitalized production costs for self-constructed assets include costs of material, direct labor and allocable material and manufacturing overhead. Borrowing costs directly attributable to the production of assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Administrative costs are capitalized only if such costs are directly related to production. Maintenance and repair costs (day-to-day servicing) are expensed as incurred. The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing parts and major inspection of such an item if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. Where fixtures and equipment comprise of significant parts having different useful lives those parts are depreciated separately.

Fixtures and equipment are depreciated over the customary useful life using the straight-line method. The following useful lives are used as a basis for calculating depreciation:

	Useful lives
Buildings	10 to 50 years
Buildings and land improvements	15 to 25 years
Technical machinery and equipment	8 to 25 years
Factory and office equipment	3 to 10 years

Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of goodwill and intangible assets with indefinite useful lives or, due to triggering events, intangible assets with finite useful lives and property, plant and equipment to determine whether there is any indication that an impairment loss may have been incurred. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the Cash Generating Unit to which the asset belongs.

Goodwill arising on acquisition is allocated to the Cash Generating Units that are expected to benefit from the synergies of the acquisition. Those groups of Cash Generating Units represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The recoverable amount of the Cash Generating Unit that carries a goodwill is tested for impairment annually as of September 30, or on such other occasions that events or changes in circumstances indicate that it might be impaired. For more details refer to Note 05.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

In case of impairment losses related to Cash Generating Units that carry a goodwill the carrying amount of any goodwill allocated to the Cash Generating Unit is reduced first. If the amount of impairment losses exceeds the carrying amount of goodwill, the difference is generally allocated proportionally to the remaining non-current assets of the Cash Generating Unit to reduce their carrying amounts accordingly.

Where an impairment loss subsequently reverses, the carrying amount of the asset (Cash Generating Unit) is increased to the revised estimate of its recoverable amount. The revised amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (Cash Generating Unit) in prior years. A reversal of an impairment loss is recognized as income immediately. However, impairment losses of goodwill may not be reversed.

Leases

In accordance with IFRS 16, the rights and obligations arising from leases must be recognized as a right-of-use asset and a corresponding lease liability in the lessee's statement of financial position.

This results in the following accounting and valuation principles:

A contract constitutes a lease if the contract conveys the lessee

- the right to control the use of an identified asset (the leased asset)
- for a specific period
- in exchange for consideration.

As lessee the Group recognizes for all leases an asset for the right of use and a liability for lease obligations at present value. The right of use assets in property, plant and equipment are recognized at cost less cumulative depreciation and impairment losses. Payments for non-lease components are not included when determining the lease liability.

The lease liabilities reported as financial liabilities reflect the present value of the outstanding lease payments at the time the asset is made available for use. Lease payments are discounted at the interest rate implicit in the lease if it can be readily determined. Otherwise, they are discounted at the lessee's incremental borrowing rate. The derivation of the interest rate is based on the assumption that an adequate amount of funds will be raised over an adequate period of time, taking into account the economic environment and comparable collateral.

The lease liabilities include the following lease payments:

- Fixed payments, less lease incentives to be paid by the lessor,
- variable lease payments that are based on an index or an interest rate,
- expected amounts to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option, if the exercise is reasonably certain and
- payment of penalties for the termination of the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Right-of-use assets are measured at cost, which are comprised as follows:

- Lease liability,
- lease payments made at or before the commencement date less any lease incentives received,
- initial direct costs and
- dismantling obligations.

Subsequent measurement is performed at amortized cost. Right-of-use assets are depreciated on a straight-line basis over the lease term, unless the useful life of the underlying asset is shorter. If the lease agreement contains reasonably certain purchase options, the right of use is depreciated over the economic life of the underlying asset.

In subsequent measurement, the lease liability is compounded, and the corresponding interest expense is recognized in the financial result. The lease payments made reduce the carrying amount of the lease liability.

In accordance with the recognition exemptions, low-value leases of and short-term leases (less than twelve months) are recognized in the statement of profit or loss. The Group has identified certain asset classes (e.g. PCs, telephones, printers, copiers) which regularly contain leased assets of low value. Outside these asset classes, only leased assets with a value of up to €5,000 are classified as low-value leased assets. Furthermore, the regulations are not applied to leases of intangible assets. For contracts comprising a non-lease component as well as a lease component, each lease component must be accounted for separately from non-lease component as a lease. The lessee must allocate the contractually agreed-upon payment to the separate lease components based on the relative standalone selling price of the lease component and the aggregated standalone selling price of the non-lease components. In addition, intragroup leases will be presented in the segment report according to IFRS 8 as expenses.

The term of the lease is determined based on the non-cancellable lease term. Especially real estate leases contain extension and termination options. Such contractual conditions offer the greatest possible operational flexibility to the Group. In determining the lease term, all facts and circumstances are considered that provide an economic incentive to exercise renewal options or not to exercise termination options. Lease term modifications from the exercise or non-exercise of such options are only considered in the lease term if they are reasonably certain and are based on an event that is within the control of the lessee.

Inventories

Inventories are stated at the lower of acquisition/manufacturing cost or net realizable value. In general, inventories are valued using the average cost method. Manufacturing cost includes costs of material, direct labor and allocable material and manufacturing overhead based on normal operating capacity.

Financial instruments

A financial instrument is any contract that at the same time gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized as soon as the Group becomes a contracting party to the financial instrument. In cases where trade date and settlement date do not coincide, for non-derivative financial instruments the settlement date is used for initial recognition or derecognition, while for derivatives the trade date is used. Financial instruments stated as financial assets or financial liabilities are generally not offset; they are only offset when a legal right to set-off exists at that time and settlement on a net basis is intended.

Financial assets

In particular, financial assets include trade accounts receivable, cash and cash equivalents, derivative financial assets, as well as equity and debt instruments. Financial assets are initially recognized at fair value. This includes any transaction costs directly attributable to the acquisition of financial assets, which are not carried at fair value through profit or loss in future periods. The fair values recognized on the statement of financial position usually reflect the market prices of the financial assets.

Cash and cash equivalents include cash on hand and demand deposits as well as financial assets that are readily convertible to cash and which are only subject to an insignificant risk of change in value. They are measured at amortized cost.

The classification and measurement of financial assets is based on the financial asset's cash flow characteristics and on the Group's business model for managing the financial assets. Different business models may apply for separate portfolios of identical debt instruments.

If a debt instrument is held with the objective of collecting contractual cash flows and if the cash flows are solely payments of principal and interest, the instrument is recognized at amortized cost. For the Group this mainly concerns trade accounts receivable, contract assets, and cash and cash equivalents.

For equity instruments not held for trading, the Group has exercised the option to recognize future changes in fair value through profit or loss. Derivatives that do not qualify for hedge accounting are also recognized at fair value through profit or loss.

Debt instruments, lease receivables, trade accounts receivable and contract assets recognized at amortized cost or at fair value in equity are measured according to the expected loss model. Using forward-looking information, the expected credit loss is generally calculated by multiplying the three parameters carrying value of the financial asset, probability of default, and loss given default. The Group applies the simplified impairment model under IFRS 9 and reports lifetime expected losses for all trade accounts receivable and contract assets. For all other financial assets twelve-month expected credit losses are reported. Owing to the short maturities, these generally correspond to lifetime expected losses at the Group.

In order to determine the expected credit losses, especially the expected loss given default of trade accounts receivable, the Group developed a model that is generally applied. The Group determines the expected credit losses on the basis of historical default rates taking forward-looking information into account. Consideration is also given to the respective business model, customer groups and economic environment of the region. A credit loss is generally assumed after 360 days. To take into account the possible effects of the COVID-19 Pandemic, an adjustment was made on the basis of the increase in insolvencies forecasted by external credit insurers, with the main countries being considered individually.

Financial assets are fully or partially impaired on the basis of individual allowances if it is reasonable to assume that they can no longer be fully realized, e.g. due to a long passed due date, or owing to insolvency or similar proceedings.

Receivables that do not bear interest or bear below market interest rates and have an expected term of more than one year are discounted with the discount subsequently amortized to interest income over the term of the receivable.

Financial liabilities

Financial liabilities are liabilities that must be settled in cash or other financial assets. Financial liabilities are initially carried at fair value. This includes any transaction costs directly attributable to the acquisition of financial liabilities, which are not carried at fair value through profit or loss in future periods.

Trade accounts payable and other non-derivative financial liabilities

Trade accounts payable and other non-derivative financial liabilities are in general measured at amortized cost using the effective interest method. Finance charges, including premiums payable on redemption or settlement, are periodically accrued using the effective interest method and increase the liabilities' carrying amounts unless they have already been realized in the period in which they were incurred.

Financial liabilities measured at fair value through profit or loss.

At initial recognition, the Group has chosen not to exercise its option of recognizing financial liabilities at fair value through profit or loss.

Derivative financial instruments

Derivative financial instruments, mainly foreign currency forward contracts, are used to reduce the currency risk. Such derivatives and so-called "embedded derivatives", which are an integral part of certain contracts and must be accounted for separately, are measured initially and subsequently at fair value. If the fair value is positive, they are recognized as financial assets, otherwise as financial liabilities. If they do not qualify for hedge accounting, they are recognized at fair value through profit or loss, and gains or losses due to fluctuations in fair value are recognized immediately through profit or loss.

Hedging relationships are mainly used to hedge foreign currency risks of firm commitments, future receivables and liabilities denominated in foreign currency. In the case of cash flow hedges, the fluctuations in fair value are divided into an effective and an ineffective portion. The effective portion of fluctuations in fair value is recognized initially directly in equity within cumulative other comprehensive income. Reclassification to profit or loss takes place when the hedged item affects profit or loss. The ineffective portion of fluctuations in fair value is recognized directly through profit or loss.

The presentation of changes in the fair value of derivative financial instruments in the statement of profit or loss follows the presentation of the hedged items. For foreign currency or commodity forward contracts used to hedge sales risks, they are presented under net sales. For hedging instruments used to hedge procurement risks, they are presented under cost of sales, and for hedging instruments used to hedge financing risks they are presented under financial income/expense.

More information about derivative financial instruments is provided in Note 21.

Income taxes

Income taxes comprise all current and deferred taxes based on taxable profit. They are calculated taking into account the statutory provisions applying in the countries in which the Group operates. Interest and other surcharges related to income taxes are not recognized in income tax expense.

In this connection management judgements are required which may differ from the interpretations of local tax authorities. If this results in changes to income taxes for the past, these are reported in the period in which sufficient information is available. In principle, income taxes are calculated on the basis of the profits reported for the financial year.

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

Current income taxes are recognized in the amount in which it is assumed they be paid to the tax authorities in the future.

Deferred taxes are accounted for in respect of temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax bases. They also include unused tax losses carried forward and credits. Where deferred tax assets occur, they are measured and adjusted according to an assessment of their future recoverability. Deferred taxes are calculated at the enacted or substantially enacted tax rates that are expected to apply when the asset or liability is settled.

Cumulative other comprehensive income

The equity line item "Other comprehensive income" includes changes in the equity of the Group that were not recognized in the consolidated statement of profit or loss of the period, except those resulting from capital transactions with the owners. Cumulative other comprehensive income includes foreign currency translation adjustments, unrealized gains and losses on fair value measurement of debt instruments and on derivative financial instruments in cash flow hedging, impairments for financial instruments measured at fair value recognized in equity as well as the share of the other comprehensive income attributable to joint ventures accounted for using the equity method. Remeasurements of pensions and similar obligations are reported in retained earnings in the period that they are recognized as other comprehensive income.

Accrued pension and similar obligations

With the acquisition of thyssenkrupp Elevator by the Company as of July 31, 2020 provisions for pensions and similar obligations for defined benefit pension plans are measured using the projected unit credit method.

As far as the fair value of plan assets related to pensions or similar obligations exceeds the corresponding obligation, the recognition of an asset in respect to such surplus is limited. As far as in connection with plan assets minimum funding requirements related to past service exist, an additional liability may need to be recognized in case the economic benefit of a surplus – already taking into account the contributions to be made in respect of the minimum funding requirements – is limited. The limit is determined by the present value of any future refunds from the plan or reductions in future contributions to the plan asset (asset ceiling).

With the exception of net interest, all income and expenses related to defined benefit plans are recognized in income/(loss) from operations. Net interest included in net periodic pension cost is recognized in net financial income/(expense) in the Group's consolidated statement of profit or loss.

The Group's obligations for contributions to defined contribution plans are recognized as expense in income/(loss) from operations as incurred.

The effects of remeasurements of pensions and similar obligations are recognized in other comprehensive income and reported in retained earnings. They consist of actuarial gains and losses, the return on plan assets and changes in the effects of asset ceiling excluding amounts already included in net interest. Deferred taxes relating to remeasurements are also recognized in other comprehensive income.

The Group also maintains multi-employer plans, which are held jointly by non-associated companies. In principle, these multi-employer plans contain defined benefit plans as well as defined contribution plans. With respect to defined benefit multi-employer plans these are accounted for in the same way as any other defined benefit plan in case the required information is available. Otherwise these plans are accounted for as defined contribution plans. In particular in the USA and in the Netherlands, there exist multi-employer defined benefit plans that are accounted for as defined contribution plans due to the fact that the pension obligations and the plan assets cannot be assigned to the participating employers.

Other provisions

Provisions are recognized when the Group has a present obligation as a result of a past event which will result in a probable outflow of economic benefits that can be reasonably estimated. The amount recognized represents best estimate of the settlement amount of the present obligation as of the balance sheet date. Expected reimbursements of third parties are not offset but recorded as a separate asset if it is virtually certain that the reimbursements will be received. Where the effect of the time value of money is material, provisions are discounted using a market rate.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Provisions for restructuring costs are recognized when the Group has a detailed formal plan for the restructuring and has notified the affected parties.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligation under the contract.

Revenue recognition

Revenue from contracts with customers is recognized when the included distinct performance obligations, i.e. the distinct goods or services promised in the contract, are transferred to the customer. Transfer takes place when the customer obtains control of the promised goods or services. This is generally the case when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from the transferred goods or services. Revenue from contracts with customers corresponds to the transaction price. The transaction price includes variable consideration only to the extent it is highly probable that actual occurrence of the variable consideration will not result in a significant revenue reversal. Variable consideration can include for example volume discounts, delay penalties, early completion incentives or credits in connection with bonus agreements. The transaction price is not adjusted for a financing component, mainly because the period between the transfer of goods and services and the date of payment by the customer is generally less than 12 months.

Where a contract with a customer has multiple distinct performance obligations, the transaction price is allocated to the performance obligations by reference to their relative standalone selling prices. The standalone selling prices are determined on the basis of directly observable market prices or using recognized estimation methods.

Revenue from the sale of goods and commodities is recognized at the point in time at which control is transferred to the customer. The time of transfer of control is determined partly on the basis of the delivery clauses agreed with the customer.

Sales revenue from contracts with customers in the new installation and modernization business is recognized over time by the percentage-of-completion method. The percentage of completion is as a rule determined by the ratio of contract costs incurred up to the reporting date to the total estimated contract costs as of the reporting date. Contract losses are recognized as expense immediately and reported in the statement of financial position under other provisions. The recognition of revenue over time for the performance of services is generally carried out through linear allocation of the transaction price over the service performance period.

Incremental costs of obtaining a contract with a customer are capitalized under non-current non-financial assets only if they relate to contracts with an original expected duration of more than 12 months. They are amortized by the straight-line method over the term of the contract. Costs for contract performance bonds, advance payment guarantees and comparable guarantees in connection with customer contracts are recognized as finance expenses.

If the performance obligations fulfilled for the customer exceed the payments received or outstanding from the customer, contract assets are recognized in the statement of financial position on a net basis insofar as the right to receive payment from the customer is still conditional. Unconditional rights to receive payment are recognized under trade accounts receivable and from this point payment automatically becomes due with the passage of time. If the payments received or outstanding from the customer exceed the performance obligations fulfilled, contract liabilities are recognized in the statement of financial position on a net basis. Provisions are recognized for warranty and product liability obligations; also refer to Note 15. A warranty obligation exists for the seller's assumption of liability for shortages, defects or deficiencies with respect to the quality of a product, whereby the future costs arising from a warranty obligation are uncertain with respect to the amount, the date of occurrence and the respective customer. These warranty obligations do not constitute separate performance obligations under IFRS 15. A provision is recognized if it can be estimated reliably. The amount of the provision is based on an estimate of all costs that may be incurred after sale and delivery to rectify any defects. Product liability obligations relate to potential future payments for damages to third parties arising from the use of defective products. A provision is recognized if specific knowledge of corresponding claims is available.

Research and development costs

Research costs are expensed as incurred.

Development costs, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if the product or process is technically and commercially feasible, it is intended to complete the intangible asset, there is a market for the output of the intangible asset, the attributable expenditure can be measured reliably, and the Group has sufficient resources to complete development. Other development costs are expensed as incurred. Capitalized development costs of completed projects are stated at cost less accumulated amortization and impairment losses.

Segment reporting

In accordance with the so-called management approach, segment reporting of the Group is based on the internal organizational and reporting structure. The data used to determine the internal key figures are derived from the IFRS Consolidated Financial Statements with the exemption of intragroup leases that are classified as expenses.

Estimates and judgments

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting 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 COVID-19 Pandemic. Actual results may differ from these estimates.

Accounting estimates and judgments made by management in the application of IFRS that have a significant effect on the Consolidated Financial Statements are in particular relevant for the following issues:

Accounting of business combinations

As a result of acquisitions, the Group recognized goodwill in its statement of financial position. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair value. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Land, buildings and equipment are usually independently appraised while marketable securities are valued at market price. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Group either consults with an independent external valuation expert or develops the fair value internally, using an appropriate valuation technique which is generally based on a forecast of the total expected future net cash flows. These evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. For further details, refer to Note 04.

Recoverability of goodwill

The Group tests annually and in addition if any indicators exist, whether goodwill has suffered an impairment loss. If there is an indication, the recoverable amount of the cash-generating unit has to be estimated which is the greater of the fair value less costs to sell and the value in use. The determination of the value in use involves making adjustments and estimates related to the projection and discounting of future cash flows (cf. Note 05). Although management concluded that the assumptions used to calculate the recoverable amount are appropriate, any unforeseen changes in these assumptions could result in an impairment loss, which could adversely affect the net assets, financial position and results of operations. This approach is also applied to other assets with indefinite useful lives.

Recoverability of assets

In the event of certain events or external circumstances, the Group assesses whether there is any indication that the carrying amounts of its property, plant and equipment or intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the greater of the fair value less costs to sell and the value in use. In assessing the value in use, discounted future cash flows from the related assets have to be determined. Estimating the discounted future cash flows involves significant assumptions, including particularly those regarding future sale prices and sale volumes, costs and discount rates (cf. Note 05 and 06). Although management believes that its estimates of the relevant expected useful lives, its assumptions concerning the economic environment and developments in the industries in which the Group operates and its estimations of the discounted future cash flows are appropriate, changes in the assumptions or circumstances could require changes in the analysis. This could lead to additional impairment charges in the future or to reversal of impairments if the trends identified by management reverse or the assumptions or estimates prove incorrect.

Other provisions

The recognition and measurement of other provisions are based on the estimation of the probability of a future outflow of resources as well as empirical values and the circumstances known at the reporting date. This means that the actual later outflow of resources may differ from the other provisions, cf. also the description under Note 15.

Revenue recognition from contracts with customers

Certain Group entities, in the field of new installations and modernization, report some of their business transactions as construction contracts, in which revenue is recognized over time using the percentage-of-completion method. This method requires accurate estimates of the extent of progress towards completion. Depending on the methodology to determine contract progress, the significant estimates include total contract costs, remaining costs to completion, total contract revenues, contract risks and other judgments. The management of the operating companies continually reviews all estimates involved in such construction contracts and adjust them as necessary.

The expected variable consideration amount is estimated at the inception of a contract with a customer. The estimate is made using either the probability-weighted expected value or the most likely amount. The estimation method giving the better forecast for the respective contract is always used. The variable consideration amount estimated at contract inception is reviewed at each reporting date and adjusted as necessary.

In the case of contracts with customers which have multiple distinct performance obligations, the required allocation of the transaction price to the distinct performance obligations is carried out by reference to the relative standalone selling prices. The relative standalone selling prices used generally correspond to directly observable market prices at which the Group company separately sells the performance obligations to other customers. If the standalone selling price is not directly observable, a best estimate of the standalone selling price is made. In these cases an adjusted market assessment approach, an expected cost plus a margin approach, or a residual approach is used.

Leases

Some leases contain extension and termination options. These contractual conditions offer as lessee maximum operational flexibility. In determining the lease term, all facts and circumstances are considered that provide an economic incentive to exercise renewal options or not to exercise termination options. In determining the lease term, possible options are only taken into account if they are considered reasonably certain. Where facts and circumstances change over time, exercise of the option is reassessed.

Income taxes

The recognition and measurement of current and deferred tax receivables and liabilities depend on management estimates of tax uncertainties and future business performance. This includes both the interpretation of existing tax regulations and the testing of deferred tax assets for impairment. These estimates are adjusted when there is sufficient evidence of the need for such adjustment.

The necessary exercise of discretion in determining the global income tax provisions takes into account the respective individual circumstances of the facts and the existing national legal systems including the applicable tax laws and our interpretation of the same.

We are subject to regular tax audits from German and foreign tax authorities.

Tax liabilities are recognized if it is probable that the amounts reported in the tax declarations cannot be realized (uncertain tax positions). The amount is determined from the best estimate of the expected tax payment (expected value / most probable value). Tax assets from uncertain tax positions are recognized when it is probable that they can be realized. The estimate of the tax treatment and the measurement of the positions are reviewed regularly. Sufficient provisions have been made for years not yet finally assessed for tax purposes. Nevertheless, tax payments in excess of these provision cannot be ruled out.

Employee benefits

Pensions and similar obligations are recognized in line with actuarial assessments. These assessments are based on statistical and other factors in order to anticipate future events. These factors include actuarial assessments such as discount rate, changes in salary and mortality. These actuarial assumptions may differ significantly from actual developments due to changes in market and economic conditions and therefore lead to a substantial change in pensions and similar obligations, equity and the related future expense (cf. Note 14 for further information).

Legal contingencies

The Group companies are parties to litigations related to a number of litigations. The outcome of these litigations may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. For the assessments internal and external lawyers are used. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group companies or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate. In connection with the acquisition of thyssenkrupp Elevator, contingent liabilities - including those in connection with legal disputes - are recognized at fair value, see also Note 04.

Impact of the COVID-19 Pandemic

The Group has been affected by the impact of the COVID-19 Pandemic since the start of the operating activities of its subsidiaries. It affected in particular the demand for new installations business, while the service level is at a similar high level as before the COVID-19 Pandemic.

Our business units Asia/Pacific, Americas and Europa/Africa, which comprises our elevator and escalator business, were affected in varying degrees. Nevertheless, the repercussions of the COVID-19 Pandemic were felt across all business units. In the Business Unit Asia/Pacific, adjusted EBITDA was positive, and higher than expected. In the Business Unit Americas, revenue declined in North America. Overall, adjusted EBITDA in the Business Unit Americas was slightly below expectations. The countries that were the most impacted in the Business Unit Europe/Africa were Spain, France, Italy and Germany. In most countries production capacity in the main factories had already recovered to almost pre-pandemic levels, even before the thyssenkrupp Elevator acquisition.

The Access Solutions business unit was impacted by the COVID-19-Pandemic primarily at the Airport Solutions unit. The partial or complete shutdown at most airports resulted in lower new installation and service activities due to some projects being delayed or cancelled. Overall, the business unit achieved a positive adjusted EBITDA despite pandemic- and project-related negative effects thanks to a strong recovery at the area Home Solutions. As a result of the COVID-19 pandemic, cumulative adjusted EBITDA for the short financial year 2020 is slightly below budgeted expectations.

The key operating planning figures were assessed if they were still valid in the context of the COVID-19 Pandemic. The recoverability of goodwill is classified as non-critical. The weighted average cost of capital (WACC) for all but one CGUs declined, primarily due to declining beta factors. The WACC is based on a risk-free interest rate of 0.0% and a market risk premium of 7.5%. Furthermore, as of September 30, 2020, trade receivables, deferred tax assets and contract assets were tested for impairment. There was no impairment requirement. In addition, the COVID-19-Pandemic is classified as a triggering event for impairment testing of further intangible assets and property, plant and equipment (see Notes 05 and 06) and an impairment test was also performed for these items at the individual companies of all business units as of September 30, 2020, after the balance sheet date.The net carrying amount of the assets was compared to the undiscounted cash flows, which are accumulated over the expected remaining useful life. As of September 30, 2020, all of the Group's cash generating units (CGUs) showed sufficient headroom for the respective assets.

Accounting pronouncements issued but not yet effective in 2020

The IASB has issued the following interpretations and amendments to standards and interpretations whose application is not yet effective and some of which require EU endorsement before they are applied. The Group currently assumes that the application of these standards, interpretations and amendments will not have a material impact on the presentation of the financial statements.

- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures (2011)": "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture", publication in September 2014, initial application deferred indefinitely.
- Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current", publication in January 2020, subject to EU endorsement, expected first-time application in financial year 2023/2024
- Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements Process 2018-2020 cycle, publication in May 2020, subject to EU endorsement, expected first-time application in financial year 2022/2023

- Amendments to IFRS 16 "Leases Covid-19-Related Rent Concessions", published in May 2020, first-time application in financial year 2020/2021; the Group does not anticipate it will apply the amendment which allows lessees the option to apply the practical expedient of accounting for concessions, such as rent holidays or rent reductions, in connection with the outbreak of the corona pandemic.
- Amendments to IFRS 4 "Insurance Contracts – deferral of IFRS 9", publication in June 2020, subject to EU endorsement, expected first-time application in financial year 2021/2022
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2", publication in August 2020, subject to EU endorsement, expected first-time application in financial year 2021/2022

04 Consolidated companies and equity interest

Scope of consolidation

The following table shows the scope of consolidation in the short financial year 2020.

Acquisitions/divestitures of businesses

Number of consolidated companies	Germany	Abroad	Total
Balance as of Jan. 02, 2020	1	0	1
Additions	17	110	127
Disposals	0	4	4
Balance as of Sept. 30, 2020	18	106	124

The additions in 2020 result from companies founded and the acquisition of thyssenkrupp Elevator. For further details, refer to the following descriptions under “Companies founded” and “Acquisitions” in this note.

Thyssenkrupp Elevator (Management) Ltd. based in Israel, of which 100% of the shares are held, the influence on the net assets, financial position and results of operations of the Group is of minor significance, thus the entity is not consolidated. The revenues of this company amount to €0 thousand and the equity amounts to €13 thousand. There are no other companies that are not consolidated.

One joint venture in the Group is accounted for using the equity method.

The complete list of the Group's shareholdings is shown below.

	No.	Name and registered office	Share in capital (%)	held via no.	held in %
	Argentina				
	1	thyssenkrupp Elevadores S.A., Buenos Aires, Argentina	100	97 15	94.98 5.02
	Australia				
	2	thyssenkrupp Elevator Australia Pty. Ltd., Sydney/New South Wales, Australia	100	3	100
	3	thyssenkrupp Lifts Pacific Pty. Ltd., Alexandria/New South Wales, Australia	100	40	100
	Austria				
	4	thyssenkrupp Aufzüge Gesellschaft m.b.H., Vienna, Austria	100	74	100
	5	thyssenkrupp Elevator Eastern Europe GmbH, Vienna, Austria	100	4 38 97	11 74 15
	Bahrain				
	6	thyssenkrupp Elevator Almoayyed W.L.L., Manama, Bahrain	70	40	70
	Bangladesh				
	7	thyssenkrupp Elevator (BD) Pvt. Ltd., Dhaka, Bangladesh	100	50	100
	Belgium				
	8	thyssenkrupp Home Solutions N.V., Gent, Belgium	100	73 35	99.93 0.07

	9	thyssenkrupp Liften Ascenseurs S.A., Brüssel, Belgium	100	38	100
	Brazil				
	10	TK Elevadores Brasil LTDA, Guaiba, Brazil (previously: thyssenkrupp Elevadores, S.A., Guaiba, Brazil)	100	97 40	99.83 0.17
	Cambodia				
	11	thyssenkrupp Technologies (Cambodia) Co., Ltd., Phnom Penh, Cambodia	100	40	100
	Canada				
	12	thyssenkrupp Elevator Canada Holding, Inc., Calgary/Alberta, Canada	100	74	100
	13	thyssenkrupp Elevator Canada Ltd., Toronto/Ontario, Canada	100	14	100
	14	thyssenkrupp Northern Elevator Corp., Scarborough/Ontario, Canada	100	12	100
	Chile				
	15	TK Elevadores Chile S.A., Santiago de Chile-Nunoa, Chile (previously: thyssenkrupp Elevadores S.A., Santiago de Chile-Nunoa, Chile)	100	97 1	98.84 1.16
	China				
	16	Marohn thyssenkrupp Elevator Co. Ltd., Shanghai, China	51	74	51
	17	thyssen Elevators Co., Ltd., Zhongshan, Guangdong Province, China	100	40	100
	18	thyssenkrupp Access China Ltd., Shanghai, China	100	17	100
	19	thyssenkrupp Airport Systems Co. (Zhongshan) Ltd., Zhongshan/Guangdong, China	100	17	100
	20	thyssenkrupp Elevators (Shanghai) Co., Ltd., Shanghai, China	100	17	100
	21	thyssenkrupp Escalator Co. (China) Ltd., Zhongshan, Guangdong Province, China	100	17	100
	Colombia				
	22	thyssenkrupp Elevadores S.A., Bogota, Colombia	100	1 97 48 15 83	1.5 94 1.5 1.5 1.5
	Denmark				
	23	thyssenkrupp Elevator A/S, Glostrup, Denmark	100	38	100
	Egypt				
	24	thyssenkrupp Elevator - Egypt S.A.E., Kairo, Egypt	100	97 40	57.74 42.26
	France				
	25	Ascenseurs Drieux-Combaluzier S.A.S., Les Lilas, France	100	28	100
	26	MGTI S.A.S., Ivry-sur-Seine, France (previously: MGTI SNEV S.A.S., Ivry-sur-Seine, France)	100	28	100
	27	Proxi-Line S.a.r.l., Angers, France	100	29	100

	28	thyssenkrupp Ascenseurs S.A.S., Angers Cêdex, France	100	29	100
	29	thyssenkrupp Elevator Holding France S.A.S., Puteaux Cedex, France	100	74	100
	Germany				
	30	B.L.S. Aufzugservice GmbH, Walsrode, Germany	100	38	100
	31	ELEG Europäische Lift + Escalator GmbH, Düsseldorf, Germany	100	40	100
	32	LiftEquip GmbH Elevator Components, Neuhausen a.d.F.	100	38	100
	33	Rheinstahl Union Gesellschaft mit beschränkter Haftung, Düsseldorf, Germany	100	40	100
	34	Tepper Aufzüge GmbH, Münster, Germany	100	38	100
	35	TK Home Solutions GmbH, Essen, Germany (previously: thyssenkrupp Access Solutions GmbH, Essen, Germany)	100	40	100
	36	TK Aufzüge GmbH, Neuhausen a. d. Fildern, Germany (previously: thyssenkrupp Aufzüge GmbH, Neuhausen a. d. Fildern, Germany)	100	39	100
	37	TK Aufzugswerke GmbH, Neuhausen a.d.F., Germany (previously: thyssenkrupp Aufzugswerke GmbH, Neuhausen a.d.F., Germany)	99.5	38	99.5
	38	TK Elevator Europe Africa GmbH, Essen, Germany (previously thyssenkrupp Elevator Europe Africa GmbH, Essen, Germany)	100	40	100
	39	TK Elevator Europe Africa Services GmbH, Essen, Germany (previously: thyssenkrupp Elevator Europe Africa Services GmbH, Essen, Germany)	100	38	100
	40	TK Elevator Innovation and Operations GmbH, Düsseldorf, Germany (previously: thyssenkrupp Elevator Innovation and Operations GmbH, Düsseldorf, Germany)	100	42	100
	41	TK Fahrtreppen GmbH, Hamburg, Germany (previously: thyssenkrupp Fahrtreppen GmbH, Hamburg, Germany)	100	38	100
	42	TK Elevator GmbH, Essen, Deutschland	100	43	100
	43	TK Elevator Holding GmbH, Essen, Deutschland (previously: Vertical Bidco GmbH, Essen, Germany)	100	46	100
	44	TK Elevator Holdco GmbH, Essen, Germany (previously: Vertical Holdco GmbH, Essen, Germany)	100	47	100
	45	TK Elevator Midco Essen, GmbH, Germany (previously: Vertical MidCo GmbH, Essen, Germany)	100	44	100
	46	TK Elevator Newco GmbH, Essen, Germany (previously: Vertical NewCo GmbH, Essen, Germany)	100	45	100
	47	TK Elevator Topco GmbH, Essen, Deutschland (previously: Vertical Topco III GmbH, Essen, Germany)[2]			
	Guatemala				
	48	thyssenkrupp Elevadores, S.A., Guatemala, Guatemala	100	97 1	97.54 2.46
	Hong Kong				

[2] Parent company.

	49	thyssenkrupp Elevator (HK) Ltd., Hongkong, Hong Kong	100	40	100
	India				
	50	thyssenkrupp Elevator (India) Private Limited, Maharashtra, India	100	40	100
	Indonesia				
	51	PT. TKE Elevator Indonesia, Jakarta, Indonesia (previously: PT. thyssenkrupp Technologies Indonesia, Jakarta, Indonesia)	94.67	40	94.67
	Ireland				
	52	thyssenkrupp Elevator Ireland, Ltd., Dublin, Ireland	100	113	100
	Israel				
	53	thyssenkrupp Elevator (Management) Ltd., Rishon Le'zion, Israel	100	31 97	50 50
	54	thyssenkrupp Elevator Israel LP, Rishon Le'zion, Israel	100	97 31 53	49.9 49.9 0.2
	Italy				
	55	CIAMPI S.r.l., Milano, Italy	100	58	100
	56	Euroascensori S.r.l., Mezzolombardo, Italy	100	58	100
	57	SIMIA Ascensori S.r.l.,Milano; Italy	100	58	100
	58	TK Elevator Italia S.p.A.,Elevator Italia S.p.A.,Milano, Italy (previously: thyssenkrupp Elevator Italia S.p.A.,Milano, Italy)	100	74	100
	59	thyssenkrupp Home Solutions S.r.l., Pisa, Italy	100	58	100
	Japan				
	60	thyssenkrupp Access Japan Co., Ltd., Tokio, Japan	100	40	100
	Jordan				
	61	thyssenkrupp Elevator Innovation and Operations GmbH/Jordan Ltd. Co., Amman, Jordan (previously: thyssenkrupp Elevator/Jordan Ltd. Co., Amman, Jordan)	100	40	100
	Kazakhstan				
	62	thyssenkrupp Kazlift LLP, Almaty, Kazakhstan	100	97	100
	Korea				
	63	thyssenkrupp Elevator (Korea) Ltd., Seoul, Korea	100	40	100
	Kuwait				
	64	thyssenkrupp Elevator Kuwait Trading Co. WLL., Kuwait	100	40	100
	Luxembourg				

	65	ThyssenKrupp Ascenseurs Luxembourg S.a.r.l., Contern, Luxembourg	100	38	100
	Malaysia				
	66	TK Elevator Malaysia Sdn. Bhd., Selangor, Malaysia (previously: thyssenkrupp Elevator Malaysia Sdn. Bhd., Selangor, Malaysia)	100	40	100
	67	TK Lif & Eskalator Sdn. Bhd., Shah Alam, Malaysia	100	66 40	30 70
	Mexico				
	68	TK Elevadores Mexico S.A. de C.V., Mexico City, Mexico (previously: thyssenkrupp Elevadores, S.A. de C.V., Mexico City, Mexico)	100	1 97	0.07 99.93
	Monaco				
	69	Compagnie des Ascenseurs et Elevateurs S.A.M. 'CASEL SAM', Monaco, Monaco	100	28	100
	Morocco				
	70	thyssenkrupp Elevator Maroc S.A.R.L., Casablanca. Marruecos, Morocco	100	97	100
	Myanmar				
	71	thyssenkrupp Elevator Myanmar Limited, Yangon, Myanmar	100	92 74	99 1
	Netherlands				
	72	SkyLift B.V., Barneveld, Netherlands	100	75 73	0.06 99.94
	73	thyssenkrupp Elevator B.V., Capelle aan den IJssel, Netherlands	100	74	100
	74	thyssenkrupp Elevator International Holding B.V., Roermond, Netherlands	100	43	100
	75	thyssenkrupp Liften B.V., Krimpen aan den IJssel, Netherlands	100	73	100
	76	TK Home Solutions B.V., Krimpen aan den Ijssel, Netherlands (previously: thyssenkrupp Stairlifts B.V., Krimpen aan den Ijssel, Netherlands)	100	73	100
	New Zealand				
	77	thyssenkrupp Elevator New Zealand Ltd., Auckland, New Zealand	100	2	100
	Norway				
	78	TK Elevator Norway Holding AS, Oslo, Norway (previously: thyssenkrupp Aufzüge Norge A/S, Oslo, Norway)	100	38	100
	79	TK Elevator Norway AS, Oslo, Norway) (previously: thyssenkrupp Elevator A/S, Oslo, Norway)	100	78	100
	80	TK Rulletrapper AS, Oslo, Norway (previously: thyssenkrupp Rulletrapper A/S, Oslo, Norway)	100	78	100
	Panama				
	81	thyssenkrupp Elevadores S.A., Panama, Panama	100	97	100
	Paraguay				
	82	thyssenkrupp Elevadores, S.R.L., Asunción, Paraguay	100	97	100

	Peru				
	83	thyssenkrupp Elevadores S.A.C., Lima, Peru	100	97 1	99.81 0.19
	Portugal				
	84	thyssenkrupp Elevadores, S.A., Lissabon, Portugal	100	97	100
	Puerto Rico				
	85	thyssenkrupp Elevator Inc., San Juan, Puerto Rico	100	120	100
	Qatar				
	86	thyssenkrupp Industries and Services Qatar LLC, Doha, Qatar	100	40	100
	Taiwan				
	87	Sun Rich Elevator Co., Ltd., Taipei, Taiwan	100	40	100
	88	thyssenkrupp Elevator (Taiwan) Co., Ltd., Taipei, Taiwan	100	40	100
	Romania				
	89	thyssenkrupp Elevator SRL, Bukarest, Romania	100	5	100
	Russian Federation				
	90	OOO thyssenkrupp Elevator, Moskau, Russian Federation	100	38	100
	Saudi-Arabia				
	91	thyssenkrupp Saudi Arabia Limited, Riyadh, Saudi-Arabia	100	38 33	90 10
	Singapore				
	92	TK Elevator Singapore Pte. Ltd., Singapore, Singapore (previously: thyssenkrupp Elevator (Singapore) Pte.Ltd., Singapore, Singapore)	100	74	100
	Slovakia				
	93	ThyssenKrupp Vytahy s.r.o., Bratislav, Slovakia	98.87	4	98.87
	Slovenia				
	94	thyssenkrupp dvigala d.o.o., Trzin, Slovenia	100	4	100
	South Africa				
	95	thyssenkrupp Elevator (South Africa) (Pty.) Ltd., Johannesburg, South Africa	100	40	100
	Spain				
	96	thyssenkrupp Airport Solutions, S.A., Mieres, Spain	100	97	100
	97	thyssenkrupp Elevadores, S.L.U., Madrid, Spain	100	98	100
	98	thyssenkrupp Elevator Holding Ibérica S.L.U., Madrid, Spain	100	74	100

	99	thyssenkrupp Elevator Innovation Center, S.A., Mieres/Oviedo, Spain	100	101	100
	100	thyssenkrupp Elevator Manufacturing Spain S.L.U., Mostoles, Spain	100	97	100
	101	thyssenkrupp Norte S.A., Mieres/Oviedo, Spain	100	97 98	33.70 66.30
	Sweden				
	102	thyssenkrupp Elevator Sverige AB, Stockholm, Sweden	100	78	100
	Switzerland				
	103	thyssenkrupp Aufzüge AG, Rümlang, Switzerland	100	28 38	14.16 85.84
	104	Trapo Küng AG, Zwingen, Switzerland	100	103	100
	Thailand				
	105	TK Elevator (Thailand) Co., Ltd., Bangkok, Thailand (previously: thyssenkrupp Elevator (Thailand) Co., Ltd., Bangkok, Thailand)	100	40	100
	Turkey				
	106	TK Asansör Sanayi ve Tic. A.Ş., Istanbul, Turkey (previously: thyssenkrupp Asansör Sanayi ve Tic. A.S., Istanbul, Turkey)	100	38 40 97	35.55 17.10 47.35
	United Arab Emirates				
	107	thyssenkrupp Elevator L.L.C., Abu Dhabi, United Arab Emirates	49	40	49
	108	TK Elevator UAE LLC, Dubai, United Arab Emirates (previously: thyssenkrupp Elevator UAE (L L C), Dubai, United Arab Emirates)	100	40	100
	United Kingdom of Great Britain and Northern Ireland				
	109	Hytrac Lifts Ltd, United Kingdom of Great Britain and Northern Ireland	100	74	100
	110	Lift & Engineering Services Ltd., West Midlands, United Kingdom of Great Britain and Northern Ireland	100	74	100
	111	SDV Escalators Ltd. (UK), Skipton, North Yorkshire, United Kingdom of Great Britain and Northern Ireland	100	74	100
	112	thyssenkrupp Access Ltd., Stockton-on-Tees, United Kingdom of Great Britain and Northern Ireland	100	73	100
	113	thyssenkrupp Aufzüge Ltd., Nottingham, United Kingdom of Great Britain and Northern Ireland	100	74	100
	114	thyssenkrupp Elevator UK Ltd., Nottingham, United Kingdom of Great Britain and Northern Ireland	100	113	100
	United States of America				
	115	Braun thyssenkrupp Elevator LLC, Madison/Wisconsin, USA[3]	50	120	50
	116	O`Keefe Elevator Company, Inc., Nebraska/Omaha, USA	100	120	100
	117	thyssenkrupp Access Corp., Kansas City/Missouri, USA	100	123	100

[3] This is a joint venture.

	118	thyssenkrupp Airport Systems Inc., Fort Worth/Texas, USA	100	122	100
	119	thyssenkrupp Elevator Americas Corp., Wilmington/Delaware, USA	100	123	100
	120	thyssenkrupp Elevator Corp., Wilmington/Delaware, USA	100	119	100
	121	thyssenkrupp Elevator Manufacturing Inc., Wilmington/Delaware, USA	100	120	100
	122	thyssenkrupp Elevator Real Estate USA, LLC, Chicago, Il, USA	100	123	100
	123	thyssenkrupp Elevator USA Holding, Inc., Chicago, Il., USA	100	124	100
	124	Vertical US NewCo Inc, New York, USA	100	46	100
	Uruguay				
	125	thyssenkrupp Elevadores, S.R.L., Montevideo, Uruguay	100	97 1	98.92 1.08
	Vietnam				
	126	thyssenkrupp Elevator Vietnam Co., Ltd., Hanoi, Vietnam	100	40	100

Foundations

In the short financial year 2020, the following companies were founded by TK Elevator Topco:

Company	Domicile	Business	Date of foundation	Shares
TK Elevator Holdco GmbH („TK Elevator Holdco")	Essen (previously Munich)	Holding	February 5, 2020	100%
TK Elevator Midco GmbH („TK Elevator Midco")	Essen (previously Munich)	Holding	February 5, 2020	100% (indirect)
TK Elevator New co GmbH („TK Elevator New co")	Essen (previously Munich)	Holding	February 5, 2020	100% (indirect)
TK Elevator Holding GmbH („TK Elevator Holding")	Essen (previously Munich)	Holding	February 5, 2020	100% (indirect)

The companies were founded in the short financial year as a result of the newly established Group structure.

All companies are fully consolidated and included in these consolidated financial statements from the date of their foundation.

Acquisitions

General information on the acquisition

In the short financial year 2020, the Company made the following acquisitions at a purchase price of € 16,847 million:

Company	Domicile	Business	Date of acquisition	Shares
TK Elevator GmbH [1)]	Essen	Holding	July 31, 2020	100% (indirect)

[1)] On August 24, 2020, thyssenkrupp Elevator AG was legally transformed to TK Elevator GmbH.

On July 31, 2020, thyssenkrupp Elevator was acquired through the TK Elevator Holding GmbH by a consortium around Advent and Cinven (hereinafter also "sponsors"). Since the acquisition, thyssenkrupp Elevator and its subsidiaries are controlled by TK Elevator Topco as the parent of the group. To enable the acquisition, all companies and operating activities which are part of thyssenkrupp Elevator were transferred directly or indirectly to the target company (TK Elevator GmbH).

Before the acquisition, thyssenkrupp Elevator had already operated largely independently when owned by thyssenkrupp AG. When thyssenkrupp Elevator was still held by thyssenkrupp AG, the management team was already responsible for the strategic and operating management of the Elevator business.

The new ownership structure pursues the goal of strategically developing the business model and increasing long-term performance and enterprise value. In addition, numerous established customer relationships were acquired.

Transferred consideration

The following summarizes the fair values at the acquisition date respectively the nominal values of each major class of consideration.

In € million	
Cash	15,527
Equity instruments of Vertical Topco I SA	655
Receivables from Vertical Topco I SA	595
Other	70
Total consideration transferred	**16,847**

The acquisition of thyssenkrupp Elevator was financed through capital increases by the companies and sponsor shareholder loans (€2,727 million / €5,500 million), a syndicated loan agreement and by issuing public and private bonds. The share capital of the sponsors were transferred indirectly to TK Elevator Holding GmbH. This was done via intermediate holding companies on the basis of capital contributions and payments to the capital reserves as well as shareholder loans. Due to the non-market interest rate of the shareholder loan granted by Vertical Topco II SA (nominal amount: €5,500 million), the difference between the fair value of the shareholder loan (€2,272 million) recognized at initial recognition and its nominal amount (€5,500 million) was transferred to retained earnings in the amount of €3,229 million less the resulting taxes in the amount of €1,008 million. The same loan relationship for such a shareholder loan exists between downstream group companies. While the term of the loan is unchanged, the interest rate and thus the amount transferred to retained earnings differs in a group relationship.

The secured syndicate loan agreement was concluded on July 15, 2020. In several tranches and currencies (EUR, USD) it extends a callable loan with a total nominal amount up to €3,471 million (“Term Loan B”) which was fully utilized as of September 30, 2020 and a revolving credit facility of up to €992 million ("RCF"). The bonds issued on July 15, 2020 and July 29, 2020 listed in open market (“Freiverkehr”) consist of five publicly listed bonds (“EUR FR SSN”, “EUR FRN SSN”, “Dollar FR SSN”, “Public EUR SUN”, “Public Dollar SUN”) with a nominal value of €3,962 million, and two privately placed bonds (“Private EUR SSN” and “Private Dollar SSN”) with a nominal value of €619 million.

In addition to cash and cash equivalents, the consideration transferred also includes the so-called re-investment ("return participation") and other components.

The re-investment consists of equity instruments in Vertical Topco I SA (i) and a non-interest-bearing long-term receivable from Vertical Topco I SA (ii). The equity instruments in Vertical Topco I SA (i) were sold to the Group on July 29, 2020 at a nominal value of €153 million and contributed to the additional paid-in capital of TK Elevator Topco on the same date. The receivable from Vertical Topco I SA (ii), a parent company of TK Elevator Topco, was sold on July 29, 2020 at a nominal value of €1,097 million and the resulting liability was replaced on the same date by increasing the above shareholder loan.

The equity instrument in Vertical Topco I SA (i) was initially recognized at fair value of €655 million. Of this amount, €606 million relates to ordinary shares and €49 million to preferred shares. The difference between the nominal value and the fair value of the equity instrument in Vertical Topco I SA (i) amounting to €502 million was recognized as a shareholder contribution to retained earnings. The receivable from Vertical Topco I SA (ii) was initially recognized at fair value in the amount of €595 million in accordance with IAS 32 and IFRS 9. The difference between the nominal value and the fair value of the receivable from Vertical Topco I SA (ii) in the amount of €502 million was recognized as a withdrawal by the shareholder in retained earnings. The fair value as of July 29, 2020 of the equity instrument in Vertical Topco I SA (i) and the receivable from Vertical Topco I SA (ii) correspond to their respective fair values as of the acquisition date.

The equity interests in Vertical TopCo I SA (i) granted to thyssenkrupp AG result in a re-investment quota in favor of thyssenkrupp AG in the amount of 18,95 % in Vertical TopCo I SA, Luxembourg, in the form of ordinary shares with voting rights. Due to a continuous vertical control relationship with a 100 % share of capital and voting rights between Vertical TopCo I SA, Luxembourg, and TK Elevator Topco, thyssenkrupp AG's return shareholding in TK Elevator Topco is thus also indirectly 18,95 %.

The other components (iii) of the consideration consist of the purchase agreement compensation obligation for certain tax loss carryforwards. As part of the restructuring carried out in 2019 to separate the US Elevator division from the remaining thyssenkrupp operations in the USA, thyssenkrupp Elevator USA Holding, Inc, Chicago/ Il., USA, has assumed all tax loss carryforwards and tax credits as universal successor from thyssenkrupp North America. The tax benefit from the actual use of these tax losses and tax credits is payable by the Group to thyssenkrupp. The tax benefit from the actual use of these tax losses and tax credits is payable by Group to thyssenkrupp. For this purpose, €70 million was recognized under the PPA, which is discounted by one period to the measurement date.

Identifiable assets acquired and liabilities assumed

The purchase price allocation for the assets acquired and liabilities assumed, which are mentioned below, had not yet been completed as of September 30, 2020. The provisional fair values at the acquisition date are as follows:

Acquisition of thyssenkrupp Elevator

million €	
Goodwill	12,157
Other intangible assets	6,534
Property, plant and equipment	963
Investments accounted for using the equity method	24
Other non-current financial assets	67
Other non-current non-financial assets	44
Deferred tax assets	306
Inventories	674
Trade accounts receivable	1,370
Contract assets	459
Other current financial assets	47
Other current non-financial assets	315
Current income tax assets	101
Cash and cash equivalents	736
Total assets	**23,798**
Accrued pension and similar obligations	385
Provisions for other employee benefits	29
Other non-current provisions	233
Deferred tax liabilities	1,947
Non-current financial debt	197
Other non-current financial liabilities	0
Other non-current non-financial liabilities	0
Provisions for current employee benefits	158
Other current provisions	366
Current income tax liabilities	128
Current financial debt	75
Trade accounts payable	678
Other current financial liabilities	58
Contract Liabilities	1,802
Other current non-financial liabilities	872
Total liabilities	**6,926**
Net assets	**16,871**
Non-controlling interest	24
Purchase prices (for 100% stake)	**16,847**

The following items are still to be regarded as provisional in the context of the purchase price allocation because not all information required for the valuation was available at the time of acquisition:

- The measurement of the right to use the brand "TK", which is reported under intangible assets, is still provisional because the brand concept, including brand accounting, has not yet been finalized within the Group.
- The valuation of customer relationships is still preliminary because the right to use the brand "TK" is included in the valuation of customer relationships as a valuation parameter (contributory asset charge).
- The valuation of technology and IP R&D in connection with MULTI is still preliminary because the business plan and the corresponding planning and valuation parameters for MULTI are still being revised and cannot be used for a valid valuation, yet.

- Future settlement obligations resulting from the SPA, which relate in particular to tax matters from prior years between the thyssenkrupp Group and thyssenkrupp Elevator, are still provisional because some matters have not yet been finally resolved and further matters may arise.
- The valuation of individual items in the inventory valuation is still preliminary because the detailed structure for certain individual items (in particular in the Business Unit Asia/Pacific) has not yet been conclusively analyzed, thus a reassessment of the fair value in the 12-month period still has to be conducted.
- Due to the large number of leases (more than 17,000 lease contracts), the lease liabilities have not yet been finally measured as of the reporting date.
- Goodwill and deferred taxes will also be adjusted on the basis of changes in the aforementioned items and are therefore also classified as provisional.

Contract assets and liabilities

Contract assets and liabilities of €459 million and €1,802 million were acquired. As a result, the Group's contract assets and liabilities increased by €459 million and €1,802 million respectively.

Acquired receivables

Trade accounts receivable comprise gross amounts due of contractual receivables in the amount of €1,533 million, of which €163 million were considered uncollectible as of the acquisition date. The fair value of the contractual receivables therefore amounts to €1,370 million.

Disclosure of contingent liabilities

In connection with the acquisition of thyssenkrupp Elevator, contingent liabilities were recognized at fair value in accordance with IFRS 3.23. As part of a risk inventory, the amounts recognized were reviewed as of September 30, 2020. Material recognized contingent liabilities are the following:

Creditors of a previous owner of an acquired enterprise in Brazil are demanding the reversal of the acquisition to access the acquired assets to settle claims against the former owner. The expected net loss amounts to €50 million and the estimated probability of the obligation is 30%.

thyssenkrupp Elevator is involved in legal proceedings with a French customer on liquidated damages in connection with defective products and delays. The expected net loss is €0.4 million and the estimated probability of the obligation is 40%. In addition, thyssenkrupp Elevator is in negotiation with customers of the Business Unit Access Solutions. In one case, a case there was a breach of contract, with resolution being targeted. The expected net loss is €14 million and the estimated probability of the obligation is 45%.

Audits of the social insurance authorities in Spain could result in additional claims in respect to social insurance contributions for sub-contractors. The expected net loss is €7 million and the estimated probability of the obligation is 40%.

As of July 31, 2020, there are tax-related contingent liabilities. These primarily comprise tax authorities claims for advance payments in India, which are to be recognized as revenue in the year the advance payment is made. Here the expected net loss is €27 million and the estimated probability of the obligation 10%. In addition, there is a quarterly recognition of interest on equity and other tax receivables in Brazil where the expected net loss is €14 million with an estimated probability of the obligation of 40%.

Goodwill

The goodwill is mainly attributable to know-how in the elevator industry and potential new business as well as unspecified business potential within thyssenkrupp Elevator's business model. The future business potential results primarily from the New Installation business and the associated service for new customers, as well as in part from the business potential in the Modernization business. As this business potential does not meet the recognition criteria for an intangible asset in a purchase price allocation, this is reflected in goodwill. The acquired know-how consists of processes, technologies and unspecified process know-how. The goodwill is not tax deductible.

Valuation techniques of acquired assets

The following valuation techniques were used for calculating the fair value of the material assets acquired:

The market approach and the cost approach were used for the valuation of property, plant and equipment. The market approach utilizes market prices for similar objects where available and was mainly used to determine the fair value of land. The cost approach relies on the principle of substitution and recognizes that a prudent investor will pay no more for an asset than the costs to replace it with an identical or similar new unit of equivalent utility. In this approach, the fair value of an asset is determined by adjusting the asset's new costs for losses in value attributable to physical, functional and economic obsolescence. New costs of the most material buildings were calculated via a direct cost approach where new costs are derived from average costs per unit of comparable assets. The indirect approach was mainly used to determine the fair value of less material buildings and for the valuation of plant and equipment. In the indirect cost approach the new costs were derived from historical acquisition costs taking into account price the price development from the purchase year. The new costs in the cost approach were then reduced considering physical deterioration as well as functional obsolescence and economic obsolescence.

The relief-from-royalty method, the residual value method and the cost method were applied to intangible assets. The relief-from-royalty method uses the discounted payments of user fees expected to be saved by owning the patents. The residual value method applies the present value of the expected net cash flow. In the cost approach, the valuation is based on historically incurred expenses.

Inventories are measured on a mark-to-market basis. The fair value is calculated on the basis of the estimated sales price in the ordinary course of business less estimated completion and sales costs plus an appropriate profit margin relating to the efforts necessary to complete and sell the inventories.

As of September 30, 2020, thyssenkrupp Elevator contributes sales of €1,372 million and net income of €36 million to the consolidated result. If the acquisitions of the thyssenkrupp Elevator had taken place at the beginning of the short financial year, sales would amount to €5,872 million and net loss would amount to €(560) million.

The Group incurred expenses of €99 million in connection with the business combination, mainly for legal advice and due diligence. These costs are included in the administrative expenses.

Notes to the consolidated balance sheet

05 Intangible assets

Changes in the intangible assets of the Group were as follows:

Changes in intangible assets

million €	Development costs	Brands	Customer relationships	Franchises, patents, aquired software and similar rights and values as well as licenses thereto	Goodwill	Total
Gross amounts						
Balance as of Jan. 02, 2020	**-**	**-**	**-**	**-**	**-**	**-**
Currency differences	(0)	0	41	1	156	198
Acquisitions/divestitures of businesses	66	463	5,784	223	12,157	18,693
Additions	12	-	0	15	-	27
Transfers	-	-	-	0	(0)	0
Disposals	-	-	-	(2)	-	(2)
Balance as of Sept. 30, 2020	**78**	**463**	**5,825**	**237**	**12,313**	**18,916**
Accumulated amortization and impairment losses						
Balance as of Jan. 02, 2020	**-**	**-**	**-**	**-**	**-**	**-**
Currency differences	(0)	-	(0)	(0)	-	(0)
Acquisitions/divestitures of businesses	-	-	(2)	(0)	-	(2)
Amortization expense	(1)	(0)	(90)	(8)	-	(99)
Impairment losses	-	-	(0)	-	-	(0)
Reversals of impairment losses	-	-	-	0	-	0
Transfers	-	-	-	-	-	-
Disposals	-	-	-	2	-	2
Balance as of Sept. 30, 2020	**(1)**	**(0)**	**(92)**	**(6)**	**-**	**(99)**
Net amounts						
Balance as of Jan. 02, 2020	-	-	-	-	-	-
Balance as of Sept. 30, 2020	**77**	**463**	**5,733**	**231**	**12,313**	**18,817**

thyssenkrupp brand

For the use of the "thyssenkrupp" brand in certain brand classes, an "other non-financial asset" of €74 million was recognized as of July 31, 2020, which will be amortized over a period of twelve months. The brand "TK" is transferred for an indefinite period and is recognized as an intangible asset in the context of the purchase price allocation in the amount of €395 million. Four additional brands, each with an indefinite useful life, were also acquired as part of the acquisition of thyssenkrupp Elevator. For the purpose of determining whether the useful life of the brand is indefinite or finite, the following main aspects were considered:

- the expected use of the brand by the Group
- typical product life cycles for this type of brand and estimates of the economic useful lives of comparable assets used in a similar manner;
- the level of maintenance expenditure required to obtain the expected future benefits from the brand and the Group's ability and intention to achieve that level;
- the period of control over the brand and any legal or similar restrictions on the use of the brand.

The brand is regarded as having an indefinite useful life, as based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Therefore the brand will not be amortized. Furthermore it will be tested for impairment in accordance with IAS 38.108 and IAS 36.

Customer relationships

The acquired customer relationships meet the criterion of identifiability according to IFRS 3, because thyssenkrupp Elevator is in regular contact with its customers and has been working with a majority of the customers for several years. In connection with service contracts, which are based on recurring business, these contracts were included in the measurement. As of September 30, 2020, the value for customer relationships amounts to €5,733 million, which resulted from a valuation as part of the purchase price allocation and were extrapolated over the remaining economic useful life taking into account customer-specific margins and termination rates.

Impairment losses on goodwill

No impairment losses were recognized in the short financial year 2020.

Goodwill

Goodwill (excluding goodwill of equity method investments) has been preliminarily allocated to Cash Generating Units (CGU) of all Business Units. The recoverable amount of each CGU is determined based on a value in use calculation using after-tax cash flow projections based on bottom-up prepared financial budgets approved by TK Elevator's management covering a three-year period An extrapolation by the Company's management was taken into account for two further planning years. The last year of the extrapolation is basically used to determine the cash flows for the perpetual annuity and is modified taking into account further assumptions for the perpetual annuity. A business specific, sustained growth rate is taken into account. The growth rate applied is 1.25% for all CGUs. The weighted average cost of capital discount rate is based on a risk-free interest rate of 0.0% and a market risk premium of 7.5 %. Moreover, for each CGU the beta, the cost of debt and the capital structure is derived individually from the relevant peer group. In addition, CGU specific tax rates and country risk premiums are used. To discount cash flows after-tax discount rates are applied. Based on an iterative calculation the following pre-tax discount rates are derived from the after-tax discount rates:

Pre-tax discount rates

	Ranges
in %	**Sept. 30, 2020**
TK Elevator Topco Group	8.0-9.3

The values in use for the CGUs are determined based on both historical data and expected forecast market performance, also refer to the general information in Note 03. The values assigned to the key assumptions are generally consistent with external information sources.

A total of five CGUs were identified in the Group. As of September 30, 2020, the preliminary total goodwill amounts to €12,313 million. The majority of the preliminary goodwill is attributable to the CGUs Americas, Europe/Africa and Asia/Pacific, which are shown in the following table:

CGU	Preliminary carrying amount of goodwill allocated to CGU in million €	Proportion of total goodwill in %	Pre-tax discount rate in %	Growth rate in %	Descriptions of key assumptions of budgeting	Procedure used to determine key assumptions
Americas	5,573	45	8.0	1.25	- Market growth rates - Business cycles - Exchange and interest rates	Consideration of economic assumptions set by TK Elevator Topco GmbH and external market studies
Europe/ Africa	2,421	20	8.5	1.25	- Market growth rates - Business cycles	Consideration of economic assumptions set by TK Elevator Topco GmbH and external market studies
Asia/ Pacific	3,911	32	9.3	1.25	- Market growth rates - Business cycles - Exchange and interest rates	Consideration of economic assumptions set by TK Elevator Topco GmbH and external market studies

For none of the CGUs a goodwill impairment resulted from the annual impairment test because the recoverable amount of all CGUs was higher than the respective carrying amount

Possible changes in the key valuation assumptions would not lead impairment for any CGU.

Impairment of other intangible assets

No impairment losses were incurred in the short financial year 2020.

06 Property, plant and equipment

The Group's property, plant and equipment developed as follows:

Changes in property, plant and equipment

million €	Land, leasehold rights and buildings including buildings on third-party land	Technical machinery and equipment	Other equipment, factory and office equipment	Right-of-use assets	Assets under operating lease	Construction in progress	Total
Gross amounts							
Balance as of Jan. 02, 2020	-	-	-	-	-	-	-
Currency differences	3	0	2	2	0	1	8
Acquisitions/divestitures of businesses	384	91	150	266	2	71	964
Additions	6	2	5	20	0	11	44
Transfers	0	(0)	2	0	0	(2)	(0)
Disposals	(0)	(0)	(1)	(2)	(0)	(0)	(3)
Balance as of Sept. 30, 2020	**393**	**93**	**158**	**286**	**2**	**81**	**1,013**
Accumulated depreciation and impairment losses							
Balance as of Jan. 02, 2020	-	-	-	-	-	-	-
Currency differences	0	(0)	0	(0)	0	0	0
Acquisitions/divestitures of businesses	0	0	0	0	0	0	0
Depreciation expense	3	3	6	16	0	0	28
Impairment losses	0	0	0	0	0	0	0
Reversals of impairment losses	0	0	0	0	0	0	0
Transfers	0	0	(0)	0	0	0	0
Disposals	(0)	(0)	(0)	(1)	0	0	(1)
Balance as of Sept. 30, 2020	**3**	**3**	**6**	**15**	**0**	**0**	**27**
Net amounts							
Balance as of Jan. 02, 2020	-	-	-	-	-	-	-
Balance as of Sept. 30, 2020	**390**	**90**	**152**	**271**	**2**	**81**	**986**

Leases as lessee (IFRS 16)

Property, plant and equipment also include right-of-use assets that are presented below:

Changes in right-of-use assets

million €	Land	Buildings	Technical machinery and equipment	Other equipment, factory and office equipment	Total
Gross amounts					
Balance as of Jan. 2, 2020	-	-	-	-	-
Currency differences	0	1	(0)	0	2
Acquisitions/divestitures of businesses	2	179	0	85	266
Additions	0	10	0	10	20
Transfers	0	(1)	1	0	0
Disposals	0	(1)	0	(1)	(2)
Balance as of Sept. 30, 2020	**2**	**188**	**1**	**94**	**286**
Accumulated depreciation and impairment losses					
Balance as of Jan. 2, 2020	-	-	-	-	-
Currency differences	0	0	(0)	(0)	(0)
Acquisitions/divestitures of businesses	0	0	0	0	0
Depreciation expense	0	9	0	7	16
Impairment losses	0	0	0	0	0
Reversals of impairment losses	0	0	0	0	0
Transfers	0	0	0	0	0
Disposals	0	(0)	0	(1)	(1)
Balance as of Sept. 30, 2020	**0**	**9**	**0**	**6**	**15**
Net amounts					
Balance as of Jan. 2, 2020	-	-	-	-	-
Balance as of Sept. 30, 2020	**2**	**180**	**1**	**87**	**271**

The Group is the lessee mainly of buildings and other equipment, factory and office equipment. The resulting lease liabilities are reported under financial debt (cf. Note 16).

07 Investments accounted for using the equity method

The investments accounted for using the equity method are immaterial. As of September 30, 2020, the carrying amount of joint ventures is €25 million.

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

Summarized financial information of investments accounted for using the equity method

	Joint ventures
million €	Year ended Sept. 30, 2020
Income/(loss) from continuing operations (net of tax)	1
Other comprehensive income	0
Total comprehensive income	**1**

08 Inventories

Inventories		
million €	**Jan. 02, 2020**	**Sept. 30, 2020**
Raw materials	-	181
Supplies	-	22
Work in process	-	300
Finished products, merchandise	-	118
Total	**-**	**621**

Inventories of €914 million are recognized as cost of sales in the reporting year. In the short financial year 2020, there was an impairment loss of €1 million, but no reversals.

09 Trade accounts receivables

Trade accounts receivable in the amount of €16 million have a remaining term of more than one year. As of September 30, 2020 cumulative impairment losses of €136 million are recognized for individual allowances; for more details refer to disclosures in Note 21 Financial instruments.

10 Assets and liabilities from contracts with customers

As of September 30, 2020, the Group's current assets include contract assets in the amount of €467 million of these €49 million have a remaining term of more than one year. In the short financial year 2020 impairment losses on contract assets were recognized in the amount of €10 million under selling expenses.

As of September 30, 2020, the Group's current liabilities include contract liabilities in the amount of €1,721 million; of these €78 million have a remaining duration of more than one year.

Costs of initiating/fulfilling contracts with customers amount to €12 million as of September 30, 2020. No impairment losses were recognized for those items in the short financial year 2020.

The total transaction price allocated to performance obligations that were unsatisfied or partially unsatisfied at September 30, 2020, which – making use of the practical expedients under IFRS 15.121a – have an original expected duration of more than 12 months, amounted to €2,647 million. The expected recognition of the corresponding sales revenue over time is as follows:

Future sales from contracts with customers: Sept. 30, 2020	
million €	
(for fiscal years)	
2020/2021	1,565
2021/2022 – 2024/2025	1,053
after 2024/2025	29
Total	**2,647**

11 Other financial assets

Other financial assets

	Jan. 02, 2020		Sept. 30, 2020	
million €	current	non-current	current	non-current
Other miscellaneous financial assets	-	-	40	391
Equity instruments	-	-	0	0
Debt instruments	-	-	0	3
Derivatives not qualifying for hedge accounting	-	-	5	-
Derivatives qualifying for hedge accounting	-	-	1	-
Total	**-**	**-**	**46**	**394**

Other financial assets in the amount of €394 million have a remaining term of more than one year. There were no impairment losses on other financial assets as of September 30, 2020.

Miscellaneous other non-current financial assets mainly comprise restricted cash, cash equivalents and time deposits of €359 million. This item also includes compensation claims in the amount of €29 million, which are relating to the Elevator cartel and are therefore also shown under provisions, also refer to the description in Note 15. Miscellaneous other current financial assets include the option to acquire Braun thyssenkrupp Elevator LLC in the amount of €12 million. The remaining amount of other financial assets is comprised of a large number of individual items.

12 Other non-financial assets

Other non-financial assets

	Jan. 02, 2020		Sept. 30, 2020	
million €	current	non-current	current	non-current
Advance payments on intangible assets	-	-	-	0
Advance payments on property, plant and equipment	-	-	-	13
Advance payments on right-of-use assets		-		0
Advance payments to suppliers of inventories and to other current non-financial assets	-	-	27	-
Prepayments	-	-	25	-
Miscellaneous	-	-	256	40
Total	**-**	**-**	**308**	**53**

Other non-financial assets in the amount of €53 million have a remaining term of more than one year. As of September 30, 2020, there were no impairment losses on other non-financial assets.

Miscellaneous other non-financial current assets include tax refund claims of €109 million as of September 30, 2020. It also includes the brand "thyssenkrupp" in certain brand classes in the amount of €62 million. Miscellaneous other non-financial non-current assets include €12 million contract initiation costs and €26 million to offset the reimbursement claim for liabilities from insurance in the Business Unit Americas. The remaining amount of other non-financial assets is comprised of a large number of individual items.

13 Total equity

Capital stock

The capital stock amounts to €25 thousand as of September 30, 2020.

Additional paid-in capital

The Group's additional paid-in capital amounts to €2,727 million as of September 30, 2020. The amount is composed of additional contributions to the parent company's equity of €2,575 million paid in cash and €152 million through the contribution of a receivable from Vertical Topco II SA, Luxembourg, respectively.

Retained earnings

Retained earnings include the consolidated profit for the short financial year. In addition, they include the result from transactions with shareholders due to the non-market interest rate on the shareholder loan granted by Vertical Topco II SA, Luxembourg (nominal amount: €5,500 million). The addition to retained earnings due to transactions with shareholders results from the difference between the shareholder loan recognized at fair value (€2,272 million) and its nominal amount (€5,500 million) in the amount of €3,229 million less the resulting taxes in the amount of €1,008 million.

With regard to the contributions and withdrawals of Vertical Midco S.à r.l, Luxembourg, as indirect shareholder of the parent company, based on equity and debt instruments transferred against the background of granting a return participation as part of the consideration transferred, also refer to Note 04.

Capital management disclosures

As of September 30, 2020, the equity ratio was 21%. The Group's most important financial objectives include a sustainable increase of the company value and an ensured solvency at all times. In this context, the creation of sufficient liquidity reserves is of great importance. Capital management consistently strives to ensure that the Group companies have an equity base that meets local requirements. Statutory requirements are taken into account in implementing and reviewing the Group's capital and liquidity.

Capital is monitored on the basis of net debt, which is based on current and non-current financial liabilities less cash and cash equivalents. In this context, net debt as of September 30, 2020 was as follows (according to carrying amounts):

million €	Sept. 30, 2020
Non-current financial debt	11,346
Current financial debt	94
Gross financial debt	**11,440**
Cash and cash equivalents	552
Net financial debt	**10,888**

14 Accrued pension and similar obligations

The principal assumptions and procedures underlying the measurement and presentation of the provisions for pensions and similar obligations are set out in Note 03.

Accrued pension and similar obligations

million €	Jan. 2, 2020	Sept. 30, 2020
Accrued pension obligations	-	351
Partial retirement	-	7
Other accrued pension-related obligations	-	8
Total	**-**	**366**

Accrued pension liability

The Group maintains company pensions designed as defined benefit plans and defined contribution plans in various regions of the world. Those plans either are organized on an individual basis or via branch-wide solutions (“multi-employer plan”).

Defined contribution plans are generally funded by compulsory, contractually or voluntary granted contributions paid into legally separated pension funds. The contributions are borne either by the employer or as a matching of employer and employees whereby the employer has no further obligation beyond the payment of contributions into the plan. All contributions are shown as personnel expense.

Defined benefit plans are granted under consideration of country-specific regulation (e.g. local legislation) or on voluntary basis. The plans are either funded via legally separated assets (“plan assets”) or directly funded by book reserves. The book reserve set out in the statement of financial position reflects the net value (obligations or asset) of defined benefit obligation and plan assets.

The major exposure of defined benefit plans exists in Germany, Korea and Switzerland which covers 87% of the total defined benefit obligation respectively 90% of the plan assets.

For historical reasons a wide variety of voluntary defined benefit pension plans (DB plans) exist in Germany based on different risk profiles. As a rule such plans provide benefits in the event of disability and/or death or on reaching a specified age limit. The plans are mainly based on individual or collective arrangements. In the past the employer-funded pension plans in Germany generally offered annuity payments on defined benefits.

These defined benefit plans (including final-salary pension plans, career-average pension plans, etc.) were already established before the takeover of thyssenkrupp Elevator and replaced at the turn of the millennium by contribution based pension DB plans with a risk-optimized form of payment (lump sum, installments, or annuity with limited indexation). Particularly for newly recruited professionals and managers, the “flexplan” was introduced. The “flexplan” is a contribution-based pension plan with a minimum guarantee interest of 1%.

A key element to increase employees’ share in responsibility for their company retirement benefits is salary conversion, which is an option under all pension schemes. Those plans additionally offer employer-funded matching contributions as an incentive. With regard to the funding of the company pension plans, particularly the “flexplan” is funded by a Contractual Trust Agreement (CTA) with a positive effect on the external funding level.

The majority of the Group companies outside Germany also provide pension plans for their employees. These plans are in some cases based on statutory requirements or collective agreements, but in other cases they are provided by the companies of the Group on a voluntary basis. The range of benefits provided under the plans differs widely depending on local arrangements, extending from defined contribution plans to final-salary defined-benefit schemes with annuity payment. Due to legal obligations, employees in South Korea receive a one-time severance payment upon leaving the company, while employees in the Swiss companies receive a life-long pension.

In addition to the defined contribution plans, the Group companies in the USA participate in a union-organized multi-employer plan (National Elevator Industry Pension Plan - "NEIPP") for their unionized employees on the basis of a collective bargaining agreement. This plan is a defined benefit plan, but is accounted for as a defined contribution plan due to insufficient information about the allocation of asset. The risks arising from the NEIPP differ from company-specific plans with regard to the jointly managed pension assets, which can potentially also be used to cover obligations of other participating employers. When participating plan sponsors stop making ongoing contributions, the remaining plan sponsors collectively make up the unfunded deficit, with withdrawal from the plan regularly requiring the payment of a withdrawal contribution in order to limit the risk for the remaining plan sponsors.

To safeguard the payments of benefits of DB plans, the pension plans outside Germany are funded to a much greater extent by externally separated assets. This is due in part to legal minimum funding standards, which require full external funding of the obligations or a financing under a capital funding system. For further information regarding the composition and investment strategy refer to the disclosures of the plan assets.

Material risks associated with the different types of pension plans include above all financial risks as well as risks in the areas of inflation and biometrics. Inflation risks which could lead to an increase in benefit obligations exist because some of the plans are based on (final) salary and in some cases annual pension modules are directly linked to current salaries (defined contribution plans). To this extent a rise in salaries above the salary/career trends assumed in the valuation of the obligation would also require a direct increase in the provisions (past service effect in the case of (final) salary pensions) or the future service cost (defined contribution plans).

In addition, further charges could result from the need for a cost-of-living adjustment in excess of the assumed pension trend during the pension payment phase, which would lead to an immediate increase in the provisions. A significant number of the pension plans in Germany are required by law to provide a cost-of-living adjustment. A cost-of-living adjustment may also be required under (collective bargaining) agreements or agreed on a voluntary/discretionary basis.

Biometric risks can result either from early benefit claims (risk of sudden changes to the statement of financial position after death or invalidity) or from underestimated life expectancies (longevity risk) and could likewise result in costs to the company due to unexpected increases in provisions and early cash outflows.

Risks from changes to the discount rate are purely statement of financial position-related, i.e. the provisions are adjusted directly against equity without affecting income. Cash outflows are not affected.

Under the pension plans in Germany, individual beneficiaries are in part counted more than once due to entitlements under different components of the pension systems. The breakdown of total of pension plans is as follows:

Breakdown of the total of pension plans by beneficiaries

	Jan. 2, 2020			Sept. 30, 2020		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Active employees	-	-	-	10,118	5,614	15,732
Terminated employees with vested benefits	-	-	-	2,332	495	2,827
Pensioners	-	-	-	1,859	43	1,902
Total	**-**	**-**	**-**	**14,309**	**6,152**	**20,461**

Defined benefit obligation and plan assets

The present value of the defined benefit obligation and the fair value of plan assets are as follows:

Change in defined benefit obligations and plan assets

	Sept. 30, 2020		
million €	Germany	Outside Germany	Total
Change in defined benefit obligations (DBO):			
DBO at beginning of fiscal year	-	-	-
Service cost	2	2	4
Interest expense	0	1	1
Remeasurement: Actuarial (gains)/losses from experience adjustments	0	(2)	(2)
Remeasurement: Actuarial (gains)/losses from changes in demographic assumptions	0	0	0
Remeasurement: Actuarial (gains)/losses from changes in financial assumptions	0	0	0
Past service cost (inclusive of curtailments)	0	(0)	(0)
Settlements	0	0	0
Currency differences	0	1	1
Participant contributions	0	0	0
Benefit payments	(1)	(1)	(2)
Acquisitions/divestitures of businesses	293	186	479
Others	0	(0)	(0)
DBO at end of fiscal year	**294**	**187**	**481**
Change in plan assets:			
Fair value of plan assets at beginning of fiscal year	-	-	-
Interest income	0	0	0
Remeasurement: Actuarial gains/(losses) on plan assets, excluding amounts included in interest income	0	(0)	(0)
Currency differences	0	1	1
Employer contributions	7	15	22
Participant contributions	0	0	0
Benefit payments	0	(1)	(1)
Acquisitions/divestitures of businesses	4	105	109
Administration cost	0	(0)	(0)
Others	0	(0)	(0)
Fair value of plan assets at end of fiscal year	**11**	**120**	**131**

Of the present value of the defined benefit obligation amounting to €481 million at the end of the financial year, €198 million relate to plans which are not financed via a fund and €284 million to plans which are financed partly or in full on the basis of plans.

Changes of net defined liability

The net defined benefit liability changed as follows:

Change in net defined benefit liability

	Sept. 30, 2020		
million €	Germany	Outside Germany	Total
Net defined benefit liability at beginning of fiscal year	-	-	-
Service cost plus net interest income/(expense)	2	3	5
Remeasurements	(0)	(1)	(1)
Currency differences	0	(0)	(0)
Past service cost (inclusive of curtailments)	0	(0)	(0)
Employer contributions	(7)	(15)	(22)
Participant contributions	0	0	0
Benefit payments	(1)	0	(1)
Settlement payments	0	0	0
Acquisitions/divestitures of businesses	288	82	370
Administration cost	0	0	0
Others	0	0	0
Net defined benefit liability at end of fiscal year	**283**	**68**	**351**
thereof: accrued pension liability	283	68	351
thereof: other non-financial assets	0	(1)	(1)

Net periodic pension cost

The net periodic pension cost for the defined benefit plans were as follows:

Net periodic pension cost

	Year ended Sept. 30, 2020		
million €	Germany	Outside Germany	Total
Service cost	2	2	4
Net interest cost	0	1	1
Remeasurements	0	0	0
Administration cost	0	0	0
Past service cost (inclusive of curtailments)	0	(0)	(0)
Settlement loss/(gain)	0	0	0
Termination benefit expense	0	0	0
Net periodic pension cost	**2**	**3**	**5**

Valuation assumptions

The assumptions for discount rates, the rates of compensation increase and the rates of pension progression on which the calculation of the obligations is based were derived in accordance with standard principles and established for each country as a function of their respective economic conditions. Discount rates are generally determined based on market yields of AA-rated corporate bonds of appropriate term and currency. As of September 30, 2020, the discount rate for pension obligations in Germany was 0.9%.

The following weighted average assumptions to determine benefit obligation were applied:

Weighted average assumptions

	Sept. 30, 2020		
in %	Germany	Outside Germany	Total
Discount rate	0.90	1.24	1.03
Rate of compensation increase	2.50	3.48	3.48
Rate of pension progression	1.80	0.44	1.43

Accrued pension obligations in Germany are recognized on the basis of the “2018 G tables” of Prof. Dr. Klaus Heubeck. In the other countries the following biometric tables were generally used: Switzerland: BVG_2015_G_CMI_2016. Since a lump-sum payment is made in Korea, there is no mortality assumption for the period after retirement.

Alternative assumptions (in each case weighted-average rate of all domestic and foreign pension obligations) would result in the following changes in the defined benefit obligation and the corresponding reverse changes in equity. The table shows the effects of the change in one assumption with all other assumptions remaining unchanged:

		Sept. 30, 2020	
€ million		Change of defined benefit obligation	
		Germany	Outside Germany
Discount rate	Increase by 0.5 percentage points	(22)	(13)
	Decrease by 0.5 percentage points	25	14
Rate of compensation increase	Increase by 0.5 percentage points	0	6
	Decrease by 0.5 percentage points	(0)	(6)
Rate of pension progression	Increase by 0.25 percentage points	3	0
	Decrease by 0.25 percentage points	(3)	0
Mortality probability	Decrease by 10.0 percentage points	6	9

To test the sensitivity of the defined benefit obligation due to a change in the mortality and life expectancy assumptions, an alternative analysis was carried out on the basis of 10% lower mortality probabilities from retirement age. For beneficiaries currently aged 63 to 65, this roughly corresponds to a one year increase in life expectancy on entering retirement.

Plan assets

In the Group, the majority of the reported plan assets are held in companies in Korea and Switzerland and to a lesser extent in companies in Belgium, France, UK and some other European countries.

As of the balance sheet date the asset class “others” mainly consists of insurance contracts, insurance based pension funds or fixed income products with less exposure directly invested in capital market products.

The asset allocation of major plan assets contains the following asset categories as of the balance sheet date:

Asset allocation of major plan assets

	Sept. 30, 2020			
		Fair value (€ million)		
Asset categories	Total	Quoted market price in an active market	No quoted market price in an active market	Portion of major plan assets (in %)
Equity securities	**16**	16	0	12
Bonds	**15**	15	0	11
Others	**100**	0	100	77
Total	**131**	**31**	**100**	**100**

The Group generally contributes to plan assets only the additional amounts needed to fulfil the minimum statutory contribution respects of the respective country. In addition, from time to time the Group makes additions at its own discretion. For the financial year 2020/2021, the Group anticipates employers will make additions of €13 million to plan assets.

Pension benefit payments

In the short financial year ended September 30, 2020, pension benefit payments for plans in Germany of €1 million were mainly made from provisions, and pension benefit payments for plans outside Germany of €1 million were made mainly from plan assets. The estimated future pension benefits to be paid by the Group's defined benefit pension plans in the next ten years are as follows:

Estimated future pension benefit payments

million €	Germany	Outside Germany	Total
(for financial year)			
2020/2021	10	7	17
2021/2022	9	8	17
2022/2023	10	10	20
2023/2024	10	9	19
2024/2025	11	12	23
2025/2026 – 2029/2030	62	68	130
Total	**112**	**114**	**226**

The weighted average duration of the defined benefit plans is 16 years in Germany and 15 years for the other countries.

Defined contribution plans

The Group also maintains domestic and foreign defined contribution plans based on company pension schemes by pension funds and comparable pension institutions. Amounts contributed by the Group under such plans are based upon percentage of the employees' salary or the amount of contributions made by the employees. The total cost of pension plans accounted for as defined contribution plans in short financial year 2020 was €14 million. In addition, contributions paid to public/state pension insurance institutions amounted to €26 million.

Multi-employer plans

In addition to the National Elevator Industry Pension Plan (NEIPP), some companies in a few other countries also participate in multi-employer plans (e.g. Netherlands), although the NEIPP is by some distance the biggest plan of this kind.

Unless otherwise indicated, the assessment of risk („zone status") under Internal Revenue Code Section 432 and the Multi-Employer Pension Reform Act 2014 relates to the reporting June 30, 2020, respectively. The NEIPP was not in critical or endangered status on either of these dates. The zone status is based on data provided by the NEIPP and certified by the plan actuary. The NEIPP is currently classified as "green zone" with a funding level of at least 80%. Due to the sufficient level of funding, there has been no need for either a financial improvement plan or a rehabilitation plan in recent years. Based on current assumptions, there is no risk concerning a supplementary funding exceeding the contributions of future amounts.

The Group is one of the four biggest sponsors of the NEIPP, paying more than 5% of total annual contributions to the NEIPP. Contributions to the National Elevator Industry Pension Fund are made on all hours worked by all benefit eligible employees at a fixed hourly rate of USD 10.21 in 2020, USD 10.46 in 2021 and USD 10.71 in 2022. For the short financial year 2020, the Group paid a contribution of €14 million to the plan. The expected contributions for financial year 2020/2021 amount to €86 million.

Partial retirement

In particular German companies have obligations resulting from partial retirement agreements. Under these agreements, employees work additional time prior to retirement, which is subsequently paid for in installments after retirement. In addition, employees receive a supplement on top of their payment. For these obligations, provisions were recognized in accordance with IAS 19 “Employee Benefits”.

15 Provisions for employee benefits and other provisions

Provisions for employee benefits and other provisions

million €	Employee benefits	Product warranties and product defects	Other contractual costs	Restruc-turing	Litigation risks	Others	**Total**
Balance as of Jan. 02, 2020	-	-	-	-	-	-	-
Currency differences	0	2	0	0	(2)	2	**2**
Acquisitions/divestitures of businesses	194	115	48	62	89	289	**797**
Additions	88	14	28	21	2	116	**269**
Accretion	0	0	0	(0)	0	0	**(0)**
Amounts utilized	(72)	(3)	(6)	(16)	(1)	(68)	**(166)**
Reversals	(5)	(10)	(15)	(3)	(1)	(14)	**(48)**
Balance as of Sept. 30, 2020	**205**	**118**	**55**	**64**	**87**	**325**	**854**
Current	166	118	55	44	27	175	585
Non-current	39	0	0	20	60	150	269
Balance as of Sept. 30, 2020	**205**	**118**	**55**	**64**	**87**	**325**	**854**

Provisions for employee benefits primarily represent employment anniversary bonuses and obligations for the management incentive plans. Selected executives are included in the management incentive plans. For these plans, annual tranches are established, each with a performance period of three years, which are subsequently settled in cash. The Group expects to process the majority of employee benefits in the next year. Pension related obligations for partial retirement agreements and early retirement programs, partly resulting from restructurings, are part of the provision for pensions and similar obligations.

Product warranties and product defects represent the Group's responsibility for the proper functioning of the goods sold (product warranty) as well as the obligation that arise from the damages occurred by the use of the products sold (product defect). The Group expects to settle the warranty and product liability obligations in full next year.

The provision for other contractual costs primarily relate to anticipated losses from onerous contracts. The Group expects to settle all obligations from sales and procurement risks in the next year.

The restructuring provision includes provisions for personnel restructuring measures in the amount of €59 million and further provisions in the context of restructuring measures in the amount of €5 million, which are recognized in connection with the discontinuation of operations. The restructuring provisions mainly relate to the Business Unit Europe/Africa in the amount of €55 million, the Business Unit Access Solutions in the amount of €6 million and the Business Unit Americas in the amount of €3 million. The Group expects to settle more than half of the restructuring provisions in the next year.

Other provisions mainly include provisions for other risks from individual items not allocable to other positions and a minor portion results from environmental obligations. The Group expects to settle the majority of the other provisions in the next year. Other provisions mainly relate to specific matters in the USA. In particular, provisions for workers' compensation in the amount of €23 million and for general insurance in the amount of €71 million and auto insurance in the amount of €4 million are recognized under other provisions. In addition, other provisions include onerous contracts at certain locations.

The following items are included in provisions for litigation risks:

In connection with the elevator cartel, potentially injured parties asserted claims for damages against thyssenkrupp AG and former companies of the thyssenkrupp Group in and out of court. The legal proceedings are pending in Belgium, Austria and the Netherlands and are at various stages; in some cases proceedings have already been mutually settled, claims have been withdrawn or were dismissed. The Group recognized provisions for the ongoing lawsuits. Based on the acquisition of thyssenkrupp Elevator and thus in accordance with IFRS 3.23, provisions were also established for the elevator cartel where the probability of an outflow of resources is estimated at less than 50%. The probability of a future outflow of resources is estimated between 30-45% and the expected net loss amounts to €33 million.

In addition, provisions for claims of two users of the Group's products were recognized. The relating law suits were filed in the USA and relate to damages for serious injuries. The amount of the provision is €14 million.

Management incentive plans

Prior to the acquisition, thyssenkrupp Elevator was included in the share-based compensation of thyssenkrupp Group. This resulted in payments of €7 million in August/September. The payout of €7 million comprises the following two payouts: Payments under the 8th, 9th and 10th installments of the thyssenkrupp long-term incentive plans and the subsequent adjustment of payout amounts for executives. The payouts under the 8th, 9th and 10th installments of the thyssenkrupp long-term incentive plans amounted to €4 million and the subsequent adjustment of the payout amounts for executives was €3 million.

The Group's Long-Term Incentive plan (LTI) is a long-term remuneration component in accordance with IAS 19. Its participants include the Managing Directors and other selected executives. In the short financial year 2020, the Group introduced two different long-term incentive plans. On the one hand, a global LTI was set up for eligible executives worldwide and on the other hand a regional LTI was established for middle management. In principle, four key performance indicators, for which a respective target value is defined, are included in the assessment of LTI performance. In addition to financial indicators, the global LTI also takes into account the Sustainability Index when assessing the performance of executives. Annual tranches with a term of three years are planned, commencing with the short financial year 2020. The first planned cash payout will take place in financial year 2022/2023.

As of September 30, 2020, a provision in the amount of €3 million was recognized for the global LTI and €102 thousand for the regional LTI.

16 Financial debt

Financial debt

Carrying amounts in million €	Jan. 02, 2020	Sept. 30, 2020
Bonds	0	4,561
Liabilities to financial institutions and other loans	0	4,282
Lease liabilities	0	193
Shareholder loan	0	2,308
Other loans	0	2
Non-current financial debt	**0**	**11,346**
Bonds	0	0
Liabilities to financial institutions and other loans	0	16
Lease liabilities	0	77
Shareholder loan	0	0
Other loans	0	1
Current financial debt	**0**	**94**
Financial debt	**0**	**11,440**

Current financial debt includes financial debt with a remaining term up to one year, while non-current financial debt has a remaining term of more than one year.

The carrying amount of financial liabilities includes bonds in the amount of €4,561 million, liabilities to financial institutions and other loans in the amount of €4,301 million as well as a subordinated shareholder loan in the amount of €2,308 million. Due to the non-market interest rate of the shareholder loan, the difference between the fair value of the shareholder loan recognized at initial recognition (€2,272 million) and its nominal amount (€5,500 million) was recognized in retained earnings in the amount of €3,229 million. As part of the Group's financing, the shares of significant Group companies were pledged (so-called share pledges). These are freely available under the acquisition financing until a reason for termination arises.

As of September 30, 2020, the following bonds were outstanding:

Loan notes

	Carrying amount in million € as of Jan. 02, 2020	Carrying amount in million € as of Sept. 30, 2020	Notional amount in million € as of Sept. 30, 2020	Interest rate in %	Fair value in million € as of Sept. 30, 2020	Maturity
TK Elevator Midco GmbH bond (€1,100 million) 2020/2027	—	1,100	1,100	4.375%	1,123	07/15/2027
TK Elevator Midco GmbH bond (€500 million) 2020/2027	—	498	500	4.750%	504	07/15/2027
Vertical US Newco Inc. bond ($1,560 million) 2020/2027	—	1,332	1,332	5.250%	1,385	07/15/2027
TK Elevator Holdco GmbH bond (€650 million) 2020/2028	—	650	650	6.625%	679	07/15/2028
TK Elevator Holdco GmbH bond (€50 million) 2020/2028	—	49	50	7.000%	49	07/29/2028
TK Elevator Holdco GmbH bond ($445 million) 2020/2028	—	380	380	7.625%	401	07/15/2028
TK Elevator Holdco GmbH bond ($666 million) 2020/2028	—	552	569	7.750%	552	07/29/2028
Total	—	**4,561**	**4,581**		**4,693**	

As of September 30, 2020, the financing structure of the material liabilities to financial institutions was as follows:

Liabilities to financial institutions and other loans

	Carrying amount in million € as of Sept. 30, 2020	thereof in €	thereof in other currencies	Fair value in million € as of Sept. 30, 2020	Nominal amount in million € as of Sept. 30, 2020
Syndicated joint credit multi-facility agreement (at variable interest rates)	3,409	995	2,414	3,453	3,471
Syndicated revolving credit facility (at variable interest rates)	598	598	—	598	598
Credits at fixed interest rates	290	290	—	310	290
Total	**4,297**	**1,883**	**2,414**	**4,361**	**4,359**

Maturity of financial debt (excluding lease obligations) is allocated to the next five years and thereafter as follows:

Maturity of financial debt (excluding lease liabilities and shareholder loan)

million € (for financial year)	Total financial debt (excluding lease liabilities)	Thereof: Bonds	Thereof: Other Loans	Thereof: Liabilities to financial institutions
2020/2021	24	0	24	0
2021/2022	24	0	24	0
2022/2023	622	0	24	598
2023/2024	24	0	24	0
2024/2025	314	0	24	290
after 2024/2025	7,932	4,582	3,351	0
Total	**8,940**	**4,582**	**3,471**	**888**

Furthermore lease liabilities of €270 million exist. For the undiscounted payments in relation to the lease liabilities refer to Note 21.

17 Trade accounts payable

Trade accounts payable in the amount of €40 million have a remaining term of more than one year.

18 Other financial liabilities

Other financial liabilities

	Jan. 02, 2020		Sept. 30, 2020	
million €	current	non-current	current	non-current
Financial liabilities measured at amortized cost	-	-	144	1
Derivatives not qualifying for hedge accounting	-	-	4	-
Derivatives qualifying for hedge accounting	-	-	1	-
Total	**-**	**-**	**149**	**1**

Other financial liabilities amounting to €1 million have a remaining term of more than one year.

19 Other non-financial liabilities

Other non-financial liabilities

	Jan. 02, 2020		Sept. 30, 2020	
million €	current	non-current	current	non-current
Selling and buying market related liabilities	-	-	179	—
Liabilities to the employees	-	-	272	—
Liabilities for social security	-	-	27	—
Deferred income	-	-	6	—
Tax liabilities (w ithout income taxes)	-	-	93	—
Miscellaneous	-	-	159	1
Total	**-**	**-**	**736**	**1**

Other non-financial liabilities amounting to €9 million have a remaining term of more than one year.

20 Contingencies and commitments

Contingencies

The obligations presented in the table below show contingent liabilities where the principal debtor is not a consolidated company:

Contingent liabilities

	Maximum potential amount of future payments as of	
million €	**Jan. 02, 2020**	**Sept. 30, 2020**
Advance payment guarantees	-	0
Performance /w arranty guarantee	-	0
Other guarantees	-	4
Total	**-**	**4**

The terms of these guarantees range from six months to five years.

The basis for possible payments under the guarantees is the non-performance of the principal debtor of its tax obligations towards the local tax authorities.

All contingencies are issued by instruction of a consolidated company of the Group upon request of the principal debtor obligated by the underlying contractual relationship and are for the most subject to recourse provisions in case of default.

In case of the non-availability of recourse provisions (applies only for a guarantee in the amount of €286 thousand) a respective provision has been recognized. As of September 30, 2020, no further provisions had been recognized as no claims under the other guarantees were expected.

As thyssenkrupp Elevator was acquired by the Group as of July 31, 2020, based on IFRS 3.23 a provision was recognized for the contingent liabilities acquired – irrespective of the probability of the outflow of resources. As of September 30, 2020, there were thus no material contingent liabilities.

21 Financial instruments

The following table shows the book values, measurement categories in accordance with IFRS 9 and fair values of the financial assets and liabilities by classes. Lease receivables and lease liabilities, contract assets and derivatives that qualify for hedge accounting are also included although they are not part of any IFRS 9 measurement category.

Financial Instruments as of Sept. 30, 2020

		Measurement in accordance with IFRS 9			Measurement in accordance with IFRS 16/IFRS 15	
million €	**Carrying amount on balance sheet as of Sept. 30, 2020**	(Amortized) cost	Fair value recognized in profit or loss	Fair value recognized in equity (with recycling)	Amortized cost	**Fair value as of Sept. 30, 2020**
Trade accounts receivable (excluding finance lease)	1,343	1,343		0		1,343
Contract assets	467				467	467
Finance lease receivables	0				0	0
Other financial assets	440	431	5	4		440
Other miscellaneous financial assets		431				431
Equity instruments			0			0
Debt instruments				3		3
Derivatives not qualifying for hedge accounting			5			5
Derivatives qualifying for hedge accounting				1		1
Cash and cash equivalents	552	552				552
Total of financial assets	**2,802**					
Financial debt (excluding finance lease liabilities)	11,170	11,170				11,361
Lease liabilities	270				270	270
Trade accounts payable	664	664				664
Other financial liabilities	150	145	4	1		150
Other miscellaneous financial liabilities		145				145
Derivatives not qualifying for hedge accounting			4			4
Derivatives qualifying for hedge accounting				1		1
Total of financial liabilities	**12,254**					

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

Equity and debt instruments are in general measured at fair value, which is based to the extent available on market prices as of the balance sheet date. When no quoted market prices in an active market are available, equity and debt instruments are measured by discounting future cash flows based on current market interest rates over the remaining term of the financial instruments.

The fair value of foreign currency forward transactions is determined on the basis of the middle spot exchange rate applicable as of the balance sheet date 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.

The carrying amounts of trade accounts payables and other current liabilities equal their fair values due to the short remaining terms. The fair value of fixed rate long-term financial liabilities equals the present value of expected cash flows. Discounting is based on interest rates applicable as of the balance sheet date. The carrying amounts of floating rate liabilities approximately equal their fair values.

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

Fair value hierarchy as of Sept. 30, 2020

million €	Sept. 30, 2020	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	5	0	5	0
Fair value recognized in equity				
Debt instruments	3	0	3	0
Derivatives qualifying for hedge accounting	1	0	1	0
Total	**9**	**0**	**9**	**0**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	4	0	4	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	1	0	1	0
Total	**5**	**0**	**5**	**0**

The fair value hierarchy reflects the significance of the inputs used to determine fair values. Financial instruments with fair value measurements based on quoted prices in active markets are disclosed in Level 1. In Level 2 determination of fair value is based on observable inputs, for example currency rates. Level 3 comprise financial instruments for which fair value measurement is based on unobservable inputs using the discounted cash flow model.

Quoted bonds measured at amortized cost with a carrying amount of €3,960 million have a fair value of €4,092 million. The fair value of quoted bonds (Level 1) is determined using quoted bond prices on the reporting date.

The fair value for loans with a fixed interest rate (fair value: €310 million; carrying amount: €290 million) is determined using a net present value (Level 2). The net present value is calculated using discount rates derived from current market interest rates. The fair value of the shareholder loan (fair value: €2,308 million, carrying amount: €5,500 million) is measured as the present value of all future cash inflows discounted at a market interest rate (Level 3). The difference between fair value and nominal value has been recognized in deposits due to the non-market interest rate.

The fair value of syndicated loans amounting to €3,453 million is determined using observable market prices at the reporting date.

In the case of trade accounts payable and other financial liabilities the carrying amount is a reasonable approximation of fair value. The fair value of bonds not quoted on a market is also determined using the carrying amount due to the variable interest rate of the instruments.

Netting of financial assets and financial liabilities

Master netting arrangements exist only for derivative financial instruments with external banking partners, that however totally or partially do not meet the offsetting criteria under IAS 32.

In these cases a right of offsetting is enforceable only on termination of the contract based on a major breach of contract or insolvency of one of the contractual parties. The gross amounts for these derivatives are therefore presented separately in the statement of financial position. Potential offsetting exists in the amount of €5 million.

The following table shows net result from financial instruments by measurement categories in accordance with IFRS 9:

Net result from financial instruments

million €	Year ended Sept. 30, 2020
Financial assets at amortized cost	10
Financial assets / liabilities at fair value recognized in profit or loss	255
Financial liabilities at amortized cost	(326)

Net gains under "Financial assets at amortized cost" mainly comprise interest income on financial receivables, allowances for trade accounts receivable as well as gains and losses on foreign currency receivables.

Gains and losses arising from changes in fair value of foreign currency derivatives that do not comply with the hedge accounting requirements under IFRS 9 are included in the category "Financial assets/liabilities at fair value recognized in profit or loss". The amount included of €255 million results from financing income of €333 million, which mainly represents (€321 million) income from hedging currency fluctuations, and the offsetting financing expense of €78 million. Furthermore, income and expenses from equity instruments are also shown in this category. Currency derivatives between the euro and the U.S. dollar, which do not meet the requirements of IFRS 9 for hedge accounting, have been concluded with third parties as part of the financing of intra-Group share transfers.

The category "Financial liabilities at amortized cost" mainly comprises interest expenses on financial liabilities as well as gains and losses on foreign currency liabilities.

Net income from financial instruments includes total translation differences of €1 million for the short financial year 2020.

Impairment of financial assets

For financial assets (including contract assets) measured at amortized cost or at fair value recognized in equity as well as finance lease receivables an impairment loss is recognized for expected credit losses.

The gross carrying amounts and the impairment losses on trade receivables measured at amortized cost and contract assets developed as follows:

Impairment of trade accounts receivable recognized at amortized cost as well as contract assets

million €	Gross carrying amount	Expected credit loss	Individual allowances	Total of impairments	Carrying amount
Balance as of Jan. 02, 2020	-	-	-	-	-
Currency differences	20	(0)	(1)	(1)	19
Acquisitions/divestitures of businesses	2,006	(33)	(144)	(177)	1,829
Additions		(0)	(5)	(5)	(5)
Amounts utilized		1	4	5	5
Reversals		0	(0)	0	0
Transfer between impairment stages		0	(0)	0	0
Other changes	(38)	0	0	0	(38)
Balance as of Sept. 30, 2020	**1,988**	**(32)**	**(146)**	**(178)**	**1,810**

There were no significant changes in impairment losses on other financial assets measured at amortized cost or at fair value recognized in equity in the short financial year ended September 30, 2020.

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

The probability of default is determined on the basis of historical default rates taking into account forward-looking information. Consideration is also given to the respective business model, customer groups and economic environment of the region. Actual default is generally assumed after 360 days. To take into account the possible effects of the COVID-19 Pandemic, an adjustment was made on the basis of the increase in insolvencies forecast by external credit insurers, with the main countries being considered individually.

The gross carrying amounts and the expected credit loss classified by overdue ranges are shown below:

Aging matrix as of Sept. 30, 2020

million €	Gross carrying amount	Expected credit loss	Individual allowances	Total of impairment	Average probability of default
Contract Assets	**482**	**(6)**	**(10)**	**(16)**	**2.4%**
Trade Accounts Receivable	**1,506**	**(27)**	**(136)**	**(163)**	
Not Overdue	1,013	(11)	(10)	(21)	0.3%
Overdue 0-30 days	150	(2)	(4)	(5)	0.4%
Overdue 31-60 days	66	(1)	(3)	(5)	0.8%
Overdue 61-90 days	54	(1)	(5)	(6)	1.3%
Overdue 91-180 days	80	(4)	(11)	(15)	2.5%
Overdue 180-360 days	56	(8)	(16)	(23)	8.3%
Overdue > 360 days	87	0	(87)	(87)	-

Derivative financial instruments

The Group uses derivative financial instruments, including foreign currency forward contracts and foreign currency options. Derivative financial instruments are generally used to hedge existing or anticipated underlying transactions to reduce foreign currency risks. In some cases, the derivatives are designated as hedging instruments for hedge accounting purposes.

The following table shows the notional amounts and fair values of derivatives used within the Group:

Derivative financial instruments

million €	Notional amount as of Jan. 02, 2020	Carrying amount as of Jan. 02, 2020	Notional amount as of Sept. 30, 2020	Carrying amount as of Sept. 30, 2020
Assets				
Foreign currency derivatives that do not qualify for hedge accounting	-	-	516	5
Foreign currency derivatives qualifying as cash flow hedges	-	-	31	1
Embedded derivatives	-	-	0	0
Total	**-**	**-**	**547**	**6**
Equity and liabilities				
Foreign currency derivatives that do not qualify for hedge accounting	-	-	393	4
Foreign currency derivatives qualifying as cash flow hedges	-	-	23	1
Total	**-**	**-**	**416**	**5**

Derivatives with hedging relationship

Cashflow-Hedges

Cash flow hedges are mainly used to hedge future cash flows against foreign currency risks arising from future sales and purchase transactions as well as foreign currency risks from non-current liabilities. In the case of cash flow hedges the earnings effect of the hedging instruments is generally shown in the same profit or loss item as the hedged underlying transactions.

The following tables show the carrying amounts of derivatives qualifying for hedge accounting, the designated portion of the hedging instruments and changes in the fair values of hedged items. Derivative assets and liabilities are part of other financial assets and liabilities.

Information on hedging instruments in the context of cash flow hedges

million €	Carrying amount on balance sheet as of Sept. 30, 2020 Derivative assets	Derivative liabilities	Designated portion of hedging instruments	Fair value change of hedged item
Hedging of foreign currency risk	**1**	**1**	**1**	**(1)**
Foreign currency derivatives qualifying as cash flow hedge	1	1	1	(1)

For the short financial year ending September 30, 2020, the designated part of the hedging instrument amounting to €1 million (before tax) has been recognized as unrealized gains or losses directly in equity in other components of equity. The change of the fair value of the hedged item amounts to €0 million for the short financial year ending September 30, 2020. Foreign currency derivative contracts usually have terms of twelve months or less. In individual cases, these can also amount to two years.

In the reporting year, €(0) million of cumulative other comprehensive income were reclassified to sales in profit or loss as a result of the underlying transactions being realized during the year. In addition, €0 million of cumulative other comprehensive income were reclassified to decrease cost of inventories, as the hedged items were recognized, although the underlying transaction had not yet been taken to profit or loss. This resulted in increased expenses of €0 million Furthermore, €0 million in the financial year ended September 30, 2021 will impact earnings.

The following table shows the development of other components of equity from cash flow hedges by risk type:

Changes in other components of equity from cash flow hedges by risk type

million €	Total	Foreign currency risk
Balance as of Jan. 02, 2020	**-**	
Net unrealized (gains)/losses on designated risk component	1	1
Net unrealized (gains)/losses on hedging costs	(0)	(0)
Net realized (gains)/losses	0	0
Tax effect	(1)	
Balance as of Sept. 30, 2020	**1**	

As of September 30, 2020, net income from the ineffective portions of derivatives classified as cash flow hedges totaled €0 million.

In the subsequent financial year fluctuations in fair value of derivatives included in cumulative other comprehensive income as of the reporting date is expected to impact earnings by expenses of €1 million.

The hedging rates and residual terms for the major derivatives qualifying for hedge accounting existing at the end of the year are shown in the following tables:

Hedging rates and remaining terms of derivatives qualifying for hedge accounting

million €	Remaining term up to 1 year	Remaining term 1 to 2 years	Remaining term above 2 years	Notional amount as of Sept. 30, 2020	Average hedging rate
Hedging of foreign currency risk	**53**	**0**	**0**	**53**	

Derivatives that do not qualify for hedge accounting

If a hedging relationship does not meet the requirements for hedge accounting in accordance with the conditions under IFRS 9 or hedge accounting is economically not reasonable, the derivative financial instrument is recognized as a derivative that does not qualify for hedge accounting. The resulting impact on profit or loss is shown in the table on net gains and losses from financial instruments by measurement categories. This item also includes embedded derivatives. They exist for the Group in the way that regular supply and service transactions with suppliers and customers abroad are not concluded in the functional currency (local currency) of either contracting parties.

Financial risks

Being a global business, the Group is exposed to financial risks in the form of credit risks (default risk), liquidity risks and market risks (foreign currency and interest rate risks) during the course of ordinary activities. The aim of risk management is to limit the risks arising from operating activities and associated financing requirements by applying selected derivate and non-derivative hedging instruments. Within the framework of risk management, financial risks and credit risks must be avoided as far as possible, compensated by a risk portfolio, passed on to third parties or limited (principle of risk aversion).

Credit risk

Credit risk (default risk) is the risk of the Group incurring financial losses due to the non-fulfillment or partial fulfillment of existing debt obligations. Credit risk management is governed by corporate guidelines. Companies and Business Units activities of the Group are required to implement credit risk management in accordance with these guidelines.

The Group generally secures default risks with suitable instruments. Only in seldom cases, in case that a credit risk analysis provides a higher default risk, letters of credit and payment guarantees from banks, insurance companies and management companies are requested. In order to minimize default risks from operating activities, the corporate guidelines provide for the assessment of default risk based on the risk profile of the business partner using suitable internal and, where available, external information, such as ratings and credit reports. The Group takes a credit decision for each business transaction with each business partner using the aforementioned approach. Taking into account the individual characteristics of their customer structures and business models, clear process rules are defined regarding the measures in the event of deteriorating creditworthiness or default in order to mitigate the maximum default risk as far as possible.

Transactions, whose value exceeds specified materiality thresholds, especially in the area of major sales contracts, also require prior approval at higher management levels inside the Group. Among other things, the amount and hedging of default risks are assessed.

Maturity analysis

Liquidity risk is the risk that the Group is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents.

To ensure solvency, the Group has both a short-term rolling liquidity plan covering a period of 13 weeks and a medium-term rolling liquidity plan covering the next 18 months, as well as a multi-year financial plan. Based on the planning, potential liquidity bottlenecks can be identified at an early stage and remedied by appropriate measures.

Cash inflows generated by operating activities are centralized as far as possible via cash pools and made available to the Group companies as required. The main payment transaction accounts are generally equipped with an overdraft limit.

In addition, the Group has agreed a committed revolving credit line of €992 million, which can be drawn at short notice. At the reporting date, €598 million of this line had been drawn.

The following table shows future undiscounted cash outflows from financial liabilities based on contractual agreements:

Future undiscounted cash outflows as of Sept. 30, 2020

million €	Carrying amount Sept. 30, 2020	Cash flows in 2020/2021	Cash flows in 2021/2022	Cash flows between 2022/2023 and 2024/2025	Cash flows after 2024/2025
Liabilities to financial institutions	888	21	21	918	0
Lease liabilities	270	93	74	111	56
Other financial debt	10,282	442	443	1,321	14,386
Thereof bonds	4,561	(260)	(261)	(785)	(5,226)
Thereof other loans	3,413	(182)	(180)	(533)	(3,653)
Thereof shareholder loans	2,308	0	0	0	(5,511)
Trade accounts payable	664	624	40	(0)	0
Derivative financial liabilities not qualifying for hedge accounting	4	389	0	0	0
		(393)	0	0	0
Derivative financial liabilities qualifying for hedge accounting	1	22	0	0	0
		(23)			
Other financial liabilities	145	147	0	0	0

Cash flows from derivatives are offset by cash flows from hedged underlying transactions, which have not been considered in the analysis of maturities. If cash flows from the hedged underlying transactions were also considered, the cash flows shown in the table would be accordingly lower.

Sensitivity analysis

Market risk is the risk that fair values or future cash flows of non-derivative or derivative financial instruments will fluctuate due to changes in risk factors. Among market risks relevant to the Group are foreign currency and interest rate risks. Associated with these risks are fluctuations in income, equity and cash flow.

The following analyses and amounts determined by means of sensitivity analyses represent hypothetical, future-oriented data that can differ from actual outcomes because of unforeseeable developments in financial markets. Moreover, non-financial or non-quantifiable risks, such as business risks, are not considered here.

Foreign currency risk exposure – Foreign currency hedging is used to fix prices on the basis of hedging rates as protection against any unfavorable exchange rate fluctuations in the future. Hedging periods are generally based on the maturities of underlying transactions. Foreign currency derivative contracts usually have maturities of twelve months or less but can also be up to two years in single exceptional cases.

The US dollar is the only relevant risk variable for sensitivity analyses under IFRS 7, as the vast majority of foreign currency cash flows occurs in US dollars. As hedging transactions are generally used to hedge underlying transactions, opposite effects in underlying and hedging transactions are almost entirely offset over the total period. Thus, the currency risk exposure described here results from hedging relationships with off-balance sheet underlying transactions, i.e. hedges of firm commitments and forecasted sales.

Interest rate risk – Variable-interest financial instruments, refinancing and interest rate derivatives without underlying transactions are subject to a cash flow risk which expresses the uncertainty in respect to future interest payments. Cash flow risk is measured using a cash flow sensitivity which simulates the effect on the result.

As of September 30, 2020, the interest rate analysis assumes a parallel shift of the yield curves across all currencies by + 100/(20) basis points for a period of twelve months from the reporting date. The downward parallel shift is limited to minus 20 basis points to take account of the current low interest level with negative interest in some cases. The analysis thus also takes account of negative interest rates. The table below shows the opportunities (positive figures) and risks (negative figures):

Interest analysis

	Changes in all yield curves as of	
	Sept. 30, 2020 by	
million €	+ 100 basis points	(20) basis points
Interest risk from variable financing instruments	(34)	4

The Group is not exposed to any material commodity price risks.

22 Relationships with related companies and persons (related parties)

Related parties and persons

Related parties include the direct shareholder, which has significant influence on the Company. In addition, the intermediate and ultimate controlling parties as well as key management personnel are included.

The following companies and persons are identified as related parties:

- Advent GPE IX Fonds with the direct subsidiary AI Vertical (Luxembourg) S.à r.l. (Luxembourg)
- Seventh Cirven Fond (No. 1) LP with the direct subsidiary Cinvert S.à r.l. (Luxembourg)
- Vertical Topco S.à r.l. (Luxembourg)
- Vertical Midco S.à r.l. (Luxembourg)
- Vertical TopCo I SA (Luxembourg)
- Vertical TopCo II SA (Luxembourg)
- thyssenkrupp AG, Duisburg and Essen and their affiliated companies (thyssenkrupp Group)
- The managing directors and supervisory board members of the TK Elevator GmbH and their immediate family members.

thyssenkrupp AG has a reverse participation in Vertical TopCo I SA, Luxembourg, in the amount of 18.95 % in the form of common shares with voting rights.

Direct, intermediate and ultimate controlling parties

The company is the direct subsidiary of Vertical Topco II SA (Luxembourg).

Advent GPE IX Fund and Seventh Cirven Fund (No. 1) LP are the ultimate controlling parties of the Group structure.

The direct and indirect subsidiaries of AI Vertical (Luxembourg) S.à r.l. (Luxembourg) and Cinvert S.à r.l. (Luxembourg) are intermediate parent companies of the Company.

Executives in key positions

The management of the Company consists of the following persons:

- Jan Dietmar Karraß, Managing Director, January 2, 2020 until February 24, 2020
- Hans-Hermann Lotter, Managing Director (since February 25, 2020)
- Peter Walker, Managing Director (since July 31, 2020)
- Ercan Keles, Managing Director (since July 31, 2020) and
- Dr. Detlef Hunsdiek, Managing Director (since July 31, 2020)

Business relationships with the direct, intermediate and ultimate controlling parties

The immediate parent company of TK Elevator Topco GmbH, Vertical Topco II SA, granted TK Elevator Topco GmbH a loan of €5,500 million in the reporting period at an interest rate of 0.02% and a maturity of 10 years. This loan is a contribution, see also the further explanations in Note 21. As of September 30, 2020, the loan has not yet been repaid.

With regard to the contributions and withdrawals of Vertical Midco S.à r.l, Luxembourg, as indirect shareholder of the parent company, due to the equity and debt instruments transferred against the background of the granting of a return participation as part of the consideration transferred, reference is made to Note 04.

There were no other business transactions with the superordinated parties in the short financial year 2020.

Business relations with the thyssenkrupp Group

The Group maintains business relationships with thyssenkrupp AG and the other companies of the thyssenkrupp Group.

The following table shows the business relationships with subsidiaries of the thyssenkrupp Group for the short financial year ending September 30, 2020:

Related party transactions

	Sales	Supplies and services	Receivables		Total liabilities	
million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2020	Jan. 02, 2020	Sept. 30, 2020	Jan. 02, 2020	Sept. 30, 2020
thyssenkrupp Group	1	23	0	5	0	21

The Group realized sales with subsidiaries of the remaining thyssenkrupp Group. Those sales relate predominantly to construction, modernization and servicing of elevators and escalators. Moreover, the Group purchases materials from subsidiaries of the thyssenkrupp Group, within its ordinary operative business. The purchases relate predominately to the Materials Services unit of the thyssenkrupp Group.

In addition to operating business transactions, the Group entered into further transactions with subsidiaries of the thyssenkrupp Group. There are still receivables/payables due from/to thyssenkrupp Group resulting from the fact that thyssenkrupp Elevator was partially included in tax unities of thyssenkrupp Group prior to its acquisition by the Group. The other transactions with subsidiaries of the thyssenkrupp Group are as follows:

Other services

There are Transitional Service Agreements (TSAs) with the thyssenkrupp Group which result in thyssenkrupp AG providing services to the Group. Here the anticipated volume is in the low-double-digit million euros and the agreements are anticipated to end in the middle of 2023. However, service terminations and extensions are possible in principle. With the functions being established within the Group, discontinuation of key elements of the services is expected for the middle of 2021. The agreed services relate primarily to IT and HR. For the period between July 31, 2020, the time of the thyssenkrupp Elevator acquisition, and September 30, 2020 costs for the TSAs between TK Elevator GmbH and the thyssenkrupp Group amounted to €3 million.

For using the “thyssenkrupp” trademark, “Other non-financial assets” of €74 million were recognized as of July 31, 2020 which will be accrued over a period of twelve months. On the other hand, the “TK” trademark is transferred for an indefinite period of use and recognized as an intangible asset of €395 million in the context of the purchase price allocation.

Leasing

As lessee, the Group primarily leases buildings of the thyssenkrupp Group. Overall, these are to be classified as immaterial.

Guarantees and sureties

The thyssenkrupp Group has provided guarantees in the amount of €4 million in favor of the thyssenkrupp Elevator business as of September 30, 2020.

Compensation of active management and supervisory board

The remuneration of management in key positions which must be disclosed in line with IAS 24 consisted of the remuneration of the Company’s Managing Directors and the Supervisory Board. These disclosures also include the mandatory disclosures pursuant to Art. 314 (1) No. 6 of the German Commercial code (HGB).

The remuneration of the Company’s managing directors is as follows:

Compensation of management

thousand €	Year ended Sept. 30, 2020
Short-term benefits	652
Post-employment benefits	24
Termination benefits	0
Long term incentive	1,575
Total	**2,251**

Service cost and the past service cost are recognized from pension provisions as post-employment benefits for the active Managing Directors. The value of €24 thousand relates to the two months following the acquisition of thyssenkrupp Elevator until the reporting date of September 30, 2020. The short-term benefits of € 652 thousand cover the same period. The long-term remuneration components primarily comprise benefits from the management incentive plans, cf. also Note No. 15. These relate to the provision for management booked as of September 30, 2020.

As of September 30, 2020, the Managing Directors had not been granted any loans or advances, neither had contingent liabilities been entered into for Managing Directors.

The active members of the Supervisory Board of the TK Elevator GmbH were remunerated as follows:

Compensation of Supervisory Board members

thousand €	Year ended Sept. 30, 2020
Short-term benefits (inclusive of meeting attendance fees)	212

As of September 30, 2020, members of the Supervisory Board had not been granted any loans or advances, neither had contingent liabilities been entered into for members of the Supervisory Board.

23 Segment reporting

The Group offers global urban passenger transportation systems throughout the entire lifecycle. The business units are in line with the internal organizational and reporting structure and represent the segments in accordance with IFRS 8.

Europe/Africa

The Business Unit Europe/Africa comprises the manufacturing, new installation, modernization and maintenance of elevators, escalators and walkways for countries in Europe and Africa.

Americas

The Business Unit Americas comprises the manufacturing, new installation, modernization and maintenance of elevators, escalators and walkways for countries in the North and South America.

Asia/Pacific

The Business Unit Asia/Pacific comprises the manufacturing, new installation, modernization and maintenance of elevators, escalators and walkways for countries in the Middle East, Asia, Australia and New Zealand.

These three reportable segments mainly comprise the elevator and escalator business.

Access Solutions

The business unit manages globally customized mobility home solutions, i.e., the manufacturing, installation and maintenance of stairlifts, home elevators and platform lifts as well as passenger boarding bridges primarily for the access to airplanes.

Additionally, Corporate Elevator provides certain functions and services to the operating businesses, e.g., Financing, R&D, Providing IP, Recruiting, etc. These are provided predominately by the central holding companies. Expenses in connection with the transitional service agreements described in Note 22 are also incurred in the Business Unit Corporate Elevator.

Reconciliation

The reconciliation includes the consolidation. This comprises chiefly the elimination of interim profits in inventories and the reversal of intercompany interest offsets.

The accounting principles of the segments are the same as those described for the Group in the accounting policies, except that intragroup leases are accounted as current expense. Transactions between the segments are made at arm's length transfer prices.

The key earnings performance indicators for the individual segments are EBITDA (earnings before interest, taxes, depreciation and amortization) or adjusted EBITDA, and EBIT (earnings before interest and taxes) or adjusted EBIT. The definition of EBIT and EBITDA is aligned to economic criteria and is independent of IFRS regulations. EBIT provides information on the profitability of the relevant units and contains all components of the income statement relating to operating performance. These also include income and expenses from parts of the financial result which can be characterized as operating. This also includes income and expenses from equity investments the company intends to hold permanently. This also applies to EBITDA with the sole difference that it does not include depreciation and amortization. Adjusted EBIT / adjusted EBITDA is EBIT / EBITDA before special items. It is more suitable for comparing the operating performance across several accounting periods.

Operating net working capital is the main indicator used to measure liquidity and solvency in the operating activities. It mainly consists of inventories, trade receivables, trade payables and advance payments.

Segment information for the year ended Sept. 30, 2020

million €	Europe/Africa	Americas	Asia/Pacific	Access Solutions	Corporate Elevator	Reconciliation	Total
For the year ended Sept. 30, 2020							
Net sales	356	532	417	66	1	(0)	**1,373**
Internal sales within the Group	24	1	4	1	11	(41)	**0**
Total sales	380	533	421	67	12	(41)	**1,373**
Income from companies accounted for using the equity method	0	1	0	0	0	0	**1**
EBITDA	58	100	56	1	(137)	(1)	**77**
Adjusted EBITDA	57	103	56	5	(26)	(1)	**195**
EBIT	32	44	12	(4)	(143)	(1)	**(60)**
Adjusted EBIT	31	47	12	1	(32)	(1)	**58**
Operating net working capital	227	(67)	(105)	44	(24)	(3)	**73**
Depreciation and amortization expense (incl. Inventories)	26	56	43	5	6	0	**137**
Non-cash effects in provisions	(29)	(67)	(31)	(4)	(90)	(0)	**(221)**

The reconciliation of the adjusted EBITDA earnings figure to EBIT and to EBT in line with the consolidated income statement is shown below:

Reconciliation EBIT to EBT

million €	Year ended Sept. 30, 2020
Adjusted EBITDA as presented in segment reporting	**195**
Special items	(118)
EBITDA as presented in segment reporting	**77**
Depreciation and amortization	(137)
EBIT as presented in segment reporting	**(60)**
– thyssenkrupp brand charges	(12)
+ Finance income	335
– Finance expense	(395)
– Items of finance income assigned to EBIT based on economic classification	(0)
+ Items of finance expense assigned to EBIT based on economic classification	0
EBT (income/(loss) before tax as presented in the statement of income	**(133)**

Special items are disposal losses/gains from M&A transactions, restructuring expenses, and other non-operating expenses and income. A materiality threshold relevant to management applies.

For the short financial year as of September 30, 2020, the special items break down as follows:

Special items

Special items

million €	Year ended Sept. 30, 2020
Restructuring expenses	(5)
Other non-operating expenses and income	(113)
Total	**(118)**

The nonrecurring items mainly occurred in the Business Unit Corporate. These are largely connected with the acquisition of thyssenkrupp Elevator and relate in particular to consulting services and other transaction-related expenses in the amount of €99 million for the short financial year 2020. Special items in the other business units are mainly connected with restructuring expenses.

The total assets according to the balance sheet can be reconciled to the Operating net working capital as follows:

Reconciliation total assets to operating net working capital

million €	Jan. 02, 2020	Sept. 30, 2020
Total assets	0	23,710
Total non-current assets	-	(20,284)
Other financial assets, current	-	(46)
Other non-financial assets, current	-	(308)
Current income tax assets	-	(89)
Cash and cash equivalents	(0)	(552)
Advance payments to suppliers of inventories and to other current non-financial assets	-	27
Trade accounts payable	-	(664)
Contract Liabilities	-	(1,721)
Operating Net Working Capital	(0)	**73**

In presenting information for geographical areas, allocation of sales is based on the location of the customer. Allocation of non-current assets is based on the location of the assets. Investments are determined in accordance with the presentation in the statement of cash flows.

There are no individual customers that generate sales values that are material to the net sales of the Group.

External sales by regions

million €	Germany	USA	China	Rest of world	Total
External sales (location of customer)	122	435	258	558	1,373
Year ended Sept. 30, 2020	122	435	258	558	1,373

Non-current assets by regions

million €	Germany	USA	China	Rest of world	Total
Non-current assets (intangible assets, property, plant and equipment and other non-financial assets) (location of assets)	2,495	7,416	3,355	6,589	19,855
Sept. 30, 2020	2,495	7,416	3,355	6,589	19,855

Notes to the consolidated statements of profit or loss

24 Sales

Sales and sales from contracts with customers break down as follows:

Sales

million €	Europe/Africa	Americas	Asia/Pacific	Access Solutions	Corporate Elevator	Reconciliation	Total
Year ended Sept. 30, 2020							
Sales from sale of finished products	34	16	5	5	2	(26)	**36**
Sales from sale of merchandise	5	0	16	0	0	(0)	**21**
Sales from rendering of services	249	251	66	9	0	(3)	**572**
Sales from construction contracts	72	266	330	54	0	(1)	**721**
Other sales from contracts with customers	20	0	2	0	10	(11)	**21**
Subtotal sales from contracts with customers	380	533	419	68	12	(41)	**1,371**
Other sales	(0)	(0)	2	(0)	0	0	**2**
Total	**380**	**533**	**421**	**68**	**12**	**(41)**	**1,373**

Sales from contracts with customers by customer group

million €	Europe/Africa	Americas	Asia/Pacific	Access Solutions	Corporate Elevator	Reconciliation	Total
Year ended Sept. 30, 2020							
Trading	14	224	56	(0)	0	(2)	**292**
Engineering	24	6	103	17	11	(39)	**122**
Construction	179	299	180	5	0	0	**663**
Public sector	29	0	5	0	1	0	**35**
Other customer groups	134	4	75	46	(0)	(0)	**259**
Total	**380**	**533**	**419**	**68**	**12**	**(41)**	**1,371**

Sales from contracts with customers by region

million €	Europe/Africa	Americas	Asia/Pacific	Access Solutions	Corporate Elevator	Reconciliation	Total
Year ended Sept. 30, 2020							
German-speaking area	155	0	0	0	11	(27)	**139**
Western Europe	201	0	0	51	0	(9)	**243**
Central and Eastern Europe	4	0	0	0	0	0	**4**
Commonwealth of Independent States	15	0	0	0	0	0	**15**
North America	0	490	0	11	0	(1)	**500**
South America	0	43	0	0	0	0	**43**
Asia / Pacific	0	0	103	1	1	(1)	**104**
Greater China	0	0	273	5	0	(3)	**275**
India	0	0	11	0	0	0	**11**
Middle East & Africa	5	0	32	0	0	0	**37**
Total	**380**	**533**	**419**	**68**	**12**	**(41)**	**1,371**

Of the sales from contracts with customers €326 million results from long-term contracts and €1,045 from short-term contracts, €1,199 million relates to sales recognized over time and €172 million to sales recognized at a point in time.

25 Other income

Other income

million €	Year ended Sept. 30, 2020
Gains from premiums and from grants	2
Insurance compensation	0
Miscellaneous	11
Total	**13**

Miscellaneous other income is composed of a large number of individual items, e.g. exchange rate gains in relation to trade payables and trade receivables, amounts invoiced for research and development and income from sales of assets written down in full.

26 Other expenses

Other expenses

million €	Year ended Sept. 30, 2020
Additions to/reversals of provisions	1
Goodwill impairment	0
Miscellaneous	24
Total	**25**

Miscellaneous other expenses for the short financial year 2020 mainly include the thyssenkrupp trademark fee in the amount of €12 million for the use of the trademark "thyssenkrupp" in certain trademark classes.

27 Other gains/(losses)

Other gains/(losses) mainly comprise gains/(losses) resulting from unsecured receivables and liabilities.

28 Financial income/(expense), net

Financial income/(expense), net

million €	Year ended Sept. 30, 2020
Income from companies accounted for using the equity method	**1**
Interest income from financial receivables	2
Income from investments	0
Other finance income	333
Finance income	**335**
Interest expense from financial debt	(316)
Net interest cost of pensions and similar obligations	(1)
Expense from investments	0
Other finance expenses	(78)
Finance expense	**(395)**
Total	**(60)**

For the investments accounted for using the equity method of accounting cf. also Note 07.

Other financing income mainly results from income from hedging exchange rate fluctuations. The line items “interest income from financial receivables” and “other finance income” include interest income from financial assets that are not measured at fair value through profit or loss of €3 million and the line items “interest expense from financial debt” and “other finance expenses” include interest expense from financial liabilities that are not measured at fair value through profit or loss of €318 million.

29 Leases in the consolidated income statement

The following table shows the expenses and income resulting from leases:

Leases in the statement of profit or loss

million €	Year ended Sept. 30, 2020
Lease expense	
Expense from short-term leases	2
Expense from leases for low-value assets	2
Expense from variable payments	0
Depreciation and amortization expense	
Depreciation of right-of-use assets	16
Impairment of right-of-use assets	0
Other gains/(losses), net	
(Gain)/loss on disposal of right-of-use assets	0
Financial income/(expense), net	
Interest expense from lease liabilities	2

There was no income from subleases or gains and losses on sale and leaseback transactions.

30 Income taxes

Income tax expense/(benefit) consists of the following:

Breakdown of income tax expense/(benefit)

million €	Year ended Sept. 30, 2020
Current income tax expense	59
Deferred income tax expense/(benefit)	(78)
Total	**(19)**

The components of income taxes recognized in total invested equity are as follows:

Income taxes recognized in total invested equity

million €	Year ended Sept. 30, 2020
Income tax expense/(benefit) as presented on the statement of profit or loss	(19)
Income non-effective tax effect on other components of equity	(182)
Total	**(201)**

As of September 30, 2020, taxable temporary differences from undistributed profits of subsidiaries in the Group for which no deferred tax liability is recognized, as such profits are not to be distributed in the foreseeable future, amount to €422 million.

Components of the deferred tax assets and liabilities are as follows:

Inventory of deferred tax assets and liabilities

million €	Jan. 02, 2020		Year ended Sept. 30, 2020		Sept. 30, 2020	
	Deferred tax assets	Deferred tax liabilities	Deferred tax benefit (+) / expense (-)	Miscellaneous	Deferred tax assets	Deferred tax liabilities
items						
Intangible assets	-	-	(227)	(1,625)	37	1,889
Property, plant and equipment	-	-	(82)	2	5	86
Financial assets	-	-	6	(1)	5	-
Other assets	-	-	10	(1)	17	8
Accrued pension and similar obligations	-	-	5	50	64	9
Other provisions	-	-	6	1	12	5
Non-current liabilities	-	-	137	(1,009)	141	1,013
Deferred income taxes on current items						
Inventories	-	-	41	(4)	50	13
Other assets	-	-	(28)	(18)	48	94
Other provisions	-	-	67	2	82	13
Current liabilities	-	-	24	10	156	122
Valuation allowance – temporary differences	-	-	(5)	1	(4)	-
Subtotal	**-**	**-**	**(46)**	**(2,592)**	**613**	**3,252**
Tax loss carried forward	-	-	77	(12)	65	-
Tax credits	-	-	2	(1)	1	-
Valuation allowance – tax loss carried forward etc.	-	-	(14)	6	(8)	-
Subtotal	**-**	**-**	**65**	**(7)**	**58**	**0**
Gross amount before offsetting	**-**	**-**	**19**	**(2,599)**	**671**	**3,252**
Offsetting	-	-	-	-	(661)	(661)
Balance sheet amount	**-**	**-**	**-**	**-**	**10**	**2,591**

The deferred taxes recognized in the "Other" column were recognized directly in equity. They result from the addition under the PPA, the fair value measurement of a shareholder loan, pension provisions recognized in OCI, and currency translation.

The item "non-current liabilities" comprises various financial and non-financial liabilities. The main portion of the deferred taxes on this item results from the fair value measurement of a shareholder loan. The deferred taxes on the item "current liabilities" result from various trade payables and other financial and non-financial liabilities. Current other assets include trade receivables, leases, and other financial and non-financial assets.

As of September 30, 2020, tax losses carried forward for which no deferred tax asset is recognized amount to €35 million. According to tax legislation as of September 30, 2020, an amount of €32 million of these tax losses may be carried forward indefinitely and in unlimited amounts.

As of September 30, 2020, based on the existing tax losses carried forward, the following deferred tax assets are recognized among others, because these are supported by substantial evidence for sufficient future taxable income: thyssenkrupp Elevator Italia S.p.A. €2 million, ThyssenKrupp Elevadores S.A.de C.V. (Mexico) €1 million, thyssenkrupp Elevator Canada Holding, Inc. €1 million.

As of September 30, 2020, transaction-related tax risks, non-creditable foreign withholding taxes and the deductibility of certain expenses have been recognized with €27 million.

The German corporate income tax law applicable for the year ended September 30, 2020, sets a statutory income tax rate of 30.8% taking into account the different German municipal tax rates. The applicable tax rates for companies outside Germany range from 9.0% to 37.5%.

Tax rate reconciliation

million €	Year ended Sept. 30, 2020	in %
Expected income tax expense/(benefit)	(41)	30.8
Tax rate differentials to the German combined income tax rate	(20)	14.2
Changes in tax rates or laws	2	(1.2)
Change in valuation allowance	1	(0.4)
Permanent items	21	(15.6)
Income/(loss) from companies accounted for using the equity method	0	0.0
Non-creditable withholding taxes	14	(10.4)
Tax expense/(benefit) related to prior periods	5	(3.4)
Others	(1)	0.3
Income tax expense/(benefit) as presented on the statement of profit or loss	**(19)**	**14.3**

31 Additional disclosures on the combined statement of profit or loss

Cost of sales include materials expenses of €500 million.

Personnel expense included in the combined statement of profit or loss are comprised of:

Personnel expenses

million €	Year ended Sept. 30, 2020
Wages and salaries	357
Social security taxes	55
Net periodic pension cost – defined benefit[1)]	4
Net periodic pension costs – defined contribution	27
Other expenses for pensions and retirements	24
Related fringe benefits	46
Total	**513**

1) Excluding net interest that is recognized as part of financial expenses.

Refunds of social security contributions in connection with the utilization of short-term work allowance in Germany, which the Group received from the public sector for the continuing operations, were offset with personnel expenses.

The average number of employees in the Group during the year was as follows:

Annual average number of employees

	Year ended Sept. 30, 2020
Europe/Africa	4,647
Americas	5,459
Asia/Pacific	6,094
Access Solutions	662
Corporate Elevator	173
Total	**17,035**

The average number of employees was determined over the three quarters of the short financial year 2020. The thyssenkrupp Elevator acquisition on July 31, 2020 strongly impacts the average number of employees. As of the acquisition date of thyssenkrupp Elevator on July 31, 2020, there were 51,316 employees, 13,925 in the Business Unit Europe/Africa, 16,436 in the Business Unit Americas, 18,342 in the Business Unit Asia/Pacifi, 2,086 in the

Business Unit Access Solutions and 527 in the Business Unit Corporate Elevator. As of September 30, 2020, the Group had a total of 51,106 employees, of which 13,940 were employed in the Business Unit Europe/Africa, 16,378 in the Business Unit Americas, 18,283 in the Business Unit Asia/Pacific, 1,987 in the Business Unit Access Solutions and 518 in the Business Unit Corporate Elevator.

Auditor fees and services

The fee for the auditor of the consolidated financial statements, PricewaterhouseCoopers GmbH Wirtschafts-prüfungsgesellschaft, recognized as an expense in the short financial year is shown below:

Fees of Group auditor

	Year ended Sept. 30, 2020
million €	**Total**
Audit fees	2
Audit-related fees	0
Tax fees	0
Fees for other services	0
Total	**2**

The category "Audit fees" comprises the fees for the audit of the consolidated financial statements and for the audit of the annual financial statements of TK Elevator Topco and its German subsidiaries. Furthermore, the fees for voluntary audits that go beyond the statutory audit mandate, such as voluntary consolidated financial statement audits, are shown here.

Notes to the consolidated statements of cash flows

32 Additional information on the consolidated statement of cash flows

The liquid funds considered in the consolidated statement of cash flows correspond to the “Cash and cash equivalents” line item in the consolidated statement of financial position.

Cash-inflows from interest are shown in the “Other current financial assets” and “Other current non-financial liabilities”. The cash-outflows from interest are displayed in “Other current non-financial assets” and “Other current financial liabilities”. In the statements of cash flows, interest from financing is shown in the operating cash flow within net income/(loss).

Non-cash investing activities

In the short financial year ended September 30, 2020, non-current assets increased by €20 billion due to the acquisition and first-time consolidation of the subsidiaries acquired. In addition, a non-cash investment of €20 million resulted from right-of-use assets in accordance with IFRS 16.

Changes of liabilities/assets from financing activities

The following table shows the changes of liabilities/assets from financing activities including the changes of cash flows and non-cash items:

Reconciliation in accordance with IAS 7 for the year ended September 30, 2020

million €	Sept. 30, 2019	Cash changes	Non-cash changes				September 30, 2020
			Acquisitions/ divestitures of businesses	Currency differences	Fair value changes	Other changes	
Liabilities from thyssenkrupp Group financing	-	6	(6)	(0)	0	0	0
Loan notes / other loans	-	10,059	228	(5)	0	0	10,282
Liabilities to financial institutions	-	886	2	0	0	0	888
Lease liabilities	-	(18)	267	2	0	19	270
Other financial liabilities	-	(0)	0	0	0	0	0
Subtotal financial debt	**-**	**10,932**	**492**	**(3)**	**0**	**19**	**11,440**
Assets/liabilities from other financing activities		1,891	(4)	(6)	3	0	
Total		**12,823**	**488**	**(9)**	**3**	**19**	

Leases in the cash flow statement

In the statements of cash flows, the interest component of the leases carried in the balance sheet is shown under operating cash flows and the repayment component under cash flows from financing activities. In the short financial year 2020, the total cash outflows of the Group as lessee amounted to €21 million.

The following potential cash outflows at the lessee have not been included in the lease liability and will only be included in the statement of cash flows if they actually result in cash outflows in future periods:

Potential future lease payments

million €	Sept. 30, 2020
Extension and/or termination options as well as call options	(8)
Residual value guarantees	(0)
Variable payments	0
Lease commitments	(76)
Total	**(84)**

Possible future lease payments by the lessee from the exercise of options were not included in the lease liability if the exercise of the corresponding options was not considered to be sufficiently certain. These options include lease payments from lease extension options, penalty payments from the exercise of termination options and payments from purchase options. Only if there is a high probability that the options will be exercised they are considered to be exercisable and recognized as lease liabilities. If facts and circumstances change, a reassessment of the exercise of the options is undertaken.

If, in individual cases, there are infinite revolving lease extension options for ground leases, their payments are not included in the potential future lease payments. An estimate of the term was made when determining the corresponding lease liability.

Individual lease agreements may contain several options. The Group uses options in order to maintain the greatest possible operational flexibility. Such options can generally only be exercised by the Group as lessee. Furthermore, the leases entered into do not contain any clauses that significantly restrict the Group by requiring compliance with certain covenants.

Other Information

33 Financial information of the TK Elevator Holdco GmbH and TK Elevator Midco GmbH

To supplement the TK Elevator Topco consolidated financial statements, the consolidated balance sheet, the consolidated income statement and the consolidated statement of cash flows of the TK Elevator Holdco GmbH and TK Elevator Midco GmbH subgroups are also presented in the notes to the consolidated financial statements. They are presented as a reconciliation, based on the figures of TK Elevator Topco. The following financial figures exist only in the form of a reconciliation.

The reconciliation of the corresponding consolidated balance sheet as of September 30, 2020 is shown below:

Consolidated Statement of Financial Position

Assets

million €	Sept. 30, 2020 TK Elevator Topco GmbH	Reconciliation	Sept. 30, 2020 TK Elevator Holdco GmbH	Reconciliation	Sept. 30, 2020 TK Elevator Midco GmbH
Intangible assets	18,817	0	18,817	0	18,817
Property, plant and equipment	986	0	986	0	986
Investments accounted for using the equity method	25	0	25	0	25
Other financial assets	394	0	394	0	394
Other non-financial assets	53	0	53	0	53
Deferred tax assets	10	0	10	156	167
Total non-current assets	20,284	0	20,284	156	20,441
Inventories	621	0	621	0	621
Trade accounts receivable	1,343	0	1,343	1	1,344
Contract assets	467	0	467	0	467
Other financial assets	46	11	56	199	255
Other non-financial assets	308	1	309	(0)	309
Current income tax assets	89	0	89	0	89
Cash and cash equivalents	552	(1)	551	(0)	551
Assets held for sale	0	0	0	0	0
Total current assets	3,426	11	3,436	200	3,636
Total assets	23,710	11	23,721	356	24,077

Equity and liabilities

million €					
Capital stock	0	0	0	0	0
Additional paid-in capital	2,727	(1)	2,727	1,652	4,379
Retained earnings	2,109	19	2,127	(82)	2,046
Cumulative other comprehensive income	179	0	179	0	179
Equity attributable to shareholders	5,015	18	5,033	1,570	6,604
Non-controlling interest	26	0	26	0	26
Total equity	5,041	18	5,060	1,570	6,630
Accrued pension and similar obligations	366	0	366	0	366
Provisions for other employee benefits	39	0	39	0	39
Other provisions	230	0	230	0	230
Deferred tax liabilities	2,591	(16)	2,575	78	2,653
Financial debt	11,346	0	11,346	(1,266)	10,080
Other financial liabilities	1	0	1	0	1
Other non-financial liabilities	1	0	1	0	1
Total non-current liabilities	14,572	(16)	14,556	(1,188)	13,368
Provisions for current employee benefits	166	0	166	0	166
Other provisions	419	(2)	417	(0)	417
Current income tax liabilities	147	0	147	(1)	146
Financial debt	94	0	94	0	94
Trade accounts payable	664	11	675	(1)	674
Other financial liabilities	149	(0)	149	(23)	125
Contract liabilities	1,721	0	1,721	0	1,721
Other non-financial liabilities	736	0	736	0	736
Total current liabilities	4,096	9	4,105	(26)	4,079
Total liabilities	18,668	(7)	18,661	(1,214)	17,447
Total equity and liabilities	23,710	11	23,721	356	24,077

The reconciliation of the corresponding consolidated income statement for the short financial year 2020 is shown below:

Consolidated Statements of Profit or Loss

million €	Year ended Sept. 30, 2020 TK Elevator Topco GmbH	Reconciliation	Year ended Sept. 30, 2020 TK Elevator Holdco GmbH	Reconciliation	Year ended Sept. 30, 2020 TK Elevator Midco GmbH
Sales	1,373	0	1,373	0	1,373
Cost of sales	(1,078)	0	(1,078)	(0)	(1,078)
Gross margin	294	0	294	(0)	294
Research and development cost	(21)	0	(21)	0	(21)
Selling expenses	(79)	0	(79)	0	(79)
General and administrative expenses	(253)	6	(247)	5	(242)
Other income	13	1	14	1	15
Other expenses	(25)	(4)	(29)	(1)	(30)
Other gains/(losses), net	(2)	0	(2)	0	(2)
Income/(loss) from operations	(72)	3	(70)	5	(65)
Income from companies accounted for using the equity method	1	0	1	0	1
Finance income	335	0	335	196	531
Finance expense	(395)	0	(395)	(3)	(398)
Financial income/(expense), net	(60)	0	(60)	194	134
Income/(loss) before tax	(133)	3	(130)	198	69
Income tax (expense)/income	19	(1)	18	(31)	(13)
Net income/(loss)	(114)	2	(112)	168	56
Thereof:					
Shareholders of TK Elevator Topco GmbH	(114)	2	(112)	168	56
Non-controlling interest	(0)	0	(0)	0	(0)
Net income/(loss)	(114)	2	(112)	168	56

The reconciliation of the corresponding consolidated statement of cash flows for the short financial year 2020 is shown below:

Consolidated Statement of Cash Flows

million €	Year ended Sept. 30, 2020 TK Elevator Topco GmbH	Reconciliation	Year ended Sept. 30, 2020 TK Elevator Holdco GmbH	Reconciliation	Year ended Sept. 30, 2020 TK Elevator Midco GmbH
Net income/(loss)	(114)	2	(112)	168	56
Adjustments to reconcile net income/(loss) to operating cash flows:					
Deferred income taxes, net	(78)	1	(77)	32	(45)
Depreciation, amortization and impairment of non-current assets	128	0	128	0	128
Reversals of impairment losses of non-current assets	(0)	0	(0)	0	(0)
Income/(loss) from companies accounted for using the equity method, net of dividends received	(1)	0	(1)	0	(1)
(Gain)/loss on disposal of non-current assets	1	0	1	0	1
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes				0	
- Inventories	52	0	52	0	52
- Trade accounts receivable	38	0	38	(1)	37
- Contract assets	0	0	0	0	0
- Accrued pension and similar obligations	(17)	0	(17)	0	(17)
- Other provisions	66	(2)	64	(0)	64
- Trade accounts payable	(26)	11	(15)	(1)	(16)
- Contract liabilities	(99)	0	(99)	0	(99)
- Other assets/liabilities not related to investing or financing activities	(114)	(1)	(115)	(195)	(310)
Operating cash flows	(164)	11	(153)	2	(151)
Investments in investments accounted for using the equity method and in long-term financial assets	(0)	0	(0)	0	(0)
Expenditures for acquisitions of consolidated companies net of cash acquired	(14,792)	0	(14,792)	0	(14,792)
Capital expenditures for property, plant and equipment (inclusive of advance payments)	(34)	0	(34)	0	(34)
Capital expenditures for intangible assets (inclusive of advance payments)	(27)	0	(27)	0	(27)
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	(0)		(0)	0	(0)
Proceeds from disposals of previously consolidated companies net of cash disposed	0	0	0	0	0
Cash and cash equivalents disposed of due to loss of control over companies consolidated so far but not sold	0	0	0	0	0
Proceeds from disposals of property, plant and equipment	1	0	1	0	1
Proceeds from disposals of intangible assets	0	0	0	0	0
Cash flows from investing activities	(14,851)	0	(14,851)	0	(14,851)
Proceeds from liabilities to financial institutions	888	0	888	2	890
Repayments of liabilities to financial institutions	(1)	0	(1)	0	(1)
Repayments of lease liabilities	(18)	0	(18)	0	(18)
Proceeds from issuance of bonds	9,606	0	9,606	(1,313)	8,292
Repayments from issuance of bonds	(0)	0	(0)	0	(0)
Procceds from the capital increase	2,575	(1)	2,574	1,652	4,226
Other financing activities	(78)	(11)	(88)	(54)	(143)
Other transactions with shareholders	2,585	0	2,585	(288)	2,297
Cash flows from financing activities	15,556	(11)	15,545	(2)	15,543
Net increase/(decrease) in cash and cash equivalents	542	(1)	541	(0)	541
Effect of exchange rate changes on cash and cash equivalents	10	0	10	0	10
Cash and cash equivalents at beginning of year	0	0	0	0	0
Cash and cash equivalents at end of the year	552	(1)	551	(0)	551
Additional information regarding cash flows from interest, dividends, and income taxes which are included in operating cash flows:					
Interest received	2	0	2	(0)	2
Interest paid	(3)	0	(3)	0	(3)
Dividends received	0	0	0	0	0
Income taxes paid	(26)	0	(26)	0	(26)

34 Subsequent events

The economic situation in Germany and Europe, as well as in other parts of the world, continues to be dominated by the COVID 19 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 thus the overall risk of infection. These restrictions continue to this day. Based on experience since spring 2020 the company is prepared for this situation in terms of organization and processes. During the period from September 30, 2020 to the present date, there have been no material changes to our assessment described in Note 03. Due to the ongoing COVID-19 pandemic, management continuously monitors all key planning assumptions taking into account the business development since the balance sheet date. There are currently no indications for the need to recognize impairment losses.

After the balance sheet date, further Group companies joined the financing as guarantors on the basis of the agreements set out in the acquisition financing. In this connection, corresponding share pledges and, in parts of the Group, all asset pledges had been provided as collateral. These are also freely available under the acquisition financing until a reason for termination arises.

On December 1, 2020, an affiliate of the Company acquired the remaining interest (50%) in the elevator service company Braun thyssenkrupp Elevator LLC ("Braun"), Madison/Wisconsin, USA, for €13 million, as the company has a strong positioning on the market, thus supporting the Group objective of generating growth in the USA. The Group already held a 50% interest in Braun which was accounted for as a joint venture at equity in the consolidated financial statements. Since the acquisition, Braun is fully consolidated.

The carrying amount of the 50% interest already held was €2 million before December 1, 2020 and the revalued 50% interest amounts to €24 million. In addition, the call option had a carrying amount of €11 million at December 1, 2020. The purchase price for the acquisition of the remaining 50% share was €13 million. Taking into account the purchase price allocation, which has not yet been finalized, the impact of the acquisition on the consolidated financial statements after September 30, 2020 is as follows:

Acquisition of Braun thyssenkrupp Elevator LLC

million €	
Goodwill	33
Other intangible assets	18
Property, plant and equipment	0
Inventories	1
Trade accounts receivable	4
Contract assets	0
Other current non-financial assets	0
Cash and cash equivalents	2
Total assets	**58**
Deferred tax liabilities	5
Provisions for current employee benefits	0
Other current provisions	0
Current income tax liabilities	0
Current financial debt	0
Trade accounts payable	0
Other current financial liabilities	0
Contract liabilities	3
Other current non-financial liabilities	1
Total liabilities	**9**
Net assets	**49**
Non-controlling interest	0
Purchase prices (for 100% stake)	**49**
Thereof: paid in cash and cash equivalents (50% new stake)	13
Thereof: remeasurement of previously held equity interest (50% stake)	36

The goodwill reflects the well-established and long-standing relationships of the acquired business and is not deductible for tax purposes.

If the acquisition of the remaining interest (50%) had taken place as of January 2, 2020, then Braun would have contributed to the Group additional earnings of approximately €4 million.

This Group will relocate its headquarters from Essen to Düsseldorf in the first quarter of 2021. From a commercial and a logistics perspective, the management considers Düsseldorf as a location more attractive.

35 Application of exemption regulations

The following domestic subsidiaries in the legal form of a corporation or partnership within the meaning of Art. 264a of the German Commercial Code (HGB) have made partial use of the exemption provision pursuant to Art. 264 (3) of the German Commercial Code (HGB):

- ELEG Europäische Lift + Escalator GmbH, Düsseldorf, Germany
- LiftEquip GmbH Elevator Components, Neuhausen auf den Fildern, Germany
- Tepper Aufzüge GmbH, Münster, Germany
- TK Home Solutions GmbH, Essen, Germany
- TK Aufzüge GmbH, Neuhausen auf den Fildern, Germany
- TK Aufzugswerke GmbH, Neuhausen auf den Fildern, Germany
- TK Elevator Europe Africa GmbH, Essen, Germany
- TK Elevator Europe Africa Services GmbH, Essen, Germany
- TK Elevator Innovation and Operations GmbH, Düsseldorf, Germany
- TK Fahrtreppen GmbH, Hamburg, Germany
- TK Elevator GmbH, Essen, Germany
- TK Elevator Holding GmbH, Essen, Germany
- TK Elevator Holdco GmbH, Essen, Germany
- TK Elevator Midco GmbH, Essen, Germany
- TK Elevator Newco GmbH, Essen, Germany

The following domestic companies, which make use of the exemption provisions pursuant to Section 291 of the German Commercial Code (HGB), are included with their subsidiaries in the consolidated financial statements of TK Elevator Topco.

- ELEG Europäische Lift + Escalator GmbH, Düsseldorf, Germany
- TK Elevator Europe Africa GmbH, Essen, Germany
- TK Elevator Europe Africa Services GmbH, Essen, Germany
- TK Elevator Innovation and Operations GmbH, Düsseldorf, Germany
- TK Elevator GmbH, Essen, Germany
- TK Elevator Holding GmbH, Essen, Germany
- TK Elevator Holdco GmbH, Essen, Germany
- TK Elevator Midco GmbH, Essen, Germany
- TK Elevator Newco GmbH, Essen, Germany

Essen, February 17, 2021

TK Elevator Topco GmbH

The Managing Directors

Peter Walker | Ercan Keles | Dr. Detlef Hunsdiek | Hans-Hermann Lotter

PRICEWATERHOUSECOOPERS GMBH WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT, ESSEN, EXPRESSED THE FOLLOWING OPINION ON THE COMPLETE SET OF CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT. THE GROUP MANAGEMENT REPORT IS NOT INCLUDED IN THE BONDHOLDER REPORT.

Short-Form Audit Report

TK Elevator Topco GmbH
(formerly: Vertical Topco III GmbH)
Essen

Consolidated Financial Statements for the Period Ending September 30, 2020 and the Group Management Report for Short Financial Year
INDEPENDENT AUDITOR'S REPORT

(Translation – the German text is authoritative)

INDEPENDENT AUDITOR'S REPORT

To: TK Elevator Topco GmbH (formerly: Vertical Topco III GmbH), Essen

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of TK Elevator Topco GmbH (formerly: Vertical Topco III GmbH), Essen, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at September 30. September 2020, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the short financial year from January 2 to September 30, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of TK Elevator Topco GmbH for the short financial year from January 2 to September 30, 2020.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at September 30, 2020 and of its financial performance for the short financial year from January 2 to September 30, 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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 consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB 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 Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Responsibilities of the Executive Directors for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

Essen, February 17, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Michael Preiß Wirtschaftsprüfer	sgd. Philip Meyer zu Spradow Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)