



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

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

### Regnskapsår

Årsregnskapets periode: 01.10.2020 - 30.09.2021

### Konsern

Mørselskap 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: Inga Engel  
Dato for fastsettelse av årsregnskapet: 17.12.2021

### Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

*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, 21.07.2023



### Resultatregnskap

Beløp i: NOK	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Revenue	8, 11	20 203 731	18 739 362
<b>Sum inntekter</b>		<b>20 203 731</b>	<b>18 739 362</b>
<b>Kostnader</b>			
Payroll expenses	10, 13	8 110 815	8 608 283
Depreciations	2	85 380	41 058
Other operating expenses	11	12 998 350	9 894 202
<b>Sum kostnader</b>		<b>21 194 546</b>	<b>18 543 542</b>
<b>Driftsresultat</b>		<b>-990 815</b>	<b>195 820</b>
<b>Finansinntekter og finanskostnader</b>			
Income from subsidiaries		42 595 262	2 300 000
Annen renteinntekt	11	625 545	1 020 954
Other financial income		28 989	1 156
<b>Sum finansinntekter</b>		<b>43 249 796</b>	<b>3 322 110</b>
Annen rentekostnad		76	539
Other financial expenses		40 965	65 033
<b>Sum finanskostnader</b>		<b>41 041</b>	<b>65 572</b>
<b>Netto finans</b>		<b>43 208 755</b>	<b>3 256 538</b>
<b>Ordinært resultat før skattekostnad</b>		<b>42 217 940</b>	<b>3 452 357</b>
Income tax expense	9	-83 011	253 624
<b>Ordinært resultat etter skattekostnad</b>		<b>42 300 951</b>	<b>3 198 733</b>
<b>Årsresultat</b>	6	<b>42 300 951</b>	<b>3 198 733</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>42 300 951</b>	<b>3 198 733</b>
<b>Totalresultat</b>		<b>42 300 951</b>	<b>3 198 733</b>
<b>Overføringer og disponeringer</b>			



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
Ordinært utbytte		57 945 262	2 300 000
Transferred to/from other equity		-15 644 311	898 733
<b>Sum overføringer og disponeringer</b>		<b>42 300 951</b>	<b>3 198 733</b>



## Balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	9	1 080 730	95 272
<b>Sum immaterielle eiendeler</b>		<b>1 080 730</b>	<b>95 272</b>
<b>Varige driftsmidler</b>			
Machinery	2	193 228	18 494
<b>Sum varige driftsmidler</b>	2	<b>193 228</b>	<b>18 494</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	3	90 161 375	90 161 375
<b>Sum finansielle anleggsmidler</b>		<b>90 161 375</b>	<b>90 161 375</b>
<b>Sum anleggsmidler</b>		<b>91 435 333</b>	<b>90 275 141</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Loans to group companies	4	64 010 370	56 114 291
Other short-term receivables		1 433 689	265 648
<b>Sum fordringer</b>		<b>65 444 059</b>	<b>56 379 939</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and bank deposits	5	2 378 397	742 778
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>2 378 397</b>	<b>742 778</b>
<b>Sum omløpsmidler</b>		<b>67 822 456</b>	<b>57 122 718</b>
<b>SUM EIENDELER</b>		<b>159 257 789</b>	<b>147 397 858</b>

## BALANSE - EGENKAPITAL OG GJELD

### Egenkapital



### Balanse

Beløp i: NOK	Note	2021	2020
<b>Innskutt egenkapital</b>			
Share capital	7	5 200 000	5 200 000
<b>Sum innskutt egenkapital</b>		<b>5 200 000</b>	<b>5 200 000</b>
<b>Opptjent egenkapital</b>			
Other equity		121 175 497	140 019 401
<b>Sum opptjent egenkapital</b>		<b>121 175 497</b>	<b>140 019 401</b>
<b>Sum egenkapital</b>	6	<b>126 375 497</b>	<b>145 219 401</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelser	13	4 227 300	
Utsatt skatt	9		
<b>Sum avsetninger for forpliktelser</b>		<b>4 227 300</b>	
<b>Annen langsiktig gjeld</b>			
<b>Sum langsiktig gjeld</b>		<b>4 227 300</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	4	841 051	259 054
Tax payable	9		139 388
Public duties payable		921 831	564 426
Utbytte		26 000 000	
Other current liabilities		892 111	1 429 370
<b>Sum kortsiktig gjeld</b>		<b>28 654 992</b>	<b>2 392 238</b>
<b>Sum gjeld</b>		<b>32 882 292</b>	<b>2 392 238</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>159 257 789</b>	<b>147 611 639</b>



## TK Elevator Norway Holding AS

### Styrets årsberetning for regnskapsåret 01.10.20 - 30.09.21

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.

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. 79,35% 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 190 dager. Dersom også sykedager med syk barn tas med, så blir det 202 dager. Ingen skader eller ulykker har forekommet, 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 selskapets 8 ansatte pr. 30.09.2021 er 2 kvinner. Av konsernets total 341 ansatte er 31 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, avstamning, hudfarge, språk, religion og livssyn etc.



Årets overskudd på NOK 42.300.951,- er disponert som følger.

- Utbytte utdelt gjennom året: NOK 31.945.262,-
- Avsatt til utbytte: NOK 26.000.000,-
- Overført fra annen egenkapital: NOK 15.644.311,-

Oslo, 10.12.2021

Styret i TK Elevator Norway Holding AS

Martin Thormann  
Styrets leder

Geir Hansen  
Daglig leder/Styremedlem

Inga Engel  
Styremedlem



## TK Elevator Norway Holding AS

## Resultatregnskap

	Note	2020/2021	2019/2020
<b>Driftsinntekter og driftskostnader</b>			
Salgsinntekt	8, 11	20 203 731	18 739 362
<b>Sum driftsinntekter</b>		<b>20 203 731</b>	<b>18 739 362</b>
Lønnskostnad	10, 13	8 110 815	8 608 283
Avskrivning på varige driftsmidler	2	85 380	41 058
Andre driftskostnader	11	12 998 350	9 894 202
<b>Sum driftskostnader</b>		<b>21 194 546</b>	<b>18 543 542</b>
<b>Driftsresultat</b>		<b>-990 815</b>	<b>195 820</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap		42 595 262	2 300 000
Renteinntekter	11	625 545	1 020 954
Andre finansinntekter		28 989	1 156
Rentekostnader		76	539
Andre finanskostnader		40 965	65 033
<b>Resultat av finansposter</b>		<b>43 208 755</b>	<b>3 256 538</b>
<b>Ordinært resultat før skattekostnad</b>		<b>42 217 940</b>	<b>3 452 357</b>
Skattekostnad på ordinært resultat	9	-83 011	253 624
<b>Årsresultat</b>	6	<b>42 300 951</b>	<b>3 198 733</b>
<b>Overføringer</b>			
Avsatt til utbytte		26 000 000	0
Utbytte utdelt gjennom året		31 945 262	2 300 000
Avsatt til/fra (-) annen egenkapital		-15 644 311	898 733
<b>Sum overført</b>		<b>42 300 951</b>	<b>3 198 733</b>



TK Elevator Norway Holding AS

Balanse

	Note	30.09.2021	30.09.2020
<b>Eiendeler</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	9	1 080 730	95 272
<b>Sum immaterielle eiendeler</b>		<b>1 080 730</b>	<b>95 272</b>
<b>Varige driftsmidler</b>			
Maskiner, inventar o. l.	2	193 228	18 494
<b>Sum varige driftsmidler</b>	2	<b>193 228</b>	<b>18 494</b>
<b>Finansielle anleggsmidler</b>			
Investeringer i datterselskap	3	90 161 375	90 161 375
<b>Sum finansielle anleggsmidler</b>		<b>90 161 375</b>	<b>90 161 375</b>
<b>Sum anleggsmidler</b>		<b>91 435 333</b>	<b>90 275 141</b>
<b>Omløpsmidler</b>			
<b>Fordringer</b>			
Fordringer på selskap i samme konsern	4	64 010 370	56 114 291
Andre kortsiktige fordringer		1 433 689	265 648
<b>Sum fordringer</b>		<b>65 444 059</b>	<b>56 379 939</b>
Bankinnskudd, kontanter o.l	5	2 378 397	742 778
<b>Sum omløpsmidler</b>		<b>67 822 456</b>	<b>57 122 718</b>
<b>Sum eiendeler</b>		<b>159 257 789</b>	<b>147 397 858</b>



## TK Elevator Norway Holding AS

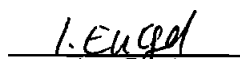
## Balanse

	Note	30.09.2021	30.09.2020
<b>Egenkapital og gjeld</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital 5 200 aksjer à kr. 1 000	7	5 200 000	5 200 000
<b>Sum innskutt egenkapital</b>		<b>5 200 000</b>	<b>5 200 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		121 175 497	140 019 401
<b>Sum opptjent egenkapital</b>		<b>121 175 497</b>	<b>140 019 401</b>
<b>Sum egenkapital</b>	6	<b>126 375 497</b>	<b>145 219 401</b>
<b>Gjeld</b>			
Pensjonsforpliktelser	13	4 227 300	0
<b>Sum avsetning for forpliktelser</b>		<b>4 227 300</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	4	841 051	259 054
Betalbar skatt	9	0	139 388
Off.avgifter, skattetrekk m.m.		921 831	564 426
Utbytte		26 000 000	0
Annen kortsiktig gjeld		892 111	1 429 370
<b>Sum kortsiktig gjeld</b>		<b>28 654 992</b>	<b>2 392 238</b>
<b>Sum Gjeld</b>		<b>32 882 292</b>	<b>2 392 238</b>
<b>Sum gjeld og egenkapital</b>		<b>159 257 789</b>	<b>147 611 639</b>

Oslo, 10.12.2021

Styret i TK Elevator Norway Holding AS

  
Geir Johannes Hansen  
Styremedlem/daglig leder

  
Inga Ege  
Styremedlem

  
Martin Thomann  
Styreleder



## TK Elevator Norway Holding AS

### Indirekte kontantstrøm

	Note	2020/2021	2019/2020
<b>Kontantstrømmer fra operasjonelle aktiviteter</b>			
Resultat før skattekostnad		42 217 940	3 452 357
- Periodens betalte skatt		-139 388	-588 945
+ Ordinære avskrivninger		85 380	41 058
+/- Endring i leverandørgjeld		581 997	-989 279
+/- Forskj. kostnadsført pensjon og inn-/utbet. i pensjonsordn.		125 261	0
+/- Endring i andre tidsavgrensingsposter		-9 030 194	-931 794
= <b>Netto kontantstrøm fra operasjonelle aktiviteter</b>		<b>33 840 996</b>	<b>983 397</b>
<b>Kontantstrømmer fra investeringsaktiviteter</b>			
- Utbetalinger ved kjøp av varige driftsmidler		260 114	0
= <b>Netto kontantstrøm fra investeringsaktiviteter</b>		<b>-260 114</b>	<b>0</b>
<b>Kontantstrømmer fra finansieringsaktiviteter</b>			
- Utmelding av konsernkontoordning	4	0	52 786 026
- Utbetalinger av utbytte		31 945 263	2 300 000
= <b>Netto kontantstrøm fra finansieringsaktiviteter</b>		<b>-31 945 263</b>	<b>-55 086 026</b>
= Netto endring i kontanter og kontantekvivalenter		1 635 619	-54 102 629
+ Beh. av kont. og kontantekvivalenter ved per. begynnelse		742 778	54 845 407
= <b>Beh. av kont. og kontantekvivalenter ved per. slutt</b>		<b>2 378 398</b>	<b>742 778</b>



## TK Elevator Norway Holding AS

Noter 2020/2021

### NOTE 1 REGNSKAPSPRINSIPPER

#### Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med aksjelov, regnskapsloven og god regnskapsskikk i Norge gjeldende per 30. september 2021. 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 2020/2021

### **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.

### **Innskuddsplaner**

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.

### **Ytelsesplaner**

En ytelsesplan er en pensjonsordning som ikke er en innskuddsplan. Typisk er en ytelsesplan en pensjonsordning som definerer en pensjonsutbetaling som en ansatt vil motta ved pensjonering. Pensjonsutbetalingen er normalt avhengig av flere faktorer, som alder, antall år i selskapet og lønn. Den balanseførte forpliktelsen knyttet til ytelsesplaner er nåverdien av de definerte ytelsene på balansedagen minus virkelig verdi av pensjonsmidlene (innbetalte beløp til forsikringsselskap), justert for ikke resultatførte estimatavvik og ikke resultatførte kostnader knyttet til tidligere perioders pensjonsopptjening. Pensjonsforpliktelsen beregnes årlig av en uavhengig aktuar ved bruk av lineær opptjeningsmetode. Planendringer amortiseres over forventet gjenværende opptjeningstid.

### **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



## TK Elevator Norway Holding AS

Noter 2020/2021

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.

### **Korrigerings av tidligere års feil**

Daglig leder har siden .... hatt en pensjonsavtale med selskapet. Denne ble inngått med selskapets morselskap, men forpliktelsen skulle vært balanseført i TK Elevator Norway Holding AS. Forpliktelsen per 30.09.2021 utgjør kr. 4 227 300. Av dette er kr. 4 102 040 (justert for utsatt skattefordel kr. 902 448) ført mot selskapets egenkapital. Sammenligningstallene for forrige regnskapsår er ikke omarbeidet.



## TK Elevator Norway Holding AS

Noter 2020/2021

### Note 2 Anleggsmidler

	Driftsløse, inventar ol	Sum
Anskaffelseskost pr. 01.10.20	3 212 752	3 212 752
+ Tilgang kjøpte driftsmidler	260 115	260 115
<b>= Anskaffelseskost 30.09.21</b>	<b>3 472 867</b>	<b>3 472 867</b>
Av- og nedskrivninger pr. 01.10.20	3 194 259	3 194 259
+ Årets ordinære avskrivninger	85 380	85 380
<b>= Av- og nedskrivninger pr. 30.09.21</b>	<b>3 279 639</b>	<b>3 279 639</b>
Bokført verdi 01.10.20	18 494	18 494
+ Tilgang i året	260 115	260 115
- Årets avskrivning og nedskrivning	85 380	85 380
<b>= Bokført verdi 30.09.21</b>	<b>193 228</b>	<b>193 228</b>
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 30.09.2021	Resultat 2020/2021
TK Elevator Norway AS	Oslo	100%	39 256 934	129 951 233	9 166 929
TK Rulletrapper AS	Oslo	100%	100 000	105 564 724	7 949 553
TK Elevator Sweden AB	Stockholm	100%	50 804 441	123 163 458	7 516 534
<b>Sum investering i datterselskap</b>			<b>90 161 375</b>	<b>358 679 415</b>	<b>24 633 016</b>

Tallene for thyssenKrupp Elevator Sverige AB er regnet om til NOK ved å bruke snittkurs for året på 101,75 for resultatet og sluttkurs 30.09.2021 på 99,97 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 2020/2021

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

	Kundefordringer		Andre fordringer	
	2020/2021	2019/2020	2020/2021	2019/2020
Norske konsernselskaper	0	0	14 058 686	1 578 454
Konsernkontoordning	0	0	0	52 264 917
Øvrige konsernselskaper	0	0	2 189 327	2 484 702
<b>Sum</b>	<b>0</b>	<b>0</b>	<b>16 248 013</b>	<b>56 328 072</b>

	Leverandørgjeld		Kortsiktig gjeld	
	2020/2021	2019/2020	2020/2021	2019/2020
Norske konsernselskaper	0	0	0	0
Øvrige konsernselskaper	813 156	20 268	0	0
<b>Sum</b>	<b>813 156</b>	<b>20 268</b>	<b>0</b>	<b>0</b>

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

Note 5 Bundne bankinnskudd, trekkrettigheter

Bundne bankinnskudd	2020/2021	2019/2020
Skattetrekksmidler	193 890	222 590

Note 6 Egenkapital

	Aksjekapital	Annen egenkapital	Sum egenkapital
Pr. 01.10.2020	5 200 000	140 019 401	145 219 401
Korrigerings av tidligere års feil	0	-3 199 593	-3 199 593
Årets resultat	0	42 300 951	42 300 951
Avsatt til utbytte	0	-26 000 000	-26 000 000
Utdelt utbytte gjennom året	0	-31 945 262	-31 945 262
<b>Pr. 30.09.2021</b>	<b>5 200 000</b>	<b>121 175 497</b>	<b>126 375 497</b>



## TK Elevator Norway Holding AS

Noter 2020/2021

### Note 7 Aksjonærer

Aksjekapitalen i TK Elevator Norway Holding AS pr. 30.09.2021 består av:

	Antall	Pålydende	Bokført
Ordinære aksjer	1 000	5 200	5 200 000
<b>Sum</b>	<b>1 000</b>		<b>5 200 000</b>

### Eierstruktur

De største aksjonærene i % pr. 30.09.2021 var:

	Ordinære	Eierandel
TK Elevator Europe Africa GmbH	1 000	100 %
<b>Totalt antall aksjer</b>	<b>1 000</b>	<b>100 %</b>

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	2020/2021	2019/2020
Administrasjonsinntekter	20 203 731	18 739 362
Annet	0	0
<b>Sum</b>	<b>20 203 731</b>	<b>18 739 362</b>

Geografisk fordeling	2020/2021	2019/2020
Norge	19 876 463	16 113 218
Andre land	327 268	2 626 144
<b>Sum</b>	<b>20 203 731</b>	<b>18 739 362</b>

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 2020/2021

### Note 9 Skatt

<b>Årets skattekostnad</b>	<b>2020/2021</b>	<b>2019/2020</b>	
Resultatført skatt på ordinært resultat:			
Betalbar skatt	0	257 940	
Endring i utsatt skattefordel	-83 011	-4 316	
<b>Skattekostnad ordinært resultat</b>	<b>-83 011</b>	<b>253 624</b>	
Skattepliktig inntekt:			
Ordinært resultat før skatt	42 217 940	3 452 357	
Permanente forskjeller	-46 697 302	-2 299 518	
Endring i midlertidige forskjeller	4 178 782	19 617	
<b>Skattepliktig inntekt</b>	<b>-300 580</b>	<b>1 172 456</b>	
Betalbar skatt i balansen:			
Betalbar skatt på årets resultat	0	257 940	
Skyldig ilignet skatt fra tidligere år	0	-118 552	
<b>Sum betalbar skatt i balansen</b>	<b>0</b>	<b>139 388</b>	
Beregning av effektiv skattesats			
Resultat før skatt	42 217 940	3 452 357	
Beregnet skatt av resultat før skatt	9 287 947	759 519	
Skatteeffekt av permanente forskjeller	-10 273 406	-505 894	
<b>Sum</b>	<b>-985 460</b>	<b>253 625</b>	
Effektiv skattesats	-2,3 %	7,3 %	
Skatteeffekten av midlertidige forskjeller og underskudd til fremføring som har gitt opphav til utsatt skatt og utsatte skattefordeler, spesifisert på typer av midlertidige forskjeller:			
	<b>2021</b>	<b>2020</b>	<b>Endring</b>
Varige driftsmidler	-102 797	-130 247	-27 451
Avsetninger mv	-281 738	-302 805	-21 067
Pensjonspremie/- forpliktelse	-4 227 300	0	4 227 300
<b>Sum</b>	<b>-4 611 835</b>	<b>-433 052</b>	<b>4 178 782</b>
Akkumulert fremførbart underskudd	-300 580	0	300 580
<b>Grunnlag for beregning av utsatt skatt</b>	<b>-4 912 415</b>	<b>-433 052</b>	<b>4 479 363</b>
<b>Utsatt skattefordel (22 %)</b>	<b>-1 080 731</b>	<b>-95 272</b>	<b>985 460</b>



## TK Elevator Norway Holding AS

Noter 2020/2021

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

Lønnskostnader	2020/2021	2019/2020
Lønninger	6 181 970	6 899 272
Arbeidsgiveravgift	1 091 629	1 031 274
Pensjonskostnader	690 728	522 680
Andre ytelser	146 488	155 056
<b>Sum</b>	<b>8 110 815</b>	<b>8 608 283</b>

Gjennomsnittlig antall årsverk: 8 8

Ytelser til ledende personer

Daglig leder er lønnet av TK Elevator Norway AS for regnskapsåret 2020/2021.

Daglig leder har en tilleggspensjonavtale (ytelsesavtale) i selskapet som dekker pensjon også for lønn over 12 G, samt en førtidspensjon.

Det er ikke regnskapsført kostnader til denne avtalen i 2020/2021.

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 2020/2021 utgjør kr 73 656.

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	2020/2021	2019/2020
Salg av administrative tjenester til datterselskap	20 203 731	18 739 362
Kjøp av administrative tjenester fra konsernselskap	875 714	2 611 289
Renteinntekter konsernkonto	625 445	1 018 847



## TK Elevator Norway Holding AS

Noter 2020/2021

### 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.

### Note 13 Pensjonskostnader, -midler og -forpliktelser

Selskapet er pliktig til å ha obligatorisk tjenstepensjon for sine ansatte, og eksisterende ordning tilfredsstiller kravene i henhold til lov om obligatorisk tjenstepensjon.

Pensjonsordningene behandles regnskapsmessig i henhold til NRS6A "Anvendelse av ISA 19 under norsk regnskapslovgivning". Ordningen gir rett til definerte fremtidige ytelser. Disse er i hovedsak avhengig av antall opptjeningsår, lønnsnivå ved oppnådd pensjonsalder og størrelsen på ytelsene fra folketrygden. Forpliktelsene er dekket gjennom forsikringsselskap.

<b>Pensjonskostnad</b>	<b>2020/2021</b>
Nåverdi av årets pensjonsopptjening	125 260
Rentekostnad av pensjonsforpliktelsen	0
Oppgjør av ordning	0
Avkastning på pensjonsmidler	0
<b>Netto pensjonskostnad</b>	<b>125 260</b>

<b>Avstemming av pensjonsordningenes finansierte status mot beløp i balansen</b>	<b>2020/2021</b>
Opptjente pensjonsforpliktelser	4 227 300
Aktuarielle gevinster og tap mot egenkapitalen	0
<b>Beregnete pensjonsforpliktelser</b>	<b>4 227 300</b>
Pensjonsmidler (til markedsverdi)	0
<b>Forskuddsbetalt pensjon (netto pensjonsforpliktelse)</b>	<b>4 227 300</b>

<b>Endringer i innregnet pensjonsforpliktelse i balansen</b>	<b>2020/2021</b>
Netto pensjonsforpliktelse pr. 01.10	0
Pensjonskostnad	125 260
Aktuarielle gevinster/tap mot egenkapitalen	4 102 040
<b>Netto pensjonsforpliktelse 30.09</b>	<b>4 227 300</b>

<b>Aktuarielle gevinster og tap belastet direkte mot annen egenkapital</b>	<b>2020/2021</b>
Akkumulerte aktuarielle gevinster og tap pr. 01.10	0
Årets endring	4 102 040
<b>Akkumulerte aktuarielle gevinster og tap pr. 30.09</b>	<b>4 102 040</b>

<b>Økonomiske forutsetninger</b>	<b>2020/2021</b>
Diskonteringsrente	1,50%
Forventet avkastning på pensjonsmidler	1,50%
Forventet lønnsregulering	2,25%

TK Elevator Norway Holding AS

Side 13



**TK Elevator Norway Holding AS**

Noter 2020/2021

Forventet pensjonsøkning	2,25%
Forventet G-regulering	2,25%

Som aktuarmessige forutsetninger for demografiske faktorer og avgang er lagt til grunn vanlig benyttede forutsetninger innen forsikring.



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 2021, 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 rettviseende bilde av selskapets finansielle stilling per 30. september 2021, 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 rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

---

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



Uavhengig revisors beretning - TK Elevator Norway Holding AS



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, forutsetningen om fortsatt drift og forslaget til resultatdisponering 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, 10. desember 2021  
**PricewaterhouseCoopers AS**

Øystein Sandvik  
Statsautorisert revisor  
(elektronisk signert)

(2)



 Securely signed with Brevio

Revisjonsberetning TKA

**Signers:**

<b>Name</b>	<b>Method</b>	<b>Date</b>
Sandvik, Øystein Blåka	BANKID_MOBILE	2021-12-17 17:52

**This document package contains:**

- Closing page (this page)
- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.



This file is sealed with a digital signature.  
The seal is a guarantee for the authenticity  
of the document.



TK Elevator Annual Report 2020/2021

# CONSOLIDATED FINANCIAL STATEMENTS

for the financial year as of September 30, 2021

for TK Elevator Topco GmbH, Essen



TK Elevator Annual Report 2020/2021

## TK Elevator Topco GmbH – Consolidated Statements of Financial Position

### Assets

million €	Note	Sept. 30, 2020 <sup>1)</sup>	Sept. 30, 2021
Intangible assets	05	18,954	18,921
Property, plant and equipment	06	1,005	1,088
Investments accounted for using the equity method	07	25	-
Other financial assets	11	394	437
Other non-financial assets	12	53	28
Deferred tax assets	30	14	46
<b>Total non-current assets</b>		<b>20,444</b>	<b>20,521</b>
Inventories	08	621	602
Trade accounts receivable	09	1,343	1,366
Contract assets	10	467	399
Other financial assets	11	73	76
Other non-financial assets	12	308	308
Current income tax assets		89	130
Cash, cash equivalents and time deposits		552	369
<b>Total current assets</b>		<b>3,453</b>	<b>3,252</b>
<b>Total assets</b>		<b>23,897</b>	<b>23,773</b>

### Equity and liabilities

million €	Note	Sept. 30, 2020 <sup>1)</sup>	Sept. 30, 2021
Capital stock <sup>2)</sup>		0	0
Additional paid-in capital		2,727	2,731
Retained earnings		2,110	1,680
Cumulative other comprehensive income		172	523
<b>Equity attributable to the TK Elevator Topco GmbH's shareholders</b>		<b>5,009</b>	<b>4,934</b>
Non-controlling interest		26	28
<b>Total equity</b>	13	<b>5,035</b>	<b>4,963</b>
Accrued pension and similar obligations	14	334	331
Provisions for other employee benefits	15	40	43
Other provisions	15	304	288
Deferred tax liabilities	30	2,703	2,404
Financial debt	16	11,362	11,476
Other financial liabilities	18	1	1
Other non-financial liabilities	19	1	1
<b>Total non-current liabilities</b>		<b>14,744</b>	<b>14,545</b>
Provisions for current employee benefits	15	166	181
Other provisions	15	419	434
Current income tax liabilities		162	127
Financial debt	16	98	107
Trade accounts payable	17	664	743
Other financial liabilities	18	219	259
Contract liabilities	10	1,721	1,732
Other non-financial liabilities	19	669	683
<b>Total current liabilities</b>		<b>4,118</b>	<b>4,265</b>
<b>Total liabilities</b>		<b>18,863</b>	<b>18,810</b>
<b>Total equity and liabilities</b>		<b>23,897</b>	<b>23,773</b>

See accompanying notes to the Consolidated Financial Statements.

<sup>1)</sup> Figures have been adjusted (cf. Note 01).

<sup>2)</sup> Capital stock contains initial capital in the amount of €25 thousand.



TK Elevator Annual Report 2020/2021

## TK Elevator Topco GmbH – Consolidated Statements of Profit or Loss

million €	Note	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
Sales	24	1,373	7,959
Cost of sales		(1,077)	(6,348)
<b>Gross margin</b>		<b>296</b>	<b>1,611</b>
Research and development costs		(21)	(103)
Selling expenses		(79)	(494)
General and administrative expenses		(253)	(793)
Other income	25	13	49
Other expenses	26	(25)	(105)
Other gains/(losses), net	27	(2)	(0)
<b>Income from operations</b>		<b>(71)</b>	<b>165</b>
Income from companies accounted for using the equity method		1	0
Finance income		335	79
Finance expense		(396)	(861)
<b>Financial expense, net</b>	28	<b>(60)</b>	<b>(781)</b>
<b>Loss before tax</b>		<b>(131)</b>	<b>(617)</b>
Income tax (expense)/income	30	18	176
<b>Net loss</b>		<b>(113)</b>	<b>(440)</b>
Thereof:			
Shareholders of TK Elevator Topco GmbH		(113)	(442)
Non-controlling interest		(0)	2
<b>Net loss</b>		<b>(113)</b>	<b>(440)</b>

See accompanying notes to the Consolidated Financial Statements.

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020. Additionally, the figures have been adjusted (cf. Note 01).



TK Elevator Annual Report 2020/2021

## TK Elevator Topco GmbH – Consolidated Statements of Comprehensive Income

million €	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
<b>Net loss</b>	<b>(113)</b>	<b>(440)</b>
<b>Items of other comprehensive income that will not be reclassified to profit or loss in future periods:</b>		
Other comprehensive income from remeasurements of pensions and similar obligations		
Change in unrealized gains/(losses), net	3	16
Tax effect	(1)	(4)
Other comprehensive income from remeasurements of pensions and similar obligations, net	2	13
Share of unrealized gains/(losses) of investments accounted for using the equity-method	-	-
<b>Subtotals of items of other comprehensive income that will not be reclassified to profit or loss in future periods</b>	<b>2</b>	<b>13</b>
<b>Items of other comprehensive income that could be reclassified to profit or loss in future periods:</b>		
Foreign currency translation adjustment		
Change in unrealized gains/(losses), net	173	356
Net realized (gains)/losses	-	-
Net unrealized gains/(losses)	173	356
Unrealized gains/(losses) from fair value measurement of securities		
Change in unrealized gains/(losses), net	-	-
Net realized (gains)/losses	-	-
Tax effect	(0)	0
Net unrealized gains/(losses)	(0)	0
Unrealized gains/(losses) on cash flow hedges		
Change in unrealized gains/(losses), net	1	(1)
Net realized (gains)/losses	0	0
Tax effect	(1)	1
Net unrealized gains/(losses)	1	(1)
Share of unrealized gains/(losses) of investments accounted for using the equity-method	0	-
<b>Subtotals of items of other comprehensive income that could be reclassified to profit or loss in future periods</b>	<b>174</b>	<b>355</b>
<b>Other comprehensive income</b>	<b>175</b>	<b>368</b>
<b>Total comprehensive income</b>	<b>63</b>	<b>(72)</b>
Thereof:		
Shareholders of TK Elevator Topco GmbH	60	(79)
Non-controlling interest	2	6

See accompanying notes to the Consolidated Financial Statements.

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020. Additionally, the figures have been adjusted (cf. Note 01).



TK Elevator Annual Report 2020/2021

## TK Elevator Topco GmbH – Consolidated Statements of Changes in Equity

million €	Equity attributable to the TK Elevator Topco GmbH's shareholders											
	Cumulative other comprehensive income									Non-controlling interest	Total equity	
	Capital stock <sup>1)</sup>	Additional paid-in capital	Retained earnings	Foreign currency translation adjustment	Fair value measurement of debt instruments	Designated risk component	Hedging costs	Share of investments accounted for using the equity method	Cash flow hedges			
									Total			
<b>Balance as of January 02, 2020</b>	0	-	-	-	-	-	-	-	-	-	0	
Net income/(loss)			(113)							(113)	(0)	(113)
Other comprehensive income			2	171	(0)	1	(0)	0		173	2	175
<b>Total comprehensive income</b>	-	-	(111)	171	(0)	1	(0)	0		60	2	63
Dividends paid to non-controlling interest										-	0	-
Capital increase <sup>2)</sup>		2,727								2,727		2,727
Other transactions with shareholders <sup>2)</sup>			2,221							2,221		2,221
Acquisitions / divestitures of businesses										-	24	24
Other changes			0							0	(0)	(0)
<b>Balance as of September 30, 2020<sup>3)</sup></b>	0	2,727	2,110	171	(0)	1	(0)	0		5,009	26	5,035
<b>Balance as of September 30, 2020</b>	0	2,727	2,110	171	(0)	1	(0)	0		5,009	26	5,035
Net income/(loss)			(442)							(442)	2	(440)
Other comprehensive income			13	352	0	(1)	0	(0)		364	4	368
<b>Total comprehensive income</b>	-	-	(430)	352	0	(1)	0	(0)		(79)	6	(72)
Dividends paid to non-controlling interest										-	(3)	(3)
Capital increase <sup>2)</sup>		4								4		4
Other transactions with shareholders <sup>2)</sup>										-		-
Acquisitions / divestitures of businesses										-		-
Other changes		(0)	0							0	0	0
<b>Balance as of September 30, 2021</b>	0	2,731	1,680	523	0	(0)	0	-		4,934	28	4,963

See accompanying notes to the Consolidated Financial Statements.

<sup>1)</sup> Capital stock contains initial capital in the amount of €25 thousand.

<sup>2)</sup> Cf. Note 13.

<sup>3)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020. Additionally, the figures have been adjusted (cf. Note 01).



TK Elevator Annual Report 2020/2021

## TK Elevator Topco GmbH – Consolidated Statements of Cash Flows

million €	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
<b>Net loss</b>	(113)	(440)
Adjustments to reconcile net income/(loss) to operating cash flows:		
Deferred income taxes, net	(77)	(360)
Depreciation, amortization and impairment of non-current assets	128	754
Income/(loss) from companies accounted for using the equity method, net of dividends received	(1)	(0)
(Gain)/loss on disposal of non-current assets	1	2
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes		
- Inventories	52	26
- Trade accounts receivable	38	16
- Contract assets	0	80
- Accrued pension and similar obligations	(18)	13
- Other provisions	66	5
- Trade accounts payable	(26)	58
- Contract liabilities	(99)	(33)
- Other assets/liabilities not related to investing or financing activities	(114)	234
<b>Operating cash flows</b>	<b>(163)</b>	<b>355</b>
Purchase of investments accounted for using the equity method and non-current financial assets	-	(2)
Expenditures for acquisitions of consolidated companies net of cash acquired	(14,792)	(70)
Capital expenditures for property, plant and equipment (inclusive of advance payments)	(34)	(87)
Capital expenditures for intangible assets (inclusive of advance payments)	(27)	(55)
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	(0)	(0)
Proceeds from disposals of property, plant and equipment	1	4
Proceeds from disposals of intangible assets	0	2
<b>Cash flows from investing activities</b>	<b>(14,851)</b>	<b>(208)</b>
Proceeds from liabilities to financial institutions	888	46
Repayments of liabilities to financial institutions	(1)	(420)
Repayments of lease liabilities	(18)	(90)
Proceeds from bonds and other loans	9,606	3,701
Repayments on bonds and other loans	(0)	(3,589)
Proceeds from capital increase	2,575	4
Dividends paid to non-controlling interest	-	(3)
Other financing activities	(78)	10
Other transactions with shareholders	2,585	-
<b>Cash flows from financing activities</b>	<b>15,556</b>	<b>(341)</b>
Net increase/(decrease) in cash and cash equivalents	542	(194)
Effect of exchange rate changes on cash and cash equivalents	10	11
Cash and cash equivalents at beginning of year	-	552
<b>Cash and cash equivalents at end of year</b>	<b>552</b>	<b>369</b>
Additional information regarding cash flows from interest and income taxes which are included in operating cash flows:		
Interest received	2	4
Interest paid	(3)	(492)
Income taxes paid	(26)	(255)

See accompanying notes to the Consolidated Financial Statements.

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

Additionally, the figures have been adjusted (cf. Note 01).



TK Elevator Annual Report 2020/2021

## TK Elevator Topco GmbH – Notes to the Consolidated Financial Statements

### 01 Introductory remarks and general information

TK Elevator Topco GmbH (hereinafter referred to as “TK Elevator Topco” or “Company”) is a corporation with its headquarters in Essen and its registered business address at E-Plus-Str. 1, 40472 Düsseldorf. The Company is recorded in the Commercial Register with the local court in Essen under the number HRB 31007. The preceding financial year ending September 30, 2020 was a short financial year, because the Company, being the parent company of the current group of companies, was founded on January 2, 2020<sup>1</sup>. The sole shareholder is Vertical Topco II SA, Luxembourg. The accompanying set of consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as “Group” or “TK Elevator”) has been prepared by the executive directors on January 19, 2022 and approved for publication.

On July 31, 2020, the entire thyssenkrupp Elevator Technology business (i.e. TK Elevator GmbH and its subsidiaries) (hereinafter referred to as “thyssenkrupp Elevator”) was acquired through TK Elevator Holding GmbH from a consortium consisting of Advent and Cinven. Since the acquisition, thyssenkrupp Elevator has been under the control of TK Elevator Topco, as the parent company of the current TK Elevator Group, which prepares the consolidated financial statements for the largest and 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, flight passenger boarding bridges and other means of transport for persons and cargo, as well as related services and service businesses. TK Elevator GmbH has the operational management over the Group.

Since the Company was established on January 2, 2020 and the operating business is included for only two months in the previous financial year starting with the acquisition of thyssenkrupp Elevator on July 31, 2020, the comparability of the accounting periods disclosed is significantly limited.

Due to the finalization of the purchase price allocation for the acquisition of thyssenkrupp Elevator in financial year 2020/2021, the prior period figures have been adjusted to correspond with the figures of the final purchase price allocation (also refer to note 04). On one hand, this is reflected in the adjusted balance sheet figures of the preceding year. And on the other hand, the net result of the preceding year was also adjusted, which in particular resulted from the changed depreciation base in connection with the adjustment of the balance sheet figures made during the year.

### 02 Basis of preparation

The accompanying consolidated financial statements have been prepared in conformity with Section 315e of the German Commercial Code (Handelsgesetzbuch: HGB) in accordance with the International Financial Reporting Standards (IFRS) and the related Interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union according to Regulation No. 1606/2002 of the European Parliament and the Council on the application of international accounting standards in the European Union.

<sup>1</sup>Articles of Incorporation dated January 2, 2020; recorded in the Commercial Register on April 24, 2020.



TK Elevator Annual Report 2020/2021

Assets and liabilities have been 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, or if the asset is held primarily for trading purposes. Liabilities are also classified as current if there is no unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. Inventories, trade accounts receivable and trade accounts payable are generally classified as current. Deferred tax assets, deferred tax liabilities and pension provisions are reported 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 attributable to the non-controlling interests in the financial year.

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



TK Elevator Annual Report 2020/2021

## 03 Summary of significant accounting policies

All amounts are presented in millions of euros (million €) unless otherwise stated. Deviations could arise due to the unrounded amounts. The financial year 2020/2021 stated in the consolidated financial statements covers the financial year from October 1, 2020 to September 30, 2021. The period from January 2, 2020 to September 30, 2020 refers to the comparative period covering the short financial year 2020. Negative figures are shown in brackets in the consolidated financial statements, while positive figures are always shown without brackets.

### Consolidation

The consolidated financial statements include the accounts of the Company and all significant entities which are directly or indirectly controlled (subsidiaries). This typically occurs when the Company holds 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 investments against the Group's attributable equity. On acquisition, all identifiable assets, liabilities and contingent liabilities of the acquired subsidiary are measured at their fair values at the date of acquisition.

Minority interests (non-controlling interests) are recognized at the minority's proportion of their share in the fair values of the identifiable assets, liabilities and contingent liabilities.

All receivables and payables, sales revenue, expenses and income, as well as intercompany profits and losses between Group companies are eliminated in the consolidation process.

Joint arrangements where two or more parties jointly control an activity either classify as a joint operation or a joint venture. Joint ventures are accounted for using the equity method of accounting. Where the Group transacts with a joint operation or joint venture, any resulting unrealized gains or losses are eliminated to the extent of the Group's interest in the joint operation or joint venture.

Subsidiaries and joint ventures with immaterial influence on the net assets, financial position and results of operations of the Group are measured at fair value and reported under the "Other financial assets, non-current". Goodwill arising from a business combination is recognized as an asset and tested annually for impairment, unless there are indications or triggering events that indicate a possible impairment.

Goodwill arising from the acquisition of a joint venture is included in the respective amortized carrying amount of the joint venture. Goodwill arising from 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 (€). Transactions denominated in foreign currency are translated into the functional currency using the exchange rate at the date of the transaction. Monetary assets and liabilities nominally denominated in foreign currency at the reporting date are translated using 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



TK Elevator Annual Report 2020/2021

currency, into the Group currency, the euro, at the closing rate on the reporting date. Income and expenses from foreign subsidiaries are translated using the average exchange rates for the corresponding period. Currency translation differences are recognized in other comprehensive income, and the net gains or losses from currency translation are aggregated and reported within equity. If the respective subsidiary is deconsolidated, these translation differences are reversed through profit or loss.

For companies that do not conduct most of their sales, purchases, and financing in the local currency, the functional currency is the currency of their primary economic environment. In these cases, the financial statements prepared in the local currency are translated into the functional currency using the temporal method. Any translation differences incurred are recognized in profit or loss under other income or expenses. The financial statements in the functional currency are then translated into the reporting currency using the closing rate method.

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

## Currencies

Basis €1	Exchange rate as	Exchange rate as	Adjusted 2-month	Annual average
	of	of	average exchange	exchange rate for
	Sept. 30, 2020	Sept. 30, 2021	rate for the year	the year ended
			ended	Sept. 30, 2021
US Dollar	1.17	1.16	1.17	1.20
Chinese Renminbi Yuan	7.97	7.48	8.12	7.78
South Korean Won	1,368.51	1,371.58	1,397.25	1,348.99
Brazilian Real	6.63	6.26	6.39	6.40
Canadian Dollar	1.57	1.48	1.56	1.51

In the financial year 2020, an adjusted 2-month average exchange rate was applied to reflect the period starting from the acquisition of thyssenkrupp Elevator.

## Intangible assets

Intangible assets with finite useful lives are amortized at cost and amortized on a straight-line basis over their estimated useful lives. The useful life is examined on an annual basis and, if necessary, adjusted corresponding with future expectations. 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 amortized on a straight-line basis over their estimated useful lives, whereby the following periods are used:

- Concessions, patents, purchased software and similar rights as well as licenses to such rights and assets: 3 to 15 years
- Customer relationships: 1.5 to 40 years, with useful lives of 12 to 40 years applicable to acquired customer relationships in the service business and 1.5 years for order backlog acquired in the new installations and modernization business
- Development costs, internally developed software and website: The useful life generally corresponds to the expected selling period of the products or services generated by the development activities or the expected useful life 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 is impaired. Goodwill is always considered to have an indefinite useful life. In



addition, the useful life of trademarks or brands is also essentially indefinite. Impairment losses are recognized in other expenses.

## Property, plant and equipment

Depreciable property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Capitalized production costs for self-constructed assets include direct material and production costs as well as attributable material and production overheads. Where it takes a substantial period of time to get an asset ready for its intended use, directly attributable borrowing costs incurred until the asset is ready for its intended use are capitalized as part of the cost of the asset. Administrative costs are capitalized only if such costs are directly attributable to production. On-going maintenance and repair costs are expensed as incurred. The costs for the replacement of components or for general overhaul of property, plant and equipment are capitalized if it is probable that the future economic benefits will flow to the Group and the costs can be measured reliably. Where items of property, plant and equipment subject to wear and tear consist of significant identifiable components, each with a different useful life, these components are depreciated separately over their respective useful lives.

Property, plant and equipment subject to wear and tear are depreciated on a straight-line basis over their normal useful lives, based on the following useful lives:

	Useful lives
Buildings	10 to 50 years
Land improvements, fixtures in buildings	15 to 25 years
Technical machinery and equipment	8 to 25 years
Other plant and office equipment	3 to 10 years

## Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of goodwill and intangible assets with indefinite useful lives, or intangible assets with finite useful lives and property, plant and equipment attributable to triggering events, to determine whether there is any indication that an impairment loss has been incurred. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss to be recognized. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the smallest identifiable group of assets (cash-generating unit) to which the asset can be allocated.

Goodwill arising from acquisitions is allocated to the identifiable groups of assets (cash-generating units) that are expected to benefit from the synergies of the acquisition. Such groups represent the lowest reporting level within the Group at which goodwill is monitored for internal management purposes. The recoverable amount of the cash-generating unit containing goodwill is regularly tested for impairment annually as of September 30, and on such other occasions that events or changes in circumstances indicate that it might be impaired. For further details, please refer to Note 05.

If the recoverable amount of an asset is lower than its carrying amount, an impairment loss is recognized immediately in profit or loss.

Regarding impairment losses related to cash-generating units containing goodwill, the existing goodwill is reduced first. If the amount of impairment losses exceeds the carrying amount of goodwill, the difference is generally allocated proportionately to the remaining non-current assets of the cash-generating units.

If, after an impairment loss has been recognized, the recoverable amount of the asset or cash-generating unit becomes higher at a later date, the impairment loss is reversed up to a maximum of the recoverable amount.



TK Elevator Annual Report 2020/2021

The reversal cannot exceed the amortized carrying amount that would have been determined had no impairment loss been recognized in the past. The reversal of an impairment loss is recognized to profit or loss. Reversals of impairment losses recognized for goodwill are not permitted.

## 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 entitles the lessee to:

- the use of an identified asset (the leased asset)
- for a specific period of time
- in exchange for a payment of a consideration.

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

The lease liabilities reported under financial liabilities reflect the present value of the outstanding lease payments at the time the asset is made available for use. Lease payments are discounted at the interest rate implicit in the lease if it can be readily determined. Otherwise, they are discounted at the lessee's incremental borrowing rate. The derivation of the interest rate assumes that an adequate amount of funds equivalent to an asset comparable to the right-of-use asset will be raised over a reasonable 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 received,
- variable lease payments that are based on an index or (interest) rate,
- expected amounts to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise it, and
- payment of penalties for the termination of the lease, if the lease term reflects that the lessee will exercise an option to terminate the lease.

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

- lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- initial direct costs, and
- estimated costs to dismantle and remove the asset.

Subsequent measurement is carried out at amortized cost. Right-of-use assets are amortized on a straight-line basis over the lease term, unless the useful life of the underlying asset is shorter. If the lease agreement contains a purchase option that is exercised with reasonable certainty, the right-of-use is amortized over the economic useful life of the underlying asset.

For 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 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



TK Elevator Annual Report 2020/2021

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 both a non-lease component and 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 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 are presented as current expenses in the segment reporting according to IFRS 8.

The term of the lease is determined based on the non-cancellable lease term. Real estate leases in particular 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 measured at the lower of acquisition/manufacturing cost or net realizable value. In general, inventories are valued using the average cost method. Manufacturing cost includes direct material and production costs, material and manufacturing overhead attributable to normal operating capacity utilization.

## Financial instruments

A financial instrument is any contract that simultaneously 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. If the trade date and settlement date do not coincide, the settlement date is applicable for initial recognition or derecognition of non-derivative financial instruments; while derivative financial instruments are recognized at the trade date. Financial instruments stated as financial assets or financial liabilities are generally not offset; they are only offset when an unconditional right to set-off exists at that time and there is an intention to settle on a net basis.

## Financial assets

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

Cash and cash equivalents and time deposits 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. Cash equivalents and time deposits have a maximum term of three months. Cash and cash equivalents and time deposits are measured at amortized cost.

The classification and measurement of financial assets are based on the financial asset's cash flow characteristics and on the Group's business model for managing the financial assets. Different business models can apply for separate portfolios of similar 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 measured at amortized cost. For the Group, this mainly concerns trade accounts receivable, contract assets, and cash and cash equivalents and time deposits.



TK Elevator Annual Report 2020/2021

Regarding equity instruments not held for trading, future changes in fair value are recognized at 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 measured at amortized cost or at fair value through other comprehensive income, trade accounts receivable and contract assets are measured according to the expected loss model. Using forward-looking information, the expected credit loss is generally calculated by multiplying the three parameters of the carrying value of the financial asset, the probability of default and the loss rate. The Group applies the simplified impairment model under IFRS 9 and considers the losses expected over the total term from all trade accounts receivable and active contract assets. For all other financial assets, the expected credit loss to be expected within the next twelve months is to be recognized. Owing to the short maturities, these generally correspond to the expected losses in the Group over the entire term.

In order to determine the expected credit losses, especially to determine the expected default rates for the trade accounts receivable, the Group developed a model that is generally applied. The Group determines the probability of credit loss 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.

Financial assets are fully or partially written-down on the basis of individual valuation allowances if it is reasonable to assume that they can no longer be fully realized, e.g. due to long overdue periods, or due to insolvency or similar proceedings.

Interest-free or low-interest bearing receivables with an expected term of more than one year are discounted. The discount amount is recognized in interest income on a pro rata basis until the receivable is due.

## Financial liabilities

Financial liabilities are liabilities that must be settled in cash or other financial assets. Financial liabilities are initially measured 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 subsequent periods.

## Trade accounts payable and other non-derivative financial liabilities

Trade accounts payable and other non-derivative financial liabilities are generally measured at amortized cost using the effective interest method. For liabilities to banks, transaction costs including premiums payable on redemption or settlement, are accrued periodically using the effective interest method and increase the carrying amount of the liability 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 forward exchange contracts, are generally used to reduce the currency risk. Such derivative financial instruments 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 in profit or loss.



TK Elevator Annual Report 2020/2021

On-balance sheet 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. The Group also exercises the option to initially recognize hedging costs incurred from designated foreign currency derivatives separately in other comprehensive income under equity as costs of the hedge. Both components are reclassified to profit or loss when the hedged item is recognized in profit or loss. The ineffective portion of fluctuations in fair value is recognized directly in profit or loss.

The presentation of changes in the fair value of derivative financial instruments in the statement of profit or loss is similar to the presentation of the hedged items. Foreign currency or commodity forward contracts used to hedge sales risks are presented under net sales. Hedging instruments used to hedge procurement risks are presented under cost of sales, and hedging instruments used to hedge financing risks are presented under the financial result.

More information about derivative financial instruments can be found 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 the income tax expense.

In this context, judgements are required to be made by management that could 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 under equity, the corresponding income tax is also recognized directly under equity.

Current income taxes are recognized in the amount in which it is expected that they will have to be paid to the tax authorities in the future.

Deferred taxes are recognized for temporary differences between the carrying amount of an asset or liability in the consolidated statement of financial position and its tax bases. They also include valuations for tax loss carryforwards and tax credits. Where deferred tax assets occur, they are measured and adjusted according to an assessment of their future recoverability. Deferred taxes and liabilities are measured at the enacted or substantially enacted tax rates that are expected to apply in the years in which those temporary differences are expected to be recovered or settled.

## Cumulative other comprehensive income

This line item includes changes in the equity not recognized in profit or loss, except those resulting from capital transactions with the shareholders. These include the difference from foreign currency translation, unrealized gains and losses from the fair value measurement of debt instruments and derivative financial instruments in cash flow hedges, hedging costs related to designated foreign currency derivatives, impairment losses on financial instruments recognized at fair value in equity, and the share of other comprehensive income attributable to joint ventures accounted for using the equity method. The remeasurement component of pensions and similar obligations is recognized under retained earnings in the period in which it is recognized as other comprehensive income.



TK Elevator Annual Report 2020/2021

## Accrued pension and similar obligations

Provisions for pensions and similar obligations for defined benefit plans are measured at the reporting date using the project unit credit method.

Where payment obligations exist for plan assets due to minimum funding requirements for benefits already earned, this may also lead to the recognition of an additional provision if the economic benefit to the entity of a funding surplus resulting from taking into account the minimum funding requirements yet to be paid 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 expense, all income and expenses related to defined benefit plans are recognized under the operating result. The net interest expense included in net periodic pension cost is recognized in the financial result in the consolidated statement of profit or loss.

The Group's obligations for contributions to defined contribution plans are recognized in profit or loss as part of the operating result.

Changes in value arising from the remeasurement 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 expense in each case. Deferred taxes relating to changes in value from the remeasurement are also recognized in other comprehensive income.

The Group also maintains multi-employer plans, which are held jointly by non-affiliated companies. In principle, these multi-employer plans contain both defined benefit plans and defined contribution plans. Where the necessary information is available in connection with multi-employer defined benefit plans, these plans are accounted for in the same way as any other defined benefit plan. Otherwise, they are accounted for in the same way as defined contribution plans. In particular, there are jointly maintained defined benefit plans in the USA and the Netherlands that are accounted for as defined contribution plans, because it is not possible to allocate the pension obligations and plan assets 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 resources embodying economic benefits that will be required to settle the obligation and a reliable estimate can be made of the obligation amount. The amount of the provision represents the best estimate of the settlement amount of the present obligation as of the balance sheet date. Expected reimbursements from third parties are not offset but recognized as a separate asset if it is virtually certain that the reimbursements will be realized. If the interest effect is material, the provisions are discounted using a market interest rate.

A provision for warranties is recognized at the time of the sale of the underlying goods or the rendering of the relevant services. The provision amount is based on the historical development of warranties and the consideration of all possible future warranty cases weighted against their probability of occurrence.

Provisions for restructuring measures are recognized to the extent that a detailed formal plan has been prepared and the parties concerned have been notified.

A provision for anticipated losses for onerous contracts is recognized when the expected economic benefits to be derived from a contract are lower than the unavoidable cost of meeting the obligations under the contract.



TK Elevator Annual Report 2020/2021

## Revenue recognition

Revenue from contracts with customers is recognized when the identifiable performance obligations, i.e. the distinct goods or services promised in the contract are transferred to the customer. The 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 the transferred goods or services and obtain substantially all of the remaining benefits. 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, penalties for missed deadlines, 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 several separately identifiable 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 generally 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 an expense immediately and reported in the statement of financial position under other provisions. Revenue from the rendering of services is generally recognized over the period in which the services are rendered by allocating the transaction price on a straight-line basis over the period in which the services are rendered.

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 term of more than 12 months. They are amortized on a straight-line basis 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 and therefore do not reduce the EBITDA.

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.



TK Elevator Annual Report 2020/2021

## Research and development costs

Research expenses are recognized immediately to profit or loss.

Development costs that relate to the significant further development of a product or process are capitalized if the product or process is technically and commercially feasible, it is intended to complete the development, the development is marketable, the attributable expenditure can be measured reliably, and the Group has sufficient resources to complete development project. All other development costs are immediately 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 management approach, segment reporting of the Group is based on the internal organizational and reporting structure. The data used to determine the internal performance indicators are derived from the IFRS Consolidated Financial Statements, with the exemption of intragroup leases that are classified as current expenses.

## Estimates and assumptions

The preparation of the consolidated financial statements requires management to make estimates, judgements and assumptions that affect the Group's 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 net assets, financial position and results of operations; they are reviewed on an ongoing basis. This applies in particular to the possible impacts of the current global COVID-19 pandemic. Actual results may differ from these estimates.

Accounting estimates and judgments undertaken by management in the application of IFRS that have a significant impact on the consolidated financial statements are required, in particular, for the following matters:

### Accounting of business combinations

As a result of acquisitions, goodwill is recognized in the consolidated statement of financial position. In the initial consolidation of a business combination, all identifiable assets, liabilities and contingent liabilities are recognized at their respective fair value at the date of acquisition. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities at the acquisition date. Land, buildings and equipment are usually independently appraised while marketable securities are measured at their quoted 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 cash flows. These evaluations are linked closely to the assumptions made by management regarding the future development of the value of the assets concerned and the assumed changes in the discount rate to be applied. For further details, refer to Note 04.

### Recoverability of goodwill

The Group tests goodwill for impairment annually and in addition if any indicators exist that goodwill may be impaired. If there is an indication, the recoverable amount of the cash-generating unit is 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



TK Elevator Annual Report 2020/2021

appropriate, any unforeseen changes in these assumptions could result in an impairment loss, which could adversely impact 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, in particular those regarding future sale prices and sale volumes, costs and discount rates (cf. Notes 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 losses 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 on the basis of past experience and the circumstances known at the reporting date. This means that the outflow of benefits actually occurring at a later date 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. Under this method, sales are recognized according to the percentage-of-completion. This method requires an accurate estimate of the extent of contract progress. Depending on the method used to determine the stage of completion, the significant estimates include total contract costs, remaining costs to completion, total contract revenues, contract risks and other judgments. The management of the operating units 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 consistently 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 involving 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, the cost method, or a residual value method are used.



TK Elevator Annual Report 2020/2021

## Leases

The measurement of lease liabilities and significant assumptions made about the lease term and the exercise of renewal and purchase options is carried out based on all available facts and circumstances that provide an economic incentive to exercise renewal options or not to exercise termination options. Changes in the lease term due to the exercise or non-exercise of such options are included in the lease term only if they are considered reasonably certain. Where facts and circumstances change over time, a reassessment of the exercise of the options is undertaken.

## Income taxes

The recognition and measurement of current and deferred tax assets and liabilities depend on management's assessment 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 positions 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 returns cannot be realized (uncertain tax positions). The amount is determined from the best possible 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 provisions 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 risks

The Group companies are parties to legal disputes related to a number of litigations. The outcome of these litigations may have a material effect on the Group's net assets, financial position and results of operations. Management regularly analyzes current information about these matters and provides provisions for probable liabilities including the estimate of legal expense to resolve the matters. Internal and external lawyers are engaged for the assessments. 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 lawsuit or formal assertion of a claim against the Group companies or the disclosure of any such lawsuit 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. Regarding the contingent liabilities recognized within the context of the finalization of the purchase price allocation, refer to Note 04, and for the overall total contingent liabilities, refer to Note 15.



## TK Elevator Annual Report 2020/2021

### Impact of the COVID-19 Pandemic

The impact of the COVID-19 pandemic continues to affect the Group in the financial year 2020/2021.

Our Asia/Pacific, Americas and Europe/Africa business units, which make-up our elevator and escalator business, have been affected in varying degrees. Nevertheless, the repercussions of the COVID-19 pandemic were felt across all business units. Above all however, the Americas business unit was unable to reach its targets due to the severe economic impact of the pandemic. The Europe/Africa business unit also fell slightly short of the budgeted targets for order intake and sales due to partial COVID-19 restrictions, e.g. in Spain. The Asia/Pacific business unit also slightly missed its budgeted targets for order intake and sales, also mainly due to partial COVID-19 restrictions; India and Southeast Asia in particular were again impacted by the pandemic in the financial year 2020/2021. The Access Solutions Business Unit was impacted by the COVID-19 pandemic, especially in the Airport Solutions division. The reduced passenger volumes led to a decrease in new installation and service activities due to postponements and suspensions of some projects. Despite the COVID-19 pandemic, however, all other business units, except for the Americas business unit, attained or slightly exceeded their targets for the adjusted EBITDA.

Operational planning performance indicators were reviewed for validity within the context of the COVID-19 pandemic and the recoverability of goodwill was classified as non-critical. The weighted average cost of capital (WACC) for all CGUs declined, primarily due to falling equity costs. The WACC is based on a risk-free interest rate of 0.1 % (prior year: 0.0 %) and a market risk premium of 7.5 % (prior year: 7.5 %). Furthermore, trade accounts receivable, deferred tax assets and contract assets were tested for impairment as of September 30, 2021, which resulted in an impairment of trade accounts receivable only. In addition, the COVID-19-Pandemic is classified as a triggering event for impairment testing of further intangible assets and property, plant and equipment (also refer to Notes 05 and 06). Consequently, a review of the indications of whether there is an indication of possible impairment has been performed for these items at all business units as of September 30, 2021. For the customer relationships, the termination rate of the serviced units as of the date of the purchase price allocation of thyssenkrupp Elevator was compared with the termination rate for the 2020/2021 financial year. Furthermore, the adjusted gross margin of the services of the last 12 months as of September 30, 2020 was compared with the financial year 2020/2021 and the development of the cost of capital at the level of the cash-generating units was reviewed. There were no indications of a possible impairment at the level of the cash-generating units.

### Accounting pronouncements issued but not yet applicable in FY 2020/2021

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 does not currently anticipate that the application of these standards, interpretations and amendments will 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 IAS 1 "Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies", publication in February 2021, subject to EU endorsement, expected first-time application in financial year 2023/2024



## TK Elevator Annual Report 2020/2021

- Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates", publication in February 2021, subject to EU endorsement, expected first-time application in financial year 2023/2024
- Amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction", publication in May 2021, subject to EU endorsement, expected first-time application in financial year 2023/2024
- Amendments to IFRS 16 "Leases: Covid-19-Related Rent Concessions beyond 30 June 2021", published in March 2021, first-time application in financial year 2021/2022, because the Group did not apply the previous amendment that provided the lessee an option to simplify the accounting for concessions, such as deferral of rental payments or rental discounts granted in connection with the outbreak of the COVID 19 pandemic, the amendment with its update is also not expected to be applied.
- Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements Process 2018-2020 cycle, publication in May 2020, expected first-time application in financial year 2022/2023
- Amendments to IFRS 4 "Insurance Contracts – deferral of IFRS 9", publication in June 2020, 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, 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 financial year 2020/2021 and in the short financial year 2020:

#### Acquisitions/divestitures of businesses

Number of consolidated companies	Germany	Abroad	Total
Balance as of Jan. 02, 2020	1	-	1
Additions	17	110	127
Disposals	-	4	4
<b>Balance as of Sept. 30, 2020</b>	<b>18</b>	<b>106</b>	<b>124</b>
Additions	-	7	7
Disposals	2	7	9
<b>Balance as of Sept. 30, 2021</b>	<b>16</b>	<b>106</b>	<b>122</b>

The company TK Elevator Management Ltd. (formerly: thyssenkrupp Elevator (Management) Ltd.) based in Israel, of which 100 % of the shares are held, is not consolidated because it has an immaterial influence on the net assets, financial position and results of operations of the Group. The company's sales revenue amounts to € 0 thousand (prior year: € 0 thousand), the net result amounts to € (3) thousand (prior year: € 0 thousand) and equity amounts to € (62) thousand (prior year: € 13 thousand). There are no other companies that are not consolidated.

One joint venture was accounted for in the Group using the equity method until the acquisition of the remaining shares on December 1, 2020. This company has since then been fully consolidated.

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



## TK Elevator Annual Report 2020/2021

No.	Name and registered office	Share in capital (%)	Held via No.	Holding in %
<b>Argentina</b>				
1	TK Elevadores Argentina S.A., Buenos Aires, Argentina (formerly: thyssenkrupp Elevadores S.A., Buenos Aires, Argentina)	100	89 15	94.98 5.02
<b>Australia</b>				
2	TK Elevator Australia Pty. Ltd., Sydney/New South Wales, Australia (formerly: thyssenkrupp Elevator Australia Pty. Ltd., Sydney/New South Wales, Australia)	100	3	100
3	TK Elevator Pacific Pty. Ltd., Alexandria/New South Wales, Australia (formerly: thyssenkrupp Lifts Pacific Pty. Ltd., Alexandria/New South Wales, Australia)	100	40	100
<b>Austria</b>				
4	TK Aufzüge Gesellschaft m.b.H., Vienna, Austria (formerly: thyssenkrupp Aufzüge Gesellschaft m.b.H., Vienna, Austria)	100	69	100
5	TK Elevator Eastern Europe GmbH, Wien, Austria (formerly: thyssenkrupp Elevator Eastern Europe GmbH, Wien, Austria)	100	36 89 4	74 15 11
<b>Bahrain</b>				
6	TK Elevator Almoayyed W.L.L., Manama, Bahrain (formerly: thyssenkrupp Elevator Almoayyed W.L.L., Manama, Bahrain)	70	40	70
<b>Bangladesh</b>				
7	TK Elevator Bangladesh Private Limited, Dhaka, Bangladesh (formerly: thyssenkrupp Elevator (BD) Pvt. Ltd., Dhaka, Bangladesh)	100	49	100
<b>Belgium</b>				
8	TK Elevator Belgium N.V./S.A., Brussels, Belgium (formerly: thyssenkrupp Liften Ascenseurs S.A., Brussels, Belgium)	100	36	100
9	TK Home Solutions N.V., Gent, Belgium (formerly: thyssenkrupp Home Solutions N.V., Gent, Belgium)	100	71 45	99.93 0.07
<b>Brazil</b>				
10	TK Elevadores Brasil LTDA, Guaiba, Brazil	100	89	100
<b>Cambodia</b>				
11	TK Elevator (Cambodia) Co., Ltd., Phnom Penh, Cambodia (formerly: thyssenkrupp Technologies (Cambodia) Co., Ltd., Phnom Penh, Cambodia)	100	40	100
<b>Canada</b>				
12	TK Elevator Canada Holding, Inc., Calgary/Alberta, Canada (formerly: thyssenkrupp Elevator Canada Holding, Inc., Calgary/Alberta, Canada)	100	69	100
13	TK Elevator Canada Ltd., Toronto/Ontario, Canada (formerly: thyssenkrupp Elevator Canada Ltd., Toronto/Ontario, Canada)	100	14	100
14	TK Northern Elevator Corp., Scarborough/Ontario, Canada (formerly: thyssenkrupp Northern Elevator Corp., Scarborough/Ontario, Canada)	100	12	100



## TK Elevator Annual Report 2020/2021

### Chile

15	TK Elevadores Chile S.A., Santiago de Chile-Nunoa, Chile	100	89	98.84
			1	1.16

### China

16	Marohn TK Elevator Co. Ltd., Shanghai, China (formerly: Marohn thyssenkrupp Elevator Co. Ltd., Shanghai, China)	51	69	51
17	TK Access Solutions (Shanghai) Co. Ltd., Shanghai, China (formerly: thyssenkrupp Access China Ltd., Shanghai, China)	100	19	100
18	TK Airport Solutions Co, Ltd., Zhongshan/Guangdong, China (formerly: thyssenkrupp Airport Systems Co. (Zhongshan) Ltd., Zhongshan/Guangdong, China)	100	19	100
19	TK Elevator (China) Co., Ltd., Zhongshan, Guangdong Province, China (formerly: thyssen Elevators Co., Ltd., Zhongshan, Guangdong Province, China)	100	40	100
20	TK Elevator (Shanghai) Co. Ltd., Shanghai, China (formerly: thyssenkrupp Elevators (Shanghai) Co., Ltd., Shanghai, China)	100	19	100
21	TK Escalator Co. Ltd., Zhongshan, Guangdong Province, China (formerly: thyssenkrupp Escalator Co. (China) Ltd., Zhongshan, Guangdong Province, China)	100	19	100

### Colombia

22	TK Elevadores Colombia S.A., Bogota, Colombia (formerly: thyssenkrupp Elevadores S.A., Bogota, Colombia)	100	89	94
			1	1.5
			46	1.5
			15	1.5
			79	1.5

### Denmark

23	TK Elevator A/S, Glostrup, Denmark (formerly: thyssenkrupp Elevator A/S, Glostrup, Denmark)	100	36	100
----	---	-----	----	-----

### Egypt

24	TK Elevator Egypt S.A.E, Cairo, Egypt (formerly: thyssenkrupp Elevator - Egypt S.A.E., Cairo, Egypt)	100	89	57.74
			40	42.26

### France

25	Drieux-Combaluzier S.A.S., Les Lilas, France (formerly: Ascenseurs Drieux-Combaluzier S.A.S., Les Lilas, France)	100	29	100
26	MGTI S.A.S., Ivry-sur-Seine, France	100	29	100
27	Proxi-Line S.a.r.l., Noisiel, France (formerly: Proxi-Line S.a.r.l., Angers, France)	100	28	100
28	TK Elevator France Holding S.A.S., RUEIL-MALMAISON, France (formerly: thyssenkrupp Elevator Holding France S.A.S., Puteaux Cedex, France)	100	69	100
29	TK Elevator France S.A.S., Angers Cédex, France (formerly: thyssenkrupp Ascenseurs S.A.S., Angers Cédex, France)	100	28	100

### Germany

30	ELEG Europäische Lift + Escalator GmbH, Düsseldorf, Germany	100	40	100
31	LiftEquip GmbH Elevator Components, Neuhausen a.d.F., Germany	100	36	100
32	Rheinstahl Union Gesellschaft mit beschränkter Haftung, Düsseldorf, Germany	100	40	100



## TK Elevator Annual Report 2020/2021

33	Tepper Aufzüge GmbH, Münster, Germany	100	36	100
34	TK Aufzüge GmbH, Neuhausen a. d. Fildern, Germany	100	36	100
35	TK Aufzugswerke GmbH, Neuhausen a.d.F., Germany	99.5	36	99.5
36	TK Elevator Europe Africa GmbH, Essen, Germany	100	40	100
37	TK Elevator GmbH, Essen, Germany	100	39	100
38	TK Elevator Holdco GmbH, Essen, Germany	100	43	100
39	TK Elevator Holding GmbH, Essen, Germany	100	42	100
40	TK Elevator Innovation and Operations GmbH, Düsseldorf, Germany	100	37	100
41	TK Elevator Midco GmbH, Essen, Germany	100	38	100
42	TK Elevator Newco GmbH, Essen, Germany	100	41	100
43	TK Elevator Topco GmbH, Essen, Germany <sup>2</sup>			
44	TK Fahrtreppen GmbH, Hamburg, Germany	100	36	100
45	TK Home Solutions GmbH, Essen, Germany	100	40	100
<b>Guatemala</b>				
46	TK Elevadores Centroamerica S.A., Guatemala, Guatemala (formerly: thyssenkrupp Elevadores, S.A., Guatemala, Guatemala)	100	89 1	97.54 2.46
<b>Hong Kong</b>				
47	TK Elevator Hong Kong Limited, Hong Kong, Hong Kong (formerly: thyssenkrupp Elevator (HK) Ltd., Hong Kong, Hong Kong)	100	40	100
<b>Hungary</b>				
48	TK Elevator Solution Center Europe Kft., Budapest, Hungary	100	36	100
<b>India</b>				
49	TK Elevator India Private Limited, Maharashtra, India (formerly: thyssenkrupp Elevator (India) Private Limited, Maharashtra, India)	100	40	100
<b>Indonesia</b>				
50	PT. TKE Elevator Indonesia, Jakarta, Indonesia	94.67	40	94.67
<b>Ireland</b>				
51	TK Elevator Ireland, Ltd., Sword, Co Dublin, Ireland (formerly: thyssenkrupp Elevator Ireland, Ltd., Dublin, Ireland)	100	111	100
<b>Israel</b>				
52	TK Elevator Israel Holding LP, Rishon Le'zion, Israel (formerly: thyssenkrupp Elevator Israel LP, Rishon Le'zion, Israel)	100	89 30 53	49.9 49.9 0.2
53	TK Elevator Management Ltd., Rishon Le'zion, Israel (formerly: thyssenkrupp Elevator (Management) Ltd., Rishon Le'zion, Israel) <sup>3</sup>	100	30 89	50 50
<b>Italy</b>				
54	TK Elevator Italia S.p.A., Cologno Monzese, Italy	100	69	100
55	TK Home Solutions S.r.l., Pisa, Italy (formerly: thyssenkrupp Home Solutions S.r.l., Pisa, Italy)	100	54	100
<b>Japan</b>				
56	TK Home Solutions Japan Co., Ltd., Tokyo, Japan (formerly: thyssenkrupp Access Japan Co., Ltd., Tokyo, Japan)	100	40	100

<sup>2</sup> Parent company

<sup>3</sup> Immaterial, unconsolidated company



## TK Elevator Annual Report 2020/2021

### Jordan

57	TK Elevator Innovation and Operations GmbH/Jordan Co. Ltd., Amman, Jordan (formerly: thyssenkrupp Elevator/Jordan Ltd. Co., Amman, Jordan)	100	40	100
----	---	-----	----	-----

### Kazakhstan

58	thyssenkrupp Kazlift LLP, Almaty, Kazakhstan	100	89	100
----	--	-----	----	-----

### Korea

59	TK Elevator Korea Ltd., Seoul, Korea (formerly: thyssenkrupp Elevator (Korea) Ltd., Seoul, Korea)	100	40	100
----	---	-----	----	-----

### Kuwait

60	thyssenkrupp Elevator Kuwait Trading Co. WLL., Kuwait, Kuwait	100	40	100
----	---	-----	----	-----

### Luxembourg

61	TK Elevator Luxembourg S.à.r.l., Contern, Luxembourg (formerly: ThyssenKrupp Ascenseurs Luxembourg S.a.r.l., Contern, Luxembourg)	100	36	100
----	--	-----	----	-----

### Malaysia

62	TK Elevator Malaysia Sdn. Bhd., Selangor Darul Ehsan, Malaysia (formerly: thyssenkrupp Elevator Malaysia Sdn. Bhd., Selangor, Malaysia)	100	40	100
----	--	-----	----	-----

63	TK Lif & Eskalator Sdn. Bhd., Shah Alam, Malaysia	100	62 40	30 70
----	---	-----	----------	----------

### Mexico

64	TK Elevadores Mexico S.A. de C.V., Mexico City, Mexico	100	89 1	99.98 0.02
----	--	-----	---------	---------------

### Monaco

65	Compagnie des Ascenseurs et Elevateurs S.A.M. 'CASEL SAM', Monaco, Monaco	100	29	100
----	---	-----	----	-----

### Morocco

66	thyssenkrupp Elevator Maroc S.A.R.L., Casablanca, Marruecos, Morocco	100	89	100
----	--	-----	----	-----

### Myanmar

67	TKE Elevator Myanmar Limited, Yangon, Myanmar (formerly: thyssenkrupp Elevator Myanmar Limited, Yangon, Myanmar)	100	85 69	99 1
----	--	-----	----------	---------

### Netherlands

68	SkyLift B.V., Barneveld, Netherlands	100	71 70	99.94 0.06
----	--------------------------------------	-----	----------	---------------

69	TK Elevator International Holding B.V., Roermond, Netherlands (formerly: thyssenkrupp Elevator International Holding B.V., Roermond, Netherlands)	100	37	100
----	---	-----	----	-----

70	TK Elevator Netherlands B.V., Capelle aan den IJssel, Netherlands (formerly: thyssenkrupp Liften B.V., Krimpen aan den IJssel, Netherlands)	100	71	100
----	---	-----	----	-----

71	TK Elevator Netherlands Holding B.V., Capelle aan den IJssel, Netherlands (formerly: thyssenkrupp Elevator B.V., Capelle aan den IJssel, Netherlands)	100	69	100
----	---	-----	----	-----

72	TK Home Solutions B.V., Krimpen aan den IJssel, Netherlands	100	71	100
----	---	-----	----	-----



TK Elevator Annual Report 2020/2021

## New Zealand

73	TK Elevator New Zealand Ltd., Auckland, New Zealand (formerly: thyssenkrupp Elevator New Zealand Ltd., Auckland, New Zealand)	100	2	100
----	---	-----	---	-----

## Norway

74	TK Elevator Norway AS, Oslo, Norway	100	75	100
75	TK Elevator Norway Holding AS, Oslo, Norway	100	36	100
76	TK Rulletrapper AS, Oslo, Norway	100	75	100

## Panama

77	TK Elevadores Panama S.A., Panama, Panama (formerly: thyssenkrupp Elevadores S.A., Panama, Panama)	100	89	100
----	---	-----	----	-----

## Paraguay

78	thyssenkrupp Elevadores, S.R.L., Asunción, Paraguay	100	89	100
----	---	-----	----	-----

## Peru

79	TK Elevadores Peru S.A.C., Lima, Peru (formerly: thyssenkrupp Elevadores S.A.C., Lima, Peru)	100	89 1	99.81 0.19
----	---	-----	---------	---------------

## Portugal

80	TK Elevadores Portugal Unipessoal Lda., Lisbon, Portugal (formerly: thyssenkrupp Elevadores, S.A., Lisbon, Portugal)	100	89	100
----	---	-----	----	-----

## Puerto Rico

81	TK Elevator Inc., San Juan, Puerto Rico (formerly: thyssenkrupp Elevator Inc., San Juan, Puerto Rico)	100	118	100
----	--	-----	-----	-----

## Qatar

82	TK Elevator W.L.L., Doha, Qatar (formerly: thyssenkrupp Industries and Services Qatar LLC, Doha, Qatar)	100	40	100
----	--	-----	----	-----

## Russia

83	OOO TK Elevator, Moscow, Russia (formerly: OOO thyssenkrupp Elevator, Moscow, Russia)	100	36	100
----	--	-----	----	-----

## Saudi Arabia

84	TK Elevator Saudi Arabia Limited, Riyadh, Saudi Arabia (formerly: thyssenkrupp Saudi Arabia Limited, Riyadh, Saudi Arabia)	100	36 32	90 10
----	--	-----	----------	----------

## Singapore

85	TK Elevator Singapore Pte. Ltd., Singapore, Singapore	100	69	100
----	---	-----	----	-----

## Slovenia

86	thyssenkrupp dvigala d.o.o., Trzin, Slovenia	100	4	100
----	--	-----	---	-----

## South Africa

87	thyssenkrupp Elevator (South Africa) (Pty.) Ltd., Johannesburg, South Africa	100	40	100
----	---	-----	----	-----

## Spain

88	TK Airport Solutions, S.A., Mieres, Spain (formerly: thyssenkrupp Airport Solutions, S.A., Mieres, Spain)	100	89	100
89	TK Elevadores España S.L.U., Madrid, Spain (formerly: thyssenkrupp Elevadores, S.L.U., Madrid, Spain)	100	90	100
90	TK Elevator Ibérica Holding S.L.U., Madrid, Spain (formerly: thyssenkrupp Elevator Holding Ibérica S.L.U., Madrid, Spain)	100	69	100
91	TK Elevator Innovation Center S.A., Gijón (Asturias), Spain (formerly: thyssenkrupp Elevator Innovation Center, S.A., Mieres/Oviedo, Spain)	100	93	100



## TK Elevator Annual Report 2020/2021

92	TK Elevator Manufacturing Spain S.L.U., Mostoles, Spain (formerly: thyssenkrupp Elevator Manufacturing Spain S.L.U., Mostoles, Spain)	100	89	100
93	TK Escalator Norte S.A., Mieres (Asturias), Spain (formerly: thyssenkrupp Norte S.A., Mieres/Oviedo, Spain)	100	90 89	66.30 33.70
<b>Sweden</b>				
94	HissPartner i Stockholm AB, Stockholm, Sweden	100	95	100
95	KM Hiss & Portservice AB, Stockholm, Sweden	100	97	100
96	ManKan Hiss AB, Hägersten, Sweden	100	98	100
97	S:t Eriks Hiss AB, Stockholm, Sweden	100	99	100
98	Stockholms Hiss- & Elteknik AB, Hägersten, Sweden	100	99	100
99	TK Elevator Sweden AB, Stockholm, Sweden (formerly: thyssenkrupp Elevator Sverige AB, Stockholm, Sweden)	100	75	100
<b>Switzerland</b>				
100	TK Aufzüge AG, Rümlang, Switzerland (formerly: thyssenkrupp Aufzüge AG, Rümlang, Switzerland)	100	36 29	85.84 14.16
101	Trapo Küng AG, Zwingen, Switzerland	100	100	100
<b>Taiwan</b>				
102	Sun Rich Elevator Co., Ltd., Taipei, Taiwan	100	40	100
103	TK Elevator Taiwan Co., Ltd., Taipei, Taiwan (formerly: thyssenkrupp Elevator (Taiwan) Co., Ltd., Taipei, Taiwan)	100	40	100
<b>Thailand</b>				
104	TK Elevator (Thailand) Co., Ltd., Bangkok, Thailand	100	40	100
<b>Turkey</b>				
105	TK Asansör Sanayi ve Tic. A.Ş., Atasehir – Istanbul, Turkey	100	89 36 40	47.35 35.55 17.10
<b>United Arab Emirates</b>				
106	TK Elevator L.L.C., Abu Dhabi, United Arab Emirates (formerly: thyssenkrupp Elevator L.L.C., Abu Dhabi, United Arab Emirates)	49	40	49
107	TK Elevator UAE LLC, Dubai, United Arab Emirates	100	40	100
<b>United Kingdom, Great Britain and North Ireland</b>				
108	Lift & Engineering Services Ltd., Cradley Heath, West Midlands, United Kingdom, Great Britain and North Ireland	100	69	100
109	SDV Escalators Ltd. (UK), Lenton, Nottingham, United Kingdom, Great Britain and North Ireland (formerly: SDV Escalators Ltd. (UK), Skipton, North Yorkshire, United Kingdom, Great Britain and North Ireland)	100	69	100
110	TK Access Solutions Ltd., Stockton-on-Tees, United Kingdom, Great Britain and North Ireland (formerly: thyssenkrupp Access Ltd., Stockton-on-Tees, United Kingdom, Great Britain and North Ireland)	100	69	100
111	TK Elevator UK Holding Ltd., Lenton, Nottingham, United Kingdom, Great Britain and North Ireland (formerly: thyssenkrupp Aufzüge Ltd., Nottingham, United Kingdom, Great Britain and North Ireland)	100	69	100
112	TK Elevator UK Ltd., Lenton, Nottingham, United Kingdom, Great Britain and North Ireland (formerly: thyssenkrupp	100	111	100



## TK Elevator Annual Report 2020/2021

Elevator UK Ltd., Nottingham, United Kingdom, Great Britain and North Ireland)

### Uruguay

113	TK Elevadores Uruguay SRL, Montevideo, Uruguay (formerly: thyssenkrupp Elevadores, S.R.L., Montevideo, Uruguay)	100	89 1	98.92 1.08
-----	---	-----	---------	---------------

### USA

114	Braun TK Elevator LLC, Madison/Wisconsin, USA (formerly: Braun thyssenkrupp Elevator LLC, Madison/Wisconsin, USA) <sup>4</sup>	100	118	100
115	TK Access Solutions Corp., Kansas City/Missouri, USA (formerly: thyssenkrupp Access Corp., Kansas City/Missouri, USA)	100	122	100
116	TK Airport Solutions Inc., Wilmington, Delaware, USA (formerly: thyssenkrupp Airport Systems Inc., Fort Worth/Texas, USA)	100	122	100
117	TK Elevator Americas Corporation, Wilmington/Delaware, USA (formerly: thyssenkrupp Elevator Americas Corp., Wilmington/Delaware, USA)	100	122	100
118	TK Elevator Corporation, Wilmington/Delaware, USA (formerly: thyssenkrupp Elevator Corp., Wilmington/Delaware, USA)	100	117	100
119	TK Elevator Manufacturing Inc., Wilmington/Delaware, USA (formerly: thyssenkrupp Elevator Manufacturing Inc., Wilmington/Delaware, USA)	100	118	100
120	TK Elevator Real Estate USA, LLC, Chicago, IL, USA (formerly: thyssenkrupp Elevator Real Estate USA, LLC, Chicago, IL, USA)	100	122	100
121	TK Elevator U.S. Newco, Inc., New York, USA (formerly: Vertical US NewCo Inc, New York, USA)	100	42	100
122	TK Elevator USA Holding, Inc., Chicago/ IL., USA (formerly: thyssenkrupp Elevator USA Holding, Inc., Chicago/ IL., USA)	100	121	100

### Vietnam

123	thyssenkrupp Elevator Vietnam Co., Ltd., Hanoi, Vietnam	100	40	100
-----	---	-----	----	-----

## Acquisitions

### *Acquisition of thyssenkrupp Elevator*

In the short financial year 2020, the Company acquired all the shares in thyssenkrupp Elevator on July 31, 2020. The corresponding purchase price allocation was finalized within 12 months after the acquisition, thus in the fourth quarter of the 2020/2021 financial year.

Arising from the finalization of the purchase price allocation of the acquisition of thyssenkrupp Elevator as of July 31, 2020 the other component of the purchase price decreased from € 70 million to € 43 million. This resulted a final total purchase price of € 16,820 million.

The reduction in the purchase price results from an adjustment of the non-cash purchase agreement compensation obligation of TK Elevator to thyssenkrupp AG in the amount of € 43 million. The total obligation sum largely arises from the assumption of the tax loss carryforwards from the former US tax group. The tax

<sup>4</sup> This was a joint venture until Dec. 1, 2020. The company has been fully consolidated since Dec. 1, 2020.



## TK Elevator Annual Report 2020/2021

payments assumed for the account of TK Elevator and new findings in tax matters were taken into account as a reduction of the obligation. Changes arose in particular from the now completed assessment of the tax risks that had already existed at the time of acquisition and are to be reimbursed by thyssenkrupp AG in accordance with the purchase agreement stipulations. All items included in this position were affected by these changes. In total, this resulted in a change of € 27 million. The measurement of these items is based on the expected payment or reimbursement amount and the respective probability of occurrence. Where necessary, discounting was undertaken.

The material changes in the statement of financial position compared to the preliminary purchase price allocation that result in an increase in goodwill are as follows:

- Reduction of customer relationships by € 89 million
- Increase in lease liabilities by € 21 million
- Increase in tax liabilities and contingent liabilities by € 92 million and
- Increase in deferred tax liabilities after offsetting by € 107 million.

The material changes in the statement of financial position compared to the preliminary purchase price allocation that result in a decrease of goodwill are as follows:

- Increase related to the use of the "TK Elevator" brand by € 426 million
- Recognition of IP in connection with MULTI in the amount of € 19 million
- Increase in rights of use in connection with the lease agreements in the amount of € 20 million and
- Reduction of pension obligations by € 30 million due to a change in the system for deriving the measurement parameters for the measurement of German pension obligations, in particular with respect to the discount rate, pension dynamics and biometric assumptions.

In addition, the inventory measurement (mainly the Asia/Pacific business unit) was still recorded as a provisional amount in the previous financial year. However, there were no changes to this item within the context of the finalization of the purchase price allocation of thyssenkrupp Elevator in the 2020/2021 financial year.

In total, the final purchase price allocation (PPA) breaks down as follows:



TK Elevator Annual Report 2020/2021

## Acquisition of thyssenkrupp Elevator

million €	Initial PPA	Adjustments	Final PPA
Goodwill	12,157	(211)	11,945
Other intangible assets	6,534	355	6,889
Property, plant and equipment	963	20	983
Investments accounted for using the equity method	24	-	24
Other non-current financial assets	67	-	67
Other non-current non-financial assets	44	-	44
Deferred tax assets	306	(8)	297
Inventories	674	-	674
Trade accounts receivable	1,370	(0)	1,370
Contract assets	459	-	459
Other current financial assets	47	-	47
Other current non-financial assets	315	-	315
Current income tax assets	101	-	101
Cash, cash equivalents and time deposits	736	-	736
<b>Total assets</b>	<b>23,798</b>	<b>155</b>	<b>23,952</b>
Accrued pension and similar obligations	385	(30)	355
Provisions for other long-term employee benefits	29	1	30
Other non-current provisions	233	74	307
Deferred tax liabilities	1,947	99	2,046
Non-current financial debt	197	17	213
Other non-current financial liabilities	0	-	0
Other non-current non-financial liabilities	0	-	0
Provisions for other current employee benefits	158	-	158
Other current provisions	366	-	366
Current income tax liabilities	128	15	143
Current financial debt	75	4	79
Trade accounts payable	678	-	678
Other current financial liabilities	58	-	58
Contract liabilities	1,802	-	1,802
Other current non-financial liabilities	872	3	875
<b>Total liabilities</b>	<b>6,926</b>	<b>182</b>	<b>7,108</b>
<b>Net assets</b>	<b>16,872</b>	<b>(28)</b>	<b>16,844</b>
Non-controlling interest	24	0	24
<b>Purchase price</b>	<b>16,848</b>	<b>(28)</b>	<b>16,820</b>

### 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 the finalization of the purchase price allocation, additional contingent liabilities were recognized that are attributable to various legal and other risks from the operating business. Material additional contingent liabilities recognized retrospectively as of July 31, 2020 as litigation risks or as other provisions in connection with the finalization of the purchase price allocation are as follows:

The Group is exposed to potential risks from full compliance with regulatory requirements that could arise in connection with the processing of data. The carrying amount is € 23 million and the estimated probability of the obligation is 20 %.

For certain products, the Group has committed itself to offer selected customers an exchange of specific components. The carrying amount is € 13 million and the estimated probability of the obligation is 20%.

Due to delays in the installation of products, there are possible additional costs to maintain the products in an operational condition. The carrying amount is € 7 million and the estimated probability of the obligation is 45%.



TK Elevator Annual Report 2020/2021

The Group is examining potential risks in the area of IT that could arise as a consequence of the sale of thyssenkrupp Elevator. The carrying amount is € 6 million and the estimated probability of the obligation is 40%.

The remaining risks for which a contingent liability has been recognized can be divided into the categories “legal risk”, “other operating risk” and “tax risk”. The remaining legal risks result in a total recognized carrying amount of € 7 million and the estimated probability of the obligations recognized therein is between 25% - 45%. The remaining other operating risks result in a total carrying amount of € 20 million and the estimated probability of the risks taken into account is between 10% - 45%. The tax risks result in a total carrying amount of € 8 million and the estimated probability of the risks recognized therein is between 10% - 45%.

### *Acquisition of Braun thyssenkrupp Elevator LLC*

On December 1, 2020, an affiliated entity of the Company acquired the remaining shares (50%) of the elevator service company, Braun thyssenkrupp Elevator LLC (“Braun”), Madison/Wisconsin, USA, for a purchase price of € 13 million; this mainly because the company is strongly positioned on the market, which thus supports the Group’s goal of generating growth in the USA. The Group has held a 50% share in Braun since 2005, and is accounted for as a joint venture using the equity method. This acquisition was included as a business combination acquired in stages pursuant to IFRS 3.

The 50% share that was acquired before December 1, 2020, was remeasured as part of the acquisition of thyssenkrupp Elevator as of July 31, 2020. The corresponding carrying value amounted to € 25 million as of September 30, 2020. As of December 1, 2020, the carrying amount of the 50% share amounted to € 23 million. In addition, the Company had the option to acquire the remaining 50% shareholding. This option had a carrying value of € 12 million as of December 1, 2020. Since the option was exercised on December 1, 2020, the Company acquired the remaining 50% share at a purchase price of € 13 million. As a consequence of the remaining 50% interest share, another remeasurement was performed on the 50% share already held as of December 1, 2020, which led to a value of € 25 million. Subsequently, the remeasurement resulted in income of € 2 million and is reported under “Other income” in the consolidated statement profit or loss.

The consideration transferred comprises of a cash payment of € 13 million, the carrying amount of the option of € 12 million and the remeasurement of the share already held of € 25 million, which totals € 49 million. A purchase price allocation was undertaken for this acquisition and impacted the consolidated financial statements as follows:



TK Elevator Annual Report 2020/2021

## Acquisition of Braun thyssenkrupp Elevator LLC

million €	
Goodwill	33
Other intangible assets	20
Property, plant and equipment	0
Inventories	1
Trade accounts receivable	2
Contract assets	-
Other current non-financial assets	0
Cash, cash equivalents and time deposits	2
<b>Total assets</b>	<b>58</b>
Deferred tax liabilities	5
Provisions for current employee benefits	0
Other provisions	0
Current income tax liabilities	0
Financial debt	0
Trade accounts payable	0
Other current financial liabilities	-
Contract liabilities	3
Other current non-financial liabilities	1
<b>Total liabilities</b>	<b>9</b>
<b>Net assets</b>	<b>49</b>
Non-controlling interest	-
<b>Purchase price (for 100% stake)</b>	<b>49</b>
Thereof: paid in cash and cash equivalents (50% new stake)	13
Thereof: fair value of the option	12
Thereof: remeasurement of previously held equity interest (50% stake)	25

### *Other intangible assets*

Other intangible assets include customer relationships in the amount of € 20 million, of which € 18 million arises from step-ups from the purchase price allocation. The remaining useful life of the customer relationships is 23 years.

### *Acquired receivables*

The fair value of receivables amounts to € 2 million. An estimate of the uncollectible portion of the receivables is based on the probability of default, which generally assumes default after 360 days. The average probability of default as of September 30, 2020 is 6 %. Hence, the estimated uncollectible portion of the receivables amounts to € 130 thousand as of December 31, 2020. The gross amount of the receivables is € 2 million.

### *Contingent liabilities*

No contingent liabilities existed at the date of acquisition; therefore, no contingent liabilities have been recognized.

### *Goodwill*

The goodwill is mainly attributable to know-how in the elevator industry and potential new business as well as unspecified business potential within the business model of Braun thyssenkrupp Elevator LLC. 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. Since this business potential does not meet the recognition criteria for an intangible asset in a purchase price allocation, this is



TK Elevator Annual Report 2020/2021

reflected in goodwill. The acquired know-how consists of processes, technologies and unspecified process know-how. The goodwill is not tax deductible.

Since the company acquired as of December 1, 2020 has been part of the Group, the Company generated sales of € 18 million and net income of € 5 million as of September 30, 2021. If the acquisition of the remaining share interest (50%) had taken place on October 1, 2020, the remaining 50% share in the company would have contributed sales of € 2 million and net income of € 322 thousand for the months of October and November 2020. The amount of the 50% share already held is included in the amount of € 301 thousand under the line item "Income for companies accounted for using the equity method" in the consolidated statement of profit or loss and reflects the income from the equity interest before the acquisition of the remaining 50% share as of December 1, 2020.

The Group incurred acquisition-related expenses from the business combination in the amount of € 53 thousand.

#### *Other acquisitions*

During the 2020/2021 financial year, the Company undertook additional smaller acquisitions that individually and in total are not material. The following companies were acquired:

- - Sdiptech's Swedish elevator business in Sweden
- - Albany Elevator Inc., in Albany, New York, USA,
- - Direct Elevator Service Ltd., True Canadian Elevator Maintenance Company Ltd. and Bay Elevator Ltd. in Canada,
- - Accurate Elevator Inspection Services Inc. in Marathon, Florida, USA and
- - City Elevator Ltd. in Canada.

These acquisitions comprise of asset and share deals. Based on a partial preliminary purchase price allocation, the acquisitions have the following impact on the consolidated financial statements:



TK Elevator Annual Report 2020/2021

## Further acquisitions

million €	
Goodwill	31
Other intangible assets	28
Property, plant and equipment	2
Deferred tax assets	1
Inventories	2
Trade accounts receivable	7
Contract assets	2
Other current non-financial assets	0
Current income tax assets	0
Cash, cash equivalents and time deposits	2
<b>Total assets</b>	<b>76</b>
Deferred tax liabilities	3
Non-current financial debt	1
Other current provisions	1
Current income tax liabilities	0
Current financial debt	0
Trade accounts payable	3
Contract liabilities	1
Other current non-financial liabilities	2
<b>Total liabilities</b>	<b>12</b>
<b>Net assets</b>	<b>64</b>
Non-controlling interest	-
<b>Purchase price (100% stake)</b>	<b>64</b>
Thereof: paid in cash and cash equivalents	59



TK Elevator Annual Report 2020/2021

## Notes to the Consolidated Statements of Financial Position

### 05 Intangible assets

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

#### Changes in intangible assets

million €	Development costs, internally developed software and website	Brands	Customer relationships	Franchises, patents, acquired software and similar rights and values as well as licenses thereto	Goodwill	Total
<b>Gross amounts</b>						
<b>Balance as of Jan. 02, 2020</b>	-	-	-	-	-	-
Currency differences	(0)	0	41	1	149	191
Acquisitions/divestitures of businesses	36	888	5,695	272	11,945	18,836
Additions	12	-	0	15	-	27
Transfers	-	-	-	0	(0)	0
Disposals	-	-	-	(2)	-	(2)
<b>Balance as of Sept. 30, 2020</b>	<b>48</b>	<b>889</b>	<b>5,736</b>	<b>285</b>	<b>12,094</b>	<b>19,052</b>
Currency differences	(0)	1	107	2	296	405
Acquisitions/divestitures of businesses	-	0	49	0	63	113
Additions	40	-	0	16	-	56
Transfers	(1)	-	(0)	1	-	0
Disposals	(1)	-	(0)	(4)	-	(5)
<b>Balance as of Sept. 30, 2021</b>	<b>87</b>	<b>890</b>	<b>5,892</b>	<b>301</b>	<b>12,452</b>	<b>19,621</b>
<b>Accumulated amortization and impairment losses</b>						
<b>Balance as of Jan. 02, 2020</b>	-	-	-	-	-	-
Currency differences	(0)	-	(0)	(0)	-	(0)
Acquisitions/divestitures of businesses	-	-	(2)	(0)	-	(2)
Amortization expense	(1)	(0)	(89)	(8)	-	(98)
Impairment losses	-	-	(0)	-	-	(0)
Reversals of impairment losses	-	-	-	0	-	0
Transfers	-	-	-	-	-	-
Disposals	-	-	-	2	-	2
<b>Balance as of Sept. 30, 2020</b>	<b>(1)</b>	<b>(0)</b>	<b>(90)</b>	<b>(6)</b>	<b>-</b>	<b>(98)</b>
Currency differences	(0)	-	(16)	(0)	-	(16)
Acquisitions/divestitures of businesses	-	-	(1)	(0)	(0)	(1)
Amortization expense	(5)	(0)	(540)	(41)	-	(586)
Impairment losses	-	-	(0)	-	-	(0)
Reversals of impairment losses	-	-	-	0	-	0
Transfers	-	-	-	-	-	-
Disposals	0	-	-	3	-	3
<b>Balance as of Sept. 30, 2021</b>	<b>(7)</b>	<b>(0)</b>	<b>(648)</b>	<b>(45)</b>	<b>(0)</b>	<b>(699)</b>
<b>Net amounts</b>						
<b>Balance as of Jan. 02, 2020</b>	-	-	-	-	-	-
<b>Balance as of Sept. 30, 2020</b>	<b>47</b>	<b>889</b>	<b>5,645</b>	<b>279</b>	<b>12,094</b>	<b>18,954</b>
<b>Balance as of Sept. 30, 2021</b>	<b>80</b>	<b>889</b>	<b>5,244</b>	<b>256</b>	<b>12,452</b>	<b>18,921</b>

#### thyssenkrupp brand

The "other non-financial assets" of € 74 million that were recognized as of July 31, 2020 for the use of the "thyssenkrupp" brand in certain brand classes and amortized over a period of twelve months is now amortized

## TK Elevator Annual Report 2020/2021

in full. The “TK Elevator” brand 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 € 821 million. Five additional brands were also acquired as part of the acquisition of thyssenkrupp Elevator (“Tepper”, “Skylift”, “O’Keefe”, “Sänfte” and “Marohn”). These brands account for a total value of € 67 million, of which the largest share of € 29 million relates to the “Tepper” brand. For the purpose of determining whether the useful life of the brand is indefinite or finite, the following main aspects were considered from the perspective of a hypothetical acquirer:

- 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 identified brands are not amortized primarily due to their indefinite useful lives, but are tested for impairment in conformity with IAS 38.108 and IAS 36.

### Customer relationships

The customer relationships acquired 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 purchase price allocation. As of September 30, 2021, the value for customer relationships amounts to € 5,244 million (prior year: € 5,645 million), which largely arose from the valuation as part of the purchase price allocation from the acquisition of thyssenkrupp Elevator and were amortized over the economic useful life. Since the brands are allocated to the same level as goodwill, the same assumptions apply as for the impairment testing of goodwill.

### Goodwill impairment

No impairment losses have been recognized in the financial year 2020/2021 like in the short financial year 2020.

### Goodwill

Goodwill (excluding goodwill of investments accounted for at equity) has been allocated to the cash-generating units (CGUs) of all the business units. The higher of value in use and fair value less costs to sell determine the recoverable amount of a CGU in accordance with IFRS. In the scope of the consolidated financial statements, the higher value for the CGUs was determined on the basis of the value in use using the discounted cash flow method. The planned after-tax cash flow projections from the bottom-up three-year plan and approved by the Company’s management are applied. For two additional planning years, an extrapolation by the Company’s management was taken into account. 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 parameters for the perpetual annuity. A business-specific sustained growth rate is taken into account. The growth rate applied is 1.25 % for all CGUs (prior year: 1.25 %). The total cost of capital used for discounting is based on a risk-free interest rate of 0.1 % (prior year: 0.0 %) and a market risk premium of 7.5 % (prior year: 7.5 %). Moreover, for each CGU the beta, the cost of debt and the capital structure is derived individually from the relevant peer group. In addition, CGU-specific tax rates and country risk premiums are applied. The cash flows are discounted using after-tax discount rates. Based on an iterative calculation, the following pre-tax discount rates are derived from the after-tax discount rates.



TK Elevator Annual Report 2020/2021

## Pre-tax discount rates

in %	Ranges	
	Sept. 30, 2020	Sept. 30, 2021
TK Elevator Topco Group	8.0-9.3	7.0 - 10.3

The values in use for the CGUs are determined based on both historical data and expected 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 groups of CGUs were identified within the Group; of which, goodwill is allocated to all CGUs. As of September 30, 2021, total goodwill amounts to € 12,452 million (prior year: € 12,094 million). The majority of the total goodwill is attributable to the Americas, Europe/Africa and Asia/Pacific CGUs, which are shown in the following table:

Material goodwill amounts as of September 30, 2021:

CGU	Carrying amount of goodwill allocated to CGU in € million	Share in total goodwill in %	Carrying value of the assets with indefinite useful life allocated to the CGU in € million	Pre-tax discount rate in %	Growth rate in %	Descriptions of key assumptions for the business plans	Procedure used to determine key assumptions
Americas	5,773	46	343	7.0	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	2,449	20	227	7.8	1.25	- Market growth rates - Business cycles	Consideration of economic assumptions set by TK Elevator Topco GmbH and external market studies
Asia/ Pacific	3,847	31	277	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

Material goodwill amounts as of September 30, 2020:

CGU	Carrying amount of goodwill allocated to CGU in € million	Share in total goodwill in %	Carrying value of the assets with indefinite useful life allocated to the CGU in € million	Pre-tax discount rate in %	Growth rate in %	Descriptions of key assumptions for the business plans	Procedure used to determine key assumptions
Americas	5,603	46	344	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	2,432	20	233	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	3,679	30	275	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

The annual impairment testing on goodwill did not result in an impairment requirement for any of the CGUs, because the recoverable amount was higher than the carrying amount of the respective CGU in all cases.

Even in the case of a change in the key valuation parameters, no impairment would arise for any of the CGUs.

Impairment of other intangible assets

No impairment losses were incurred in the financial year 2020/2021.



TK Elevator Annual Report 2020/2021

## 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
<b>Gross amounts</b>							
<b>Balance as of Jan. 02, 2020</b>	-	-	-	-	-	-	-
Currency differences	3	0	2	2	-	1	8
Acquisitions/divestitures of businesses	384	91	150	286	2	71	984
Additions	6	2	5	20	0	11	44
Transfers	0	(0)	2	-	-	(2)	(0)
Disposals	(0)	(0)	(1)	(2)	(0)	(0)	(3)
<b>Balance as of Sept. 30, 2020</b>	<b>393</b>	<b>93</b>	<b>158</b>	<b>305</b>	<b>2</b>	<b>81</b>	<b>1,033</b>
Currency differences	7	2	4	7	-	1	22
Acquisitions/divestitures of businesses	(0)	1	1	1	0	-	3
Additions	46	11	29	157	1	8	251
Transfers	0	1	6	(0)	0	(3)	4
Disposals	(0)	(2)	(7)	(20)	0	(1)	(31)
<b>Balance as of Sept. 30, 2021</b>	<b>446</b>	<b>105</b>	<b>192</b>	<b>451</b>	<b>2</b>	<b>86</b>	<b>1,284</b>
<b>Accumulated depreciation and impairment losses</b>							
<b>Balance as of Jan. 02, 2020</b>	-	-	-	-	-	-	-
Currency differences	0	(0)	0	(0)	0	-	0
Acquisitions/divestitures of businesses	0	0	0	0	-	-	0
Depreciation expense	3	3	6	16	0	-	29
Impairment losses	-	0	-	-	-	-	0
Reversals of impairment losses	-	-	-	-	-	-	-
Transfers	0	-	(0)	-	-	-	-
Disposals	(0)	(0)	(0)	(1)	-	-	(1)
<b>Balance as of Sept. 30, 2020</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>16</b>	<b>0</b>	<b>-</b>	<b>28</b>
Currency differences	0	0	1	2	(0)	-	3
Acquisitions/divestitures of businesses	(0)	(0)	1	0	-	-	0
Depreciation expense	18	20	34	97	1	-	170
Impairment losses	-	-	-	-	-	-	-
Reversals of impairment losses	-	-	(0)	-	-	-	(0)
Transfers	-	(0)	0	-	-	-	-
Disposals	(0)	(2)	(5)	(1)	-	-	(8)
<b>Balance as of Sept. 30, 2021</b>	<b>20</b>	<b>22</b>	<b>38</b>	<b>113</b>	<b>1</b>	<b>-</b>	<b>195</b>
<b>Net amounts</b>							
<b>Balance as of Jan. 02, 2020</b>	-	-	-	-	-	-	-
<b>Balance as of Sept. 30, 2020</b>	<b>390</b>	<b>90</b>	<b>152</b>	<b>289</b>	<b>2</b>	<b>81</b>	<b>1,005</b>
<b>Balance as of Sept. 30, 2021</b>	<b>425</b>	<b>83</b>	<b>154</b>	<b>338</b>	<b>1</b>	<b>86</b>	<b>1,088</b>

### Leases - for lessees (IFRS 16)

Property, plant and equipment also include right-of-use assets, the composition and development of which are presented below:



TK Elevator Annual Report 2020/2021

## Changes in right-of-use assets

million €	Land	Buildings	Technical machinery and equipment	Other equipment, factory and office equipment	Total
<b>Gross amounts</b>					
<b>Balance as of Jan. 2, 2020</b>	-	-	-	-	-
Currency differences	0	1	(0)	1	2
Acquisitions/divestitures of businesses	2	194	0	89	286
Additions	-	10	-	10	20
Transfers	-	(1)	1	-	-
Disposals	-	(1)	-	(1)	(2)
<b>Balance as of Sept. 30, 2020</b>	<b>2</b>	<b>204</b>	<b>1</b>	<b>98</b>	<b>305</b>
Currency differences	0	5	0	2	7
Acquisitions/divestitures of businesses	-	1	0	1	1
Additions	0	111	0	46	157
Transfers	-	-	(0)	-	(0)
Disposals	-	(15)	-	(5)	(20)
<b>Balance as of Sept. 30, 2021</b>	<b>3</b>	<b>305</b>	<b>1</b>	<b>142</b>	<b>451</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Balance as of Jan. 2, 2020</b>	-	-	-	-	-
Currency differences	0	0	(0)	(0)	(0)
Acquisitions/divestitures of businesses	-	0	0	0	0
Depreciation expense	0	9	0	7	16
Impairment losses	-	-	-	-	-
Reversals of impairment losses	-	-	-	-	-
Transfers	-	-	-	-	-
Disposals	-	(0)	-	(1)	(1)
<b>Balance as of Sept. 30, 2020</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>7</b>	<b>16</b>
Currency differences	0	1	0	1	2
Acquisitions/divestitures of businesses	-	(0)	0	0	0
Depreciation expense	0	55	0	41	97
Impairment losses	-	-	-	-	-
Reversals of impairment losses	-	-	-	-	-
Transfers	-	-	-	-	-
Disposals	0	(2)	0	0	(1)
<b>Balance as of Sept. 30, 2021</b>	<b>0</b>	<b>64</b>	<b>0</b>	<b>49</b>	<b>113</b>
<b>Net amounts</b>					
<b>Balance as of Jan. 02, 2020</b>	-	-	-	-	-
<b>Balance as of Sept. 30, 2020</b>	<b>2</b>	<b>195</b>	<b>1</b>	<b>91</b>	<b>289</b>
<b>Balance as of Sept. 30, 2021</b>	<b>2</b>	<b>241</b>	<b>1</b>	<b>93</b>	<b>338</b>

As a lessee, the Group predominantly leases buildings and other equipment, factory and office equipment. The lease liabilities arising from the lease are reported under financial debt (cf. Note 16).

## 07 Investments accounted for using the equity method

One joint venture was accounted for using the equity method as of December 1, 2020, but it was immaterial. Since December 1, 2020, this company has been fully consolidated as a wholly-owned subsidiary following the acquisition of the remaining shares.

The aggregated financial information of the immaterial investment accounted for using the equity method is presented in the table below. The information stated represents the Group's share in each case. The financial



TK Elevator Annual Report 2020/2021

information stated for the 2020/2021 financial year relates only to the period in which it was still represented as a joint venture.

## Summarized financial information of investments accounted for using the equity method

million €	Joint ventures	
	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
Income/(loss) from continuing operations (net of tax)	1	0
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>1</b>	<b>0</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

## 08 Inventories

Inventories	Sept. 30, 2020	Sept. 30, 2021
million €		
Raw materials	181	187
Supplies	22	24
Work in process	300	268
Finished products, merchandise	118	123
<b>Total</b>	<b>621</b>	<b>602</b>

Inventories in the amount of € 5,023 million (prior year: € 914 million) are recognized as cost of sales in the year under review. In the financial year 2020/2021, the valuation allowances for inventories amounted to € 10 million (prior year: € 1 million).

## 09 Trade accounts receivable

Trade accounts receivable in the amount of € 0 million (prior year: € 16 million) have a remaining term of more than one year. As of September 30, 2021, the specific valuation allowances for receivables totaled € 157 million (prior year: € 136 million); for more details refer to disclosures in Note 21 Financial instruments.

## 10 Assets and liabilities from contracts with customers

As of September 30, 2021, the current assets include contract assets in the amount of € 399 million (prior year: € 467 million); of which € 198 million (prior year: € 49 million) have a remaining term of more than one year. In the 2020/2021 financial year, impairment losses on contract assets in the amount of € 7 million (prior year: € 10 million) are recognized under selling expenses. The cumulative adjustment to revenue impacting the related contract assets amounts to € (8) million (prior year: € 0 million) for the 2020/2021 financial year.

As of September 30, 2021, the Group's current liabilities include contract liabilities in the amount of € 1,732 million (prior year: € 1,721 million); of which € 990 million (prior year: € 78 million) has a remaining term of more



TK Elevator Annual Report 2020/2021

than one year. In the financial year 2020/2021, sales revenue of € 1,126 million (prior year: € 75 million) was recognized, which had been included in the net balance of contract liabilities at the beginning of the financial year. The cumulative adjustment to revenue impacting the related contract liability amounts to € 2 million (prior year: € 0 million) for the financial year 2020/2021.

Costs of initiating/fulfilling contracts with customers amount to € 12 million (prior year: € 12 million) as of September 30, 2021. No impairment losses were recognized for those items in the financial year 2020/2021 and in the short financial year 2020.

The total transaction price allocated to performance obligations that were unfulfilled or partially unfulfilled as of September 30, 2021 and have an original maturity of more than 12 months – making appropriate use of the relief provision under IFRS 15.121a – amounts to € 3,100 million (prior year: € 2,647 million). The expected recognition of the corresponding future sales revenue by period is as follows:

### Future sales from contracts with customers: Sept. 30, 2021

million €	
(for financial years)	
2021/2022	1,446
2022/2023 – 2025/2026	1,502
after 2025/2026	153
<b>Total</b>	<b>3,100</b>

In the prior year, the expected future sales revenue was as follows:

### Future sales from contracts with customers: Sept. 30, 2020

million €	
(for financial years)	
2020/2021	1,565
2021/2022 – 2024/2025	1,053
after 2024/2025	29
<b>Total</b>	<b>2,647</b>



TK Elevator Annual Report 2020/2021

## 11 Other financial assets

### Other financial assets

million €	Sept. 30, 2020		September 30, 2021	
	current	non-current	current	non-current
Other miscellaneous financial assets	67	391	64	434
Equity instruments	-	0	-	0
Debt instruments	0	3	0	3
Derivatives not qualifying for hedge accounting	5	-	10	-
Derivatives qualifying for hedge accounting	1	-	2	-
<b>Total</b>	<b>73</b>	<b>394</b>	<b>76</b>	<b>437</b>

Other financial assets in the amount of € 437 million (prior year: € 394 million) have a remaining term of more than one year. There were no impairment losses on other financial assets as of September 30, 2021 and in the previous year.

Miscellaneous other non-current financial assets mainly comprise restricted cash, cash equivalents and time deposits of € 407 million (prior year: € 359 million) as of September 30, 2021. This item also includes compensation claims in the amount of € 26 million (prior year: € 29 million), which relate to the Elevator cartel and are therefore also shown under provisions; also refer to the description in Note 15. Miscellaneous other current financial assets no longer include the option to acquire Braun thyssenkrupp Elevator LLC due to the exercise of the option in the financial year 2020/2021 (prior year: € 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

million €	Sept. 30, 2020		Sept. 30, 2021	
	current	non-current	current	non-current
Advance payments on intangible assets	-	0	-	1
Advance payments on property, plant and equipment	-	13	-	1
Advance payments on right-of-use assets	-	0	-	0
Advance payments to suppliers of inventories and to other current non-financial assets	27	-	48	-
Prepayments	25	-	38	-
Miscellaneous	256	40	222	26
<b>Total</b>	<b>308</b>	<b>53</b>	<b>308</b>	<b>28</b>

Other non-financial assets in the amount of € 28 million (prior year: € 53 million) have a remaining term of more than one year. As of September 30, 2021 and in the previous year, there were no impairment losses on other non-financial assets.

Miscellaneous other non-financial current assets include tax refund claims in the amount of € 142 million (prior year: € 109 million) as of September 30, 2021. The increase in the tax refund claims compared with the previous year is primarily due to a tax refund in Brazil (refer to Note 25). The right-of-use of the "thyssenkrupp" brand for a finite period was fully amortized as of September 30, 2021 and was therefore no longer included under miscellaneous other non-financial current assets (prior year: € 62 million). Miscellaneous other non-financial non-current assets include €12 million of contract initiation costs (prior year: € 12 million) and € 13 million (prior



TK Elevator Annual Report 2020/2021

year: € 26 million) to offset the reimbursement claim for liabilities from insurance in the Americas business unit. The remaining amount of other non-financial assets is comprised of a large number of individual items.

## 13 Equity

### Capital stock

The capital stock amounts to € 25 thousand as of September 30, 2021 (prior year: € 25 thousand).

### Additional paid-in capital

The Group's additional paid-in capital amounts to € 2,731 million as of September 30, 2021 (prior year: € 2,727 million). This amount includes an additional payment received in the financial year 2020/2021 from Vertical Topco II SA, Luxembourg in the amount of € 4 million to the parent company's equity. Moreover, the additional paid-in capital includes additional contributions to the parent company's equity made in the previous year, which included € 2,575 million in cash and € 152 million through the contribution of a receivable from Vertical Topco II SA, Luxembourg.

### Retained earnings

Retained earnings include the consolidated net profit and other comprehensive income from the remeasurement of pensions and similar obligations for the financial year. Furthermore, the short financial year 2020 included 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 in 2020: € 5,500 million). The addition to retained earnings as of September 30, 2020 due to the transactions with shareholders in the short financial year 2020 arose from the difference between the shareholder loan recognized at fair value (€ 2,272 million) and its nominal amount (€ 5,500 million) in the short financial year 2020 in the amount of € 3,229 million less deferred taxes incurred in the amount of € 1,008 million.

### Capital management disclosures

As of September 30, 2021, the equity ratio stood at 20.9 % (prior year: 21.1 %). The Group's most important financial objectives include a sustainable increase in 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 debt less cash and cash equivalents and time deposits. In this context, net debt is broken down as follows (according to carrying amounts):

million €	Sept. 30, 2020	Sept. 30, 2021
Non-current financial debt	11,362	11,476
Current financial debt	98	107
<b>Gross financial debt</b>	<b>11,461</b>	<b>11,583</b>
Cash, cash equivalents and time deposits	552	369
<b>Net financial debt</b>	<b>10,909</b>	<b>11,214</b>

A financial covenant exists for a portion of the debt financing, which relates to the ratio of senior secured net debt to so-called pro-forma EBITDA. In the case of non-compliance with the covenant, the revolving credit



TK Elevator Annual Report 2020/2021

facility and the revolving guarantee facility would not be available until the covenant is complied with again. The Group has complied with this covenant during the reporting period.

## 14 Accrued pension and similar obligations

The basic assumptions and procedures underlying the measurement and presentation of the provisions for pensions and similar obligations are outlined in Note O3.

### Accrued pension and similar obligations

million €	Sept. 30, 2020	Sept. 30, 2021
Accrued pension obligations	319	318
Partial retirement	7	7
Other accrued pension-related obligations	8	6
<b>Total</b>	<b>334</b>	<b>331</b>

#### Accrued pension liability

The Group provides pension benefits arranged as defined benefit plans or defined contribution plans in various countries around the world. These plans are either company-specific or organized as multi-employer plans.

Defined contribution plans are regularly funded by the (legally/contractually) compulsory or voluntary provision of contributions paid by the employer and/or the employee. The contributions are transferred to an entity that is legally separate from the employer. With this type of plan, the employer does not bear any risks beyond the payment of contributions into the plan. The contributions are recognized as personnel expense.

Defined benefit plans are generally granted under consideration of country-specific regulations (e.g. local legislation) or on a voluntary basis. The pension benefits under this plan are funded either by pension assets held separately by the employer ("plan assets") or by pension provisions. The pension provision recognized in the statement of financial position reflects the value of the defined benefit obligations already reduced by the respective plan assets.

The major obligations arising from the defined benefit plans exist in Germany, Korea and Switzerland. These countries cover about 86 % (prior year: 86 %) of the Group-wide total defined benefit obligation and 90 % (prior year: 90 %) of the corresponding plan assets.

For historical reasons, a wide variety of pension systems based on voluntary benefit plans with different risk profiles exist in Germany. 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 legal arrangements. In the past, the employer-funded pension commitments in Germany were regularly offered in the form of annuity pension payments based on defined benefits.

These pension commitments (including final-salary plans, career-average plans, etc.) were closed before the acquisition of thyssenkrupp Elevator and replaced at the turn of the millennium by defined contribution plans with a risk-optimized form of payment (lump sum, installments, or annuity pension payments). The "flexplan" was introduced mostly for newly recruited professionals and managers. The "flexplan" is arranged as a securities-linked pension commitment in which a minimum annual interest rate of 1% is guaranteed by the employer.



TK Elevator Annual Report 2020/2021

A key element in providing more personal responsibility in the company pension plan is deferred compensation, which is promoted as an incentive via employer-funded matching contributions and offered in all currently open pension plans. With regard to the funding of the company pension plans, particularly the "flexplan" is funded by the Group's own Contractual Trust Agreement (CTA), which has a positive effect on the funding ratio.

The majority of the Group companies outside Germany also provide pension plans for their employees. These plan commitments are in some cases based on statutory requirements or collective bargaining 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 country-specific arrangements and basis, which ranges from defined contribution plans to final-salary defined-benefit schemes with annuity payments. 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 assets. 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 funding deficit, with withdrawal from the plan is regularly linked to the payment of a withdrawal amount to limit the risk to the remaining plan sponsors.

To safeguard the payments of benefits outside Germany, the commitments are funded to a much greater extent by externally separated assets. This is due in part to legal minimum funding requirements, 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, please refer to the disclosures of the plan assets.

Besides financial risks, material risks associated with the different types of pension plans are regularly found in the areas of inflation and biometrics. There are potential inflation risks which could lead to an increase in benefit obligations under defined benefit plans, because some plans are (final) salary-based and some are annual pension modules that are directly linked to current salaries (defined contribution plans). To this extent, a rise in salaries above the salary/career trends assumed in the measurement of the obligation would also require a direct increase in the provisions (past service effect in the case of (final) salary payments) or the future service costs (defined contribution plans).

On one hand, 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 corresponding obligation to compensate for the loss of purchasing power exists as part of a statutory regulation for significant parts of the pension commitments in Germany. However, the obligation to compensate for inflation may also be regulated under (collective bargaining) contractual agreements or agreed on a voluntary/discretionary basis.

On the other hand, biometric risks can result either from early benefit claims (risk of sudden changes to the statement of financial position after death or disability) or from underestimated life expectancies (longevity risk) and could likewise result in costs to the company due to unexpected increases in provisions and, if applicable, early cash outflows.

Risks arising from changes to the discount rate are purely related to the statement of financial position, i.e. the provisions are adjusted directly against equity without affecting profit or loss. However, cash outflows are not affected therefrom.



TK Elevator Annual Report 2020/2021

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 total number of pension commitments is broken down as follows:

### Breakdown of the total of pension plans by beneficiaries

	Sept. 30, 2020			Sept. 30, 2021		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Active employees	10,118	5,614	15,732	10,046	5,595	15,641
Terminated employees with vested benefits	2,332	495	2,827	2,558	503	3,061
Pensioners	1,859	43	1,902	1,855	43	1,898
<b>Total</b>	<b>14,309</b>	<b>6,152</b>	<b>20,461</b>	<b>14,459</b>	<b>6,141</b>	<b>20,600</b>

Change in the defined benefit obligation and plan assets

The changes in the present value of the defined benefit obligations and the fair value of plan assets are as follows:



TK Elevator Annual Report 2020/2021

## Change in defined benefit obligations and plan assets

million €	Sept. 30, 2020			Sept. 30, 2021		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
<b>Change in defined benefit obligations (DBO):</b>						
DBO at beginning of financial year	-	-	-	263	186	450
Service cost: Present value of additional pension entitlements earned in the financial year	2	2	4	13	15	28
Interest expense	1	0	1	3	2	5
Remeasurement: Actuarial (gains)/losses from experience adjustments	0	(2)	(2)	2	(0)	1
Remeasurement: Actuarial (gains)/losses from changes in demographic assumptions	-	0	0	-	(3)	(3)
Remeasurement: Actuarial (gains)/losses from changes in financial assumptions	(1)	0	(1)	(2)	(10)	(12)
Past service cost (inclusive of curtailments)	-	(0)	(0)	0	(0)	0
Settlements	-	-	-	-	(0)	(0)
Currency differences	-	1	1	-	0	0
Participant contributions	-	0	0	-	1	1
Benefit payments	(1)	(1)	(2)	(7)	(7)	(14)
Settlement payments	-	-	-	-	(1)	(1)
Post-employment benefits	-	0	0	-	0	0
Acquisitions/divestitures of businesses	263	186	448	1	0	1
Others	-	(0)	(0)	-	(0)	(0)
<b>DBO at end of financial year</b>	<b>263</b>	<b>186</b>	<b>450</b>	<b>272</b>	<b>185</b>	<b>457</b>
<b>Change in plan assets:</b>						
Fair value of plan assets at beginning of financial year	-	-	-	11	120	131
Interest income	0	0	0	0	2	2
Remeasurement: Actuarial gains/(losses) on plan assets, excluding amounts included in interest income	0	(0)	(0)	2	0	2
Currency differences	-	1	1	-	0	0
Employer contributions	7	15	22	2	12	14
Participant contributions	-	0	0	-	1	1
Benefit payments	-	(1)	(1)	-	(5)	(5)
Settlement payments	-	-	-	-	(0)	(0)
Acquisitions/divestitures of businesses	4	105	109	0	(0)	0
Administration cost	-	(0)	(0)	-	(0)	(0)
Others	-	(0)	(0)	-	(0)	(0)
<b>Fair value of plan assets at end of financial year</b>	<b>11</b>	<b>120</b>	<b>131</b>	<b>14</b>	<b>130</b>	<b>144</b>

Of the present value of the defined benefit obligation totaling € 457 million (prior year: € 481 million) at the end of the financial year, € 173 million (prior year: € 198 million) relates to plans which are not financed via a fund and € 284 million (prior year: € 284 million) to plans which are financed partly or in full via a fund.

Change in the net defined liability

The net defined benefit liability changed as follows:



TK Elevator Annual Report 2020/2021

## Change in net defined benefit liability

million €	Sept. 30, 2020			Sept. 30, 2021		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
<b>Net defined benefit liability at beginning of financial year</b>	-	-	-	252	67	319
Service cost plus net interest income/(expense)	2	3	5	16	15	31
Remeasurements	(1)	(1)	(3)	(2)	(13)	(15)
Currency differences	-	(0)	(0)	-	0	0
Past service cost (inclusive of curtailments)	-	(0)	(0)	0	(0)	0
Settlements	-	-	-	-	(0)	(0)
Employer contributions	(7)	(15)	(22)	(2)	(12)	(14)
Participant contributions	-	-	-	-	-	-
Benefit payments	(1)	0	(1)	(7)	(2)	(9)
Settlement payments	-	-	-	-	(1)	(1)
Acquisitions/divestitures of businesses	258	81	340	1	0	1
Administration cost	-	0	0	-	0	0
Others	-	-	-	-	(0)	(0)
<b>Net defined benefit liability at end of financial year</b>	<b>252</b>	<b>67</b>	<b>319</b>	<b>258</b>	<b>55</b>	<b>313</b>
thereof: accrued pension liability	252	68	320	258	61	318
thereof: other non-financial assets	-	(1)	(1)	(0)	(6)	(6)

## Net periodic pension cost

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

## Net periodic pension cost

million €	Sept. 30, 2020			Sept. 30, 2021		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Service cost: Present value of additional pension entitlements earned in the financial year	2	2	4	13	15	28
Net interest cost	1	1	1	3	1	3
Administration cost	-	0	0	-	0	0
Past service cost (inclusive of curtailments)	-	(0)	(0)	0	(0)	0
Settlement loss/(gain)	-	-	-	-	(0)	(0)
Termination benefit expense	-	0	0	-	0	0
<b>Net periodic pension cost</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>16</b>	<b>15</b>	<b>31</b>

## Measurement parameters

The parameters for discount rates, the rates of compensation increase and the rates of pension progression used to calculate the defined benefit obligation are derived in accordance with standard principles and established for each country depending on their respective economic conditions. Discount rates are generally derived from the market yields of fixed-interest corporate bonds with matching maturities and currencies, which are rated as "AA" by the rating agencies. As of September 30, 2021, the discount rate for pension obligations in Germany was 1.4 % (prior year: 1.2 %). The change in the system for deriving the measurement parameters for the measurement of the German pension obligations in the TK Elevator Group results in changes to the prior year figures.

The following weighted-average assumptions to calculate the benefit obligations have been applied:



TK Elevator Annual Report 2020/2021

## Weighted average assumptions

In %	Sept. 30, 2020			Sept. 30, 2021		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Discount rate	1.20	1.24	1.21	1.40	1.72	1.53
Rate of compensation increase	2.50	3.48	2.45	2.50	3.51	2.89
Rate of pension progression	1.10	0.44	0.89	1.80	0.47	1.41

The measurement of the pension obligations in Germany are recognized on the basis of the “2018 G Life Expectancy 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:

## Sensitivity analysis

€ million		Sept. 30, 2020		Sept. 30, 2021	
		Change of defined benefit obligation		Change of defined benefit obligation	
		Germany	Outside Germany	Germany	Outside Germany
Discount rate	Increase by 0.5 percentage points	(19)	(13)	(19)	(12)
	Decrease by 0.5 percentage points	21	14	21	13
Rate of compensation increase	Increase by 0.5 percentage points	0	6	0	6
	Decrease by 0.5 percentage points	(0)	(6)	(0)	(5)
Rate of pension progression	Increase by 0.25 percentage points	2	-	2	0
	Decrease by 0.25 percentage points	(2)	-	(2)	(0)
Mortality probability	Decrease by 10.0 percentage points	5	0	5	0

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 reporting date, the asset class “others” stated in the table “Asset allocation of major plan assets” mainly consists of insurance contracts, insurance-based pension funds or fixed-income products with less risk exposure directly invested in capital market products.

The portfolio of these major plan assets contains the following asset categories as of the reporting date:



TK Elevator Annual Report 2020/2021

## Asset allocation of major plan assets

Asset categories	Sept. 30, 2020				Sept. 30, 2021			
	Fair value (€ million)				Fair value (€ million)			
	Total	Quoted market price in an active market	No quoted market price in an active market	Portion of major plan assets (in %)	Total	Quoted market price in an active market	No quoted market price in an active market	Portion of major plan assets (in %)
Equity securities	16	16	-	12	18	17	1	13
Bonds	15	15	-	11	15	15	-	10
Others	100	-	100	77	111	2	109	77
<b>Total</b>	<b>131</b>	<b>31</b>	<b>100</b>	<b>100</b>	<b>144</b>	<b>34</b>	<b>110</b>	<b>100</b>

The Group generally only contributes to plan assets that are needed to fulfil the minimum statutory contribution requirements of the respective country. In addition, the Group makes additional contributions from time to time at its own discretion. For the financial year 2021/2022, the Group anticipates employers will make contributions of € 7 million (prior year: €13 million) to the plan assets.

### Pension benefit payments

In the financial year 2020/2021, pension benefit payments for plans in Germany of € 7 million (prior year: € 1 million) were predominately taken from provisions and for plans outside Germany of € 7 million (prior year: € 1 million), 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 € (for financial year)	Germany	Outside Germany	Total
2021/2022	11	9	19
2022/2023	10	9	19
2023/2024	10	10	20
2024/2025	11	12	23
2025/2026	12	11	23
2026/2027 – 2030/2031	63	74	137
<b>Total</b>	<b>116</b>	<b>125</b>	<b>241</b>

The weighted-average duration of the defined benefit plans is 15 years in Germany (prior year: 15 years) and 13 years for the other countries (prior year: 14 years).

### Defined contribution plans

The Group also maintains domestic and foreign defined contribution plans based on company pension schemes via pension funds and comparable pension institutions. Amounts contributed by the Group under such plans are based upon a 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 the financial year was € 80 million (prior year: € 14 million). In addition, contributions paid to public/state pension insurance institutions amounted to € 140 million (prior year: € 26 million).

### Multi-employer plans

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



## TK Elevator Annual Report 2020/2021

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 date as of June 30, 2021, respectively. The NEIPP was not in a critical or at-risk status at any time. The zone status is based on data provided by the NEIPP and certified by the plan’s actuary. The NEIPP is currently classified as a “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 largest plan 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 10.46 in 2021 and USD 10.71 in 2022. For the financial year 2020/2021, the Group paid a contribution of € 86 million (prior year: € 14 million) to NEIPP. The expected contributions for financial year 2021/2022 amount to € 93 million (prior year: € 86 million).

### Partial retirement

German companies, in particular, have obligations resulting from partial retirement agreements. Under these agreements, employees make contributions in the form of overtime prior to retirement, which is subsequently compensated in installments after retirement. In addition, employees receive a supplement on top of their remuneration paid. For these obligations, provisions were recognized in accordance with IAS 19 “Employee Benefits”.



TK Elevator Annual Report 2020/2021

## 15 Provisions for employee benefits and other provisions

### Provisions for employee benefits and other provisions

million €	Employee benefits	Product warranties and product defects	Other sales and procurement market risks	Restructuring	Litigation risks	Others	Total
<b>Balance as of Sept. 30, 2020</b>	<b>206</b>	<b>118</b>	<b>55</b>	<b>64</b>	<b>136</b>	<b>350</b>	<b>928</b>
Currency differences	3	4	2	0	2	4	15
Acquisitions/divestitures of businesses	1	1	(2)	(1)	3	38	40
Additions	485	49	141	45	17	148	885
Accretion	0	0	-	0	-	-	0
Amounts utilized	(449)	(17)	(67)	(30)	(11)	(158)	(731)
Reversals	(21)	(18)	(67)	(9)	(18)	(60)	(193)
<b>Balance as of Sept. 30, 2021</b>	<b>224</b>	<b>138</b>	<b>61</b>	<b>69</b>	<b>129</b>	<b>324</b>	<b>946</b>
Current	181	138	61	38	33	164	615
Non-current	43	-	-	31	96	161	332
<b>Balance as of Sept. 30, 2021</b>	<b>224</b>	<b>138</b>	<b>61</b>	<b>69</b>	<b>129</b>	<b>324</b>	<b>946</b>

Provisions for employee benefits primarily comprise anniversary awards and obligations from employee bonuses as well as from management incentive plans. The contingent liability recognized as part of the purchase price allocation for the anniversary awards, which is reported under the provisions for employee benefits, was adjusted in part within the context of a newly agreed company works agreement. 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, which are attributable to restructuring measures, are part of the provision for pensions and similar obligations.

The provision for warranty and product liability obligations includes both the Group's responsibility for the proper functioning of the goods sold (product warranty) and the obligation to compensate the buyer for any damages caused by the use of the products sold (product liability). The Group expects to settle the warranty and product liability obligations in the next year.

The provision for other sales and procurement market risks primarily relates to anticipated losses from pending transactions. A material portion of the reversal with respect to other sales and procurement market-related risks arises from the constant remeasurement of the provision and the resulting additions and deductions made during the year. The Group expects to settle the remaining obligations from the sales and procurement risks in the next year and to utilize the remaining provisions.

The restructuring provision includes provisions for personnel restructuring measures in the amount of € 65 million (prior year: € 59 million) and additional provisions in the context of restructuring measures in the amount of € 4 million (prior year: € 5 million), which are recognized in connection with the discontinuation of operations. The restructuring provisions mainly relate to the Europe/Africa business unit. The Group expects to settle more than half of the restructuring provisions in the next year.

Other provisions essentially include accruals for other risks arising from individual items not allocable to other positions and a minor portion arises from environmental obligations. The Group expects to settle the majority of the other provisions in the next year. Other provisions mostly relate to specific matters in the USA. In particular, provisions for workers' compensation in the amount of € 24 million (prior year: € 23 million) and for general insurance in the amount of € 56 million (prior year: € 71 million) are recognized under other provisions. With regard to the insurance obligations, a reimbursement claim was capitalized under other non-financial assets; refer to Note 12. In addition, other provisions include onerous contracts at certain locations. Among other



## TK Elevator Annual Report 2020/2021

items, the reversal of the other provisions relates to IT costs being lower than originally estimated. The reversals and additions also include a monthly recalculation of a provision, which is reported on a gross basis.

The following items are included in provisions for litigation risks:

In connection with the elevator cartel, potentially injured parties asserted claims for damages against the subsidiaries of TK Elevator in and out of court. The court proceedings are currently only pending in Belgium and Austria and are at various stages of proceedings; in some cases, the court proceedings have already been settled, lawsuits have been withdrawn or dismissed. All proceedings in Germany or the Netherlands have been concluded. The Group recognized provisions for the current lawsuits. On the basis of a contractual agreement with thyssenkrupp AG, a corresponding reimbursement right has also been recognized in the amount of € 26 million (prior year: € 29 million).

As of September 30, 2020, a contingent liability in the amount of € 15 million reported under provisions existed from the purchase price allocation of thyssenkrupp Elevator, which was recognized for a legal claim incurred in connection with the acquisition of a Group company. Since the legal claim was dismissed, this legal dispute could be terminated.

There were no other significant changes as of September 30, 2021 compared with the preceding year.

### Management Incentive plans

In the prior year, there were still payments in the amount of € 7 million from the share-based payment of thyssenkrupp AG, Duisburg and Essen and its affiliated companies (thyssenkrupp Group), in which thyssenkrupp Elevator had been involved prior to the acquisition. In the 2020/2021 financial year, there were no more payouts related to the share-based payment of the thyssenkrupp Group.

The Group's Long-Term Incentive plan (LTI) represents 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 had 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 performance 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, 2021, a provision in the amount of € 5 million (prior year: € 3 million) was recognized for the global LTI and € 5 million (prior year: € 102 thousand) for the regional LTI.



TK Elevator Annual Report 2020/2021

## 16 Financial debt

### Financial debt

Carrying amounts in million €	Sept. 30, 2020	Sept. 30, 2021
Bonds	4,561	4,424
Liabilities to financial institutions	4,262	4,263
Lease liabilities	209	265
Shareholder loan	2,308	2,523
Other loans	2	2
<b>Non-current financial debt</b>	<b>11,362</b>	<b>11,476</b>
Liabilities to financial institutions	16	25
Lease liabilities	82	81
Shareholder loan	-	-
Other loans	1	1
<b>Current financial debt</b>	<b>99</b>	<b>107</b>
<b>Financial debt</b>	<b>11,461</b>	<b>11,583</b>

Current financial debt includes financial debt with a remaining term up to one year; whereas 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 € 4,424 million (prior year: € 4,561 million), liabilities to financial institutions and other loans in the amount of € 4,290 million (prior year: € 4,301 million) and a subordinated shareholder loan in the amount of € 2,523 million (prior year: € 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 (€ 5,502 million) was recognized in retained earnings in the amount of € 3,229 million. The same loan relationship for such a shareholder loan exists between the downstream Group companies. While the term of the loan is unchanged, the interest rate and hence the amount transferred to retained earnings differs in a Group relationship. 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. In the 2020/2021 financial year, additional Group companies joined the financing as guarantors. Hereby, corresponding share pledges and, in sections of the Group, "all Asset Pledges" were provided as collateral. These are also freely available under the acquisition financing until a reason for termination arises.

In the 2020/2021 financial year, a refinancing of the existing financing was undertaken. The syndicated loan in the amount of € 3,401 million (\$ 2,853 million and € 1,015 million) was repaid in full and a new loan with a higher volume in the amount of € 3,701 million (\$ 2,913 million and € 1,265 million) was obtained. There was a partial change of creditor and a reduction in the credit margin. This resulted in a complete balance sheet derecognition of the existing syndicated loan in the amount of € 3,358 million (\$ 2,807 million and € 997 million) and a release to income of the ancillary financing costs in the amount of € 56 million (\$ 46 million and € 18 million) not yet amortized at the time of derecognition and of additional refinancing fees in the amount of € 5 million. At the same time, the syndicated loan that was obtained again was recognized as a new financial liability. The additional funds from the new syndicated loan were primarily used for the partial repayment of the subordinated secured bonds as well as a portion of the syndicated revolving credit facility.



## TK Elevator Annual Report 2020/2021

The following bonds are outstanding as of September 30, 2021:

### Loan notes

	Carrying amount in million € as of Sept. 30, 2020	Carrying amount in million € as of Sept. 30, 2021	Notional amount in million € as of Sept. 30, 2021	Interest rate in %	Fair value in million € as of Sept. 30, 2021	Maturity
TK Elevator Midco GmbH bond (€1,100 million) 2020/2027	1,100	1,100	1,100	4.375%	1,151	07/15/2027
TK Elevator Midco GmbH bond (€500 million) 2020/2027	498	498	500	4.750%	506	07/15/2027
Vertical US Newco Inc. bond (\$1,560 million) 2020/2027	1,332	1,347	1,347	5.250%	1,417	07/15/2027
TK Elevator Holdco GmbH bond (€650 million) 2020/2028	650	585	585	6.625%	623	07/15/2028
TK Elevator Holdco GmbH bond (€50 million) 2020/2028	49	44	45	7.000%	44	07/29/2028
TK Elevator Holdco GmbH bond (\$445 million) 2020/2028	380	346	346	7.625%	370	07/15/2028
TK Elevator Holdco GmbH bond (\$666 million) 2020/2028	552	504	518	7.750%	504	07/29/2028
<b>Total</b>	<b>4,561</b>	<b>4,424</b>	<b>4,441</b>		<b>4,614</b>	

As of September 30, 2021, the financing structure of the material liabilities to financial institutions is as follows:

### Liabilities to financial institutions

	Carrying amount in million € as of Sept. 30, 2020	Carrying amount in million € as of Sept. 30, 2021	thereof in €	thereof in other currencies	Fair value in million € as of Sept. 30, 2021	Notional amount in million € as of Sept. 30, 2021
Syndicated loan (at variable interest rates)	3,409	3,775	1,265	2,510	3,787	3,775
Syndicated revolving credit facility (at variable interest rates)	598	178	178	-	178	178
Creditlines at fixed interest rates	290	335	335	-	351	335
<b>Total</b>	<b>4,297</b>	<b>4,288</b>	<b>1,778</b>	<b>2,510</b>	<b>4,316</b>	<b>4,288</b>

Maturity of financial debt 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: Liabilities to financial institutions	Thereof: Other Loans
2021/2022	26	-	25	1
2022/2023	25	-	25	1
2023/2024	25	-	25	1
2024/2025	360	-	359	1
2025/2026	24	-	24	0
after 2025/2026	8,272	4,441	3,830	-
<b>Total</b>	<b>8,731</b>	<b>4,441</b>	<b>4,288</b>	<b>2</b>

Furthermore, there are liabilities arising from leases in the amount of € 345 million (prior year: € 291 million). Regarding the undiscounted payments relating to lease liabilities, please refer to Note 21.



TK Elevator Annual Report 2020/2021

## 17 Trade accounts payable

Trade accounts payable in the amount of € 1 million (prior year: € 40 million) have a remaining term of more than one year.

## 18 Other financial liabilities

### Other financial liabilities

million €	Sept. 30, 2020		Sept. 30, 2021	
	current	non-current	current	non-current
Financial liabilities measured at amortized cost	214	1	252	1
Derivatives not qualifying for hedge accounting	4	-	5	-
Derivatives qualifying for hedge accounting	1	-	2	-
<b>Total</b>	<b>219</b>	<b>1</b>	<b>259</b>	<b>1</b>

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

## 19 Other non-financial liabilities

### Other non-financial liabilities

million €	Sept. 30, 2020		Sept. 30, 2021	
	current	non-current	current	non-current
Sales and procurement related liabilities	179	-	166	-
Liabilities to the employees	272	-	296	-
Liabilities for social security	27	-	32	-
Deferred income	6	-	5	-
Tax liabilities (without income taxes)	96	-	99	-
Miscellaneous	89	1	84	1
<b>Total</b>	<b>669</b>	<b>1</b>	<b>683</b>	<b>1</b>

Other non-financial liabilities amounting to € 6 million (prior year: € 9) million have a remaining term of more than one year.

## 20 Contingent liabilities and financial commitments

### Contingent liabilities

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



TK Elevator Annual Report 2020/2021

## Contingencies

million €	Maximum potential amount of future payments as of	
	Sept. 30, 2020	Sept. 30, 2021
Advance payment guarantees	-	1
Performance/warranty guarantee	-	1
Other guarantees	4	0
<b>Total</b>	<b>4</b>	<b>3</b>

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

The basis for a possible claim by the beneficiary is the non-performance of tax obligations by the principal debtor towards the local tax authorities and the non-performance of the principal debtor under a contractual agreement, e.g. late delivery, delivery of goods not in conformity with the contract or non-performance with regard to the guaranteed quality.

All contingencies are issued as instructed by a subsidiary, at the request of the principal debtor, at the request of the local tax authorities or on the basis of the underlying contractual relationship and are largely subject to recourse claims against the principal debtor in the case of a claim being made.

The warranty and performance guarantee and the advance payment guarantee in the total amount of € 2.6 million relate to a contractual agreement in China. The Group has issued guarantees in favor of a customer in order to secure its performance as well as the performance of an external partner. As collateral, the Group has received guarantees from the partner in the amount of € 346 thousand (an advance payment guarantee of € 171 thousand and a warranty and performance guarantee of € 175 thousand), which can be drawn in the event of default by the contractual partner.

No provision is recognized in the case that recourse is possible. If there is no recourse, a corresponding provision (applicable only for a guarantee in the amount of € 303 thousand) is recognized to cover the potential outflow of resources. As of September 30, 2021, no further provisions have been recognized because no recourse is expected under the other guarantees.

Since thyssenkrupp Elevator was acquired by the Group as of July 31, 2020, a provision was recognized for the contingent liabilities acquired based on IFRS 3.23 – irrespective of the probability of the outflow of resources. With respect to changes in the acquired contingent liabilities recognized as a provision as of July 31, 2020, please refer to Note 15. As of September 30, 2021, there was no material change with respect to other contingent liabilities.

## 21 Financial instruments

The following table presents the carrying 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.



TK Elevator Annual Report 2020/2021

## Financial instruments as of Sept. 30, 2021

million €	Carrying amount on balance sheet as of Sept. 30, 2021	Measurement in accordance with IFRS 9			Measurement in accordance with IFRS 16/IFRS 15	
		(Amortized) cost	Fair value recognized in profit or loss	Fair value recognized in equity (with recycling)	Amortized cost	Fair value as of Sept. 30, 2021
Trade accounts receivable (excluding leasing)	1,366	1,366		-		1,366
Contract assets	399				399	399
Lease receivables	0				0	0
Other financial assets	513	499	10	5		513
Other miscellaneous financial assets		499				499
Equity instruments			0			0
Debt instruments					3	3
Derivatives not qualifying for hedge accounting			10			10
Derivatives qualifying for hedge accounting				2		2
Cash, cash equivalents and time deposits	369	369				369
<b>Total of financial assets</b>	<b>2,647</b>					
Financial debt (excluding leasing)	11,238	11,238				11,456
Lease liabilities	345				345	345
Trade accounts payable	743	743				743
Other financial liabilities	260	253	5	2		260
Other miscellaneous financial liabilities		253				253
Derivatives not qualifying for hedge accounting			5			5
Derivatives qualifying for hedge accounting				2		2
<b>Total of financial liabilities</b>	<b>12,586</b>					



TK Elevator Annual Report 2020/2021

## Financial instruments as of Sept. 30, 2020

million €	Carrying amount on balance sheet as of Sept. 30, 2020	Measurement in accordance with IFRS 9			Measurement in accordance with IFRS 16/IFRS 15	Fair value as of Sept. 30, 2020
		(Amortized) cost	Fair value recognized in profit or loss	Fair value recognized in equity (with recycling)	Amortized cost	
Trade accounts receivable (excluding leasing)	1,343	1,343	-	-		1,343
Contract assets	467				467	467
Lease receivables	0				0	0
Other financial assets	468	459	5	4		468
Other miscellaneous financial assets		459				459
Equity instruments			0			0
Debt instruments				3		3
Derivatives not qualifying for hedge accounting			5			5
Derivatives qualifying for hedge accounting				1		1
Cash, cash equivalents and time deposits	552	552				552
<b>Total of financial assets</b>	<b>2,830</b>					
Financial debt (excluding leasing)	11,170	11,170				11,361
Lease liabilities	291				291	291
Trade accounts payable	664	664				664
Other financial liabilities	220	215	4	1		220
Other miscellaneous financial liabilities		215				215
Derivatives not qualifying for hedge accounting			4			4
Derivatives qualifying for hedge accounting				1		1
<b>Total of financial liabilities</b>	<b>12,344</b>					

The carrying amounts of trade accounts receivable measured at amortized cost, other current receivables as well as cash and cash equivalents and time deposits are equivalent to their fair values due to the short residual terms.

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

The fair value of forward exchange contracts is determined on the basis of the average spot exchange rate applicable on the reporting date and take 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 interest rate.

The carrying amounts of trade accounts payables and other current liabilities is equivalent to their fair values due to the short remaining terms. The fair value of fixed-interest non-current financial liabilities is equivalent to the present value of expected future cash flows. Discounting is based on interest rates applicable on the reporting date. The carrying amounts of floating rate liabilities are approximately equivalent to their fair values.



TK Elevator Annual Report 2020/2021

Financial assets and financial liabilities measured at fair value can be classified in the following three-level measurement hierarchy:

## Fair value hierarchy as of Sept. 30, 2021

million €	Sept. 30, 2021	Level 1	Level 2	Level 3
<b>Financial assets at fair value</b>				
<b>Fair value recognized in profit or loss</b>				
Derivatives not qualifying for hedge accounting	10	-	10	-
<b>Fair value recognized in equity</b>				
Debt instruments	3	-	3	-
Derivatives qualifying for hedge accounting	2	-	2	-
<b>Total</b>	<b>15</b>	<b>-</b>	<b>15</b>	<b>-</b>
<b>Financial liabilities at fair value</b>				
<b>Fair value recognized in profit or loss</b>				
Derivatives not qualifying for hedge accounting	5	-	5	-
<b>Fair value recognized in equity</b>				
Derivatives qualifying for hedge accounting	2	-	2	-
<b>Total</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>-</b>

## Fair value hierarchy as of Sept. 30, 2020

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

The fair value hierarchy reflects the importance of the factors 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 market data, for example currency exchange rates. Level 3 comprises financial instruments for which fair value measurement is based on unobservable market data using the discounted cash flow model.

Quoted bonds measured at amortized cost with a carrying amount of € 3,876 million (prior year: € 3,960 million) have a fair value of € 4,066 million (prior year: € 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: € 351 million (prior year: € 310 million); carrying amount: € 335 million (prior year: € 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: € 2,523 million (prior year: € 2,308 million), nominal value: € 5,502 million (prior year: € 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 at the grant date and nominal value has been recognized in deposits due to the below-market interest rate.



## TK Elevator Annual Report 2020/2021

The fair value of syndicated loans amounting to € 3,787 million (prior year: € 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 agreements with netting arrangements exist only for derivative financial instruments with external banking partners, that however, do not meet the offsetting criteria under IAS 32 either in full or in part.

In such cases a right of offsetting is enforceable only if the termination of the contract is 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 € 6 million (prior year: € 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 €	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
Financial assets at amortized cost	10	(24)
Financial assets / liabilities at fair value recognized in profit or loss	255	16
Financial liabilities at amortized cost	(326)	(753)

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

The net result stated under "Financial assets at amortized cost" mainly comprises interest income from financial receivables, allowances for trade accounts receivable as well as gains and losses on foreign currency receivables.

Gains and losses arising from changes in the 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 through profit or loss". The amount included of € 16 million (prior year: € 255 million) is attributable to financing income of € 69 million (prior year: € 333 million) and the offsetting financing expense of € 53 million (prior year: € 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 external Group 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.

The net result from financial instruments includes total translation differences in the amount of € (29) million (prior year: € 1 million) for the financial year 2020/2021.

### Impairment of financial assets

For financial assets (including contract assets) measured at amortized cost or at fair value recognized in equity, an impairment loss is recognized for expected losses.



TK Elevator Annual Report 2020/2021

The gross carrying amounts and the impairment losses on trade accounts receivable 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
<b>Balance as of Jan. 02, 2020</b>	-	-	-	-	-
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)	-	-
Other changes	(38)	-	-	-	(38)
<b>Balance as of Sept. 30, 2020</b>	<b>1,988</b>	<b>(32)</b>	<b>(146)</b>	<b>(178)</b>	<b>1,810</b>
Currency differences	43	(1)	(3)	(4)	40
Acquisitions/divestitures of businesses	12	(0)	(0)	(0)	11
Additions	-	9	(35)	(26)	(26)
Amounts utilized	-	4	11	15	15
Reversals	-	(12)	10	(2)	(2)
Transfer between impairment stages	-	0	(0)	-	-
Other changes	(83)	-	-	-	(83)
<b>Balance as of Sept. 30, 2021</b>	<b>1,961</b>	<b>(31)</b>	<b>(164)</b>	<b>(195)</b>	<b>1,766</b>

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 financial year 2020/2021 and in the short financial year 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.

The gross carrying amounts, allowances and average probabilities of default are presented in the table below:

## Aging matrix of contract assets and trade accounts receivable as of Sept. 30, 2021

million €	Gross carrying amount	Expected credit loss	Individual allowances	Total of impairment	Carrying amount	Average probability of default
<b>Contract Assets</b>	<b>410</b>	<b>(4)</b>	<b>(7)</b>	<b>(11)</b>	<b>399</b>	<b>1.7%</b>
<b>Trade Accounts Receivable</b>	<b>1,551</b>	<b>(28)</b>	<b>(157)</b>	<b>(185)</b>	<b>1,366</b>	
Not Overdue	1,027	(11)	(12)	(23)	1,004	0.5%
Overdue 0-30 days	174	(1)	(3)	(5)	169	0.8%
Overdue 31-60 days	72	(1)	(1)	(2)	69	1.5%
Overdue 61-90 days	47	(2)	(1)	(3)	44	1.4%
Overdue 91-180 days	68	(4)	(4)	(8)	60	3.5%
Overdue 180-360 days	60	(9)	(31)	(40)	20	12.9%
Overdue > 360 days	104	-	(104)	(104)	-	-



TK Elevator Annual Report 2020/2021

## Aging matrix of contract assets and trade accounts receivable as of Sept. 30, 2020

million €	Gross carrying amount	Expected credit loss	Individual allowances	Total of impairment	Carrying amount	Average probability of default
<b>Contract Assets</b>	<b>482</b>	<b>(6)</b>	<b>(10)</b>	<b>(16)</b>	<b>467</b>	<b>2.4%</b>
<b>Trade Accounts Receivable</b>	<b>1,506</b>	<b>(27)</b>	<b>(136)</b>	<b>(163)</b>	<b>1,343</b>	
Not Overdue	1,013	(11)	(10)	(21)	992	0.3%
Overdue 0-30 days	150	(2)	(4)	(5)	145	0.4%
Overdue 31-60 days	66	(1)	(3)	(5)	62	0.8%
Overdue 61-90 days	54	(1)	(5)	(6)	48	1.3%
Overdue 91-180 days	80	(4)	(11)	(15)	65	2.5%
Overdue 180-360 days	56	(8)	(16)	(23)	32	8.3%
Overdue > 360 days	87	-	(87)	(87)	-	-

## Derivative financial instruments

The Group uses various derivative financial instruments, primarily forward exchange contracts. Derivative financial instruments are generally used to hedge existing or anticipated underlying transactions and 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 derivative financial instruments used within the Group:

## Derivative financial instruments

million €	Notional amount as of Sept. 30, 2020	Carrying amount as of Sept. 30, 2020	Notional amount as of Sept. 30, 2021	Carrying amount as of Sept. 30, 2021
<b>Assets</b>				
Foreign currency derivatives that do not qualify for hedge accounting	516	5	599	10
Foreign currency derivatives qualifying as cash flow hedges	31	1	60	2
Embedded derivatives	-	-	-	-
<b>Total</b>	<b>547</b>	<b>6</b>	<b>659</b>	<b>12</b>
<b>Equity and liabilities</b>				
Foreign currency derivatives that do not qualify for hedge accounting	393	4	343	5
Foreign currency derivatives qualifying as cash flow hedges	23	1	61	2
<b>Total</b>	<b>416</b>	<b>5</b>	<b>405</b>	<b>7</b>

## Derivates with hedging relationship

### Cash flow hedges

Cash flow hedges are essentially used to hedge future cash flows against foreign currency risks arising from future sales and procurement transactions as well as foreign currency risks from long-term financing. In the case of cash flow hedges, the earnings effect of the hedging instruments is generally recognized in the same profit or loss item as the hedged item.

## TK Elevator Annual Report 2020/2021

The following table shows the carrying amounts of derivatives designated as hedging instruments, the designated portion of the hedging instruments and the changes in the fair value of the hedged items by hedged risk type and hedge type. Derivative assets and liabilities are reported under 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, 2021		Designated portion of hedging instruments	Fair value change of hedged item
	Derivative assets	Derivative liabilities		
<b>Hedging of foreign currency risk</b>	<b>2</b>	<b>2</b>	<b>(0)</b>	<b>0</b>
Foreign currency derivatives qualifying as cash flow hedges	2	2	(0)	0

**Information on hedging instruments in the context of cash flow hedges**

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

For the financial year ending September 30, 2021, the designated portion of the hedging instrument amounting to € (1) million (prior year: € 1 million) (before tax) has been recognized as unrealized gains or losses directly in equity. For the financial year ending September 30, 2021, the change of the fair value of the hedged item amounts to € 1 million (prior year: € 0 million). 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, the following items were reclassified from cumulative other comprehensive income under equity to sales with an effect on profit or loss in the amount of € 0 million (prior year: € (0) million) due to the realization of hedged items occurring during the year. In addition, € 1 million (prior year: € 0 million) of cumulative other comprehensive income was reclassified to decrease the cost of inventories, because the hedged raw materials were recognized on the balance sheet, but the hedged item had not yet been recognized to profit or loss. This resulted in a decrease to expenses of € 0 million (prior year: € 0 million). Moreover, € 1 million (prior year: € 0 million) will have an effect on profit or loss due to an increase in expenses in 2021/2022.

The table below shows the development of other comprehensive income from cash flow hedges by type of risk:

**Development of other comprehensive income from cash flow hedges by risk type**

million €	Foreign currency risk	
	Total	risk
<b>Balance as of Jan. 02, 2020</b>	-	
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)	
<b>Balance as of Sept. 30, 2020</b>	<b>1</b>	
Net unrealized (gains)/losses on designated risk component	(2)	(2)
Net unrealized (gains)/losses on hedging costs	0	0
Net realized (gains)/losses	-	-
Tax effect	-	
<b>Balance as of Sept. 30, 2021</b>	<b>(1)</b>	



TK Elevator Annual Report 2020/2021

As of September 30, 2021, net income from the ineffective portions of derivative financial instruments designated as cash flow hedges amount to € 0 million (prior year: € 0 million).

Expenses expected in the subsequent financial year arising from fluctuations in the fair values of derivatives included in cumulative other comprehensive income as of the reporting date amount to € 0 million (prior year: € 1 million).

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

**Hedging rates and remaining terms of derivatives qualifying for hedge accounting as of Sept. 30, 2021**

million €	Remaining term up to 1 year	Remaining term 1 to 2 years	Remaining term above 2 years	Notional amount as of Sept. 30, 2021	Average hedging rate
<b>Hedging of foreign currency risk</b>	119	2	-	121	
Foreign currency forward contracts USD/CAD	54	-	-	54	1.26 USD/CAD

**Hedging rates and remaining terms of derivatives qualifying for hedge accounting as of Sept. 30, 2020**

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
<b>Hedging of foreign currency risk</b>	53	-	-	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 without a hedging relationship. The resulting impact on profit or loss is shown in the table on net gains and losses from financial instruments by measurement category. This item also includes embedded derivatives. They exist in 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 risk

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 business activities. The aim of financial risk management is to mitigate the risks arising from operating activities and associated financing requirements by applying selected derivative and non-derivative hedging instruments. Within the framework of risk management, financial risks and credit risks must be avoided as far as possible, compensated for 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. Business



## TK Elevator Annual Report 2020/2021

Units and Group companies are required to implement credit risk management in accordance with these guidelines.

In general, default risks are hedged with suitable instruments. Only in individual cases, when a credit risk analysis indicates 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 undertakes 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 projects, 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 payment 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 entered into a committed revolving credit line of € 992 million (prior year: € 992 million), which can be drawn at short notice. At the reporting date, € 178 million (prior year: € 598 million) of this credit line had been drawn. Furthermore, € 12 million (prior year: € 1 million) in financial guarantees have been issued under this credit line.

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

### Future undiscounted cash outflows as of Sept. 30, 2021

million €	Carrying amount Sept. 30, 2021	Cash flows in 2021/2022	Cash flows in 2022/2023	Cash flows between 2023/2024 and 2025/2026	Cash flows after 2025/2026
Financial debt (excluding finance lease liabilities)	11,238	(433)	(433)	(1,619)	(14,289)
Thereof bonds	4,424	(252)	(251)	(753)	(4,802)
Thereof liabilities to financial institutions	4,288	(181)	(181)	(865)	(3,975)
Thereof shareholder loans	2,523	-	-	-	(5,512)
Thereof other loans	3	(1)	(1)	(1)	-
Lease liabilities	345	(95)	(74)	(131)	(115)
Trade accounts payable	743	(742)	(0)	(0)	(0)
Derivative financial liabilities not qualifying for hedge accounting	5	328	-	-	-
		(333)	-	-	-
Derivative financial liabilities qualifying for hedge accounting	2	56	-	-	-
		(58)	-	-	-
Other financial liabilities	253	(253)	(0)	(0)	(0)



TK Elevator Annual Report 2020/2021

## 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
Financial debt (excluding finance lease liabilities)	11,170	(463)	(464)	(2,237)	(14,390)
Thereof bonds	4,561	(260)	(261)	(785)	(5,226)
Thereof liabilities to financial institution	4,298	(202)	(201)	(1,451)	(3,653)
Thereof shareholder loans	2,308	-	-	-	(5,511)
Thereof other loans	3	(1)	(1)	(2)	-
Lease liabilities	291	(93)	(74)	(111)	(56)
Trade accounts payable	664	(624)	(40)	0	(0)
Derivative financial liabilities not qualifying for hedge accounting	4	389	-	-	-
		(393)	-	-	-
Derivative financial liabilities qualifying for hedge accounting	1	22	-	-	-
		(23)	-	-	-
Other financial liabilities	215	(217)	(0)	(0)	(0)

Cash flows from derivative financial instruments are offset by cash flows from the hedged items, which have not been considered in the analysis of maturities. If cash flows from the hedged items 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 flows.

The following analyses and amounts determined by means of sensitivity analyses represent hypothetical, forward-looking 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 – The objective of foreign currency hedging is 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

The US dollar is the only relevant risk variable for sensitivity analyses under IFRS 7, since 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 the 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 reflects the uncertainty in respect to future interest payments. Cash flow risk is measured using a cash flow sensitivity that simulates the effect on the profit or loss.

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 as of September 30, 2021. The downward parallel shift is limited to minus 20 basis points (BP) to take account of the current low interest rate 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):



TK Elevator Annual Report 2020/2021

## Interest analysis

million €	Changes in all yield curves as of			
	Sept. 30, 2020 by		Sept. 30, 2021 by	
	+ 100 BP	- 20 BP	+ 100 BP	- 20 BP
Interest risk from variable financing instruments	(34)	4	(34)	-

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

## 22 Relationships with related companies and persons (related parties)

### Related companies and persons

Related companies and persons 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 Cinven 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 Group; and
- The managing directors and supervisory board members of TK Elevator GmbH as well as the aforementioned companies (if applicable) and their immediate family members.

thyssenkrupp AG has a reverse participation in Vertical TopCo I SA, Luxembourg, of 18.95 % in the form of ordinary shares with voting rights, which give rise to a significant influence on the part of thyssenkrupp AG.

### Direct, intermediate and ultimate controlling parties

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

Advent GPE IX Fund and Seventh Cinven 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) und Cinvert S.à r.l. (Luxembourg) are intermediate parent companies of the Company.

### Executives in key positions

The management of the Company in the reporting period consists of the following persons:

- Hans-Hermann Lotter, Managing Director
- Peter Walker, Managing Director
- Ercan Keles, Managing Director and
- Dr. Detlef Hunsdiek, Managing Director (until September 30, 2021)

### 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 short financial year 2020 at an interest rate of 0.02 % and a maturity of



## TK Elevator Annual Report 2020/2021

10 years. This loan is a contribution, see also the further explanations in Note 21. As of September 30, 2021, the loan has not yet been repaid. The interest expense arising from the loan for the financial year 2020/2021 amounts to € 215 million (prior year: € 36 million); of which € 1 million (prior year: € 0 million) is attributable to current interest and € 214 million (prior year: € 36 million) is attributable to the use of the effective interest method.

In the 2020/2021 financial year, Vertical Topco II SA, Luxembourg, made a payment to the equity of the parent company in the amount of € 4 million; also refer Note 13.

In addition, TK Elevator Holding GmbH reimbursed consulting fees in the amount of € 1 million to Advent International Corporation in the financial year 2020/2021. Advent International Corporation is the upper controlling parent company of Advent GPE IX Fonds, which is a direct subsidiary of AI Vertical (Luxembourg) S.à r.l. (Luxembourg), thus considered to be a related company.

There were no other business transactions with the superordinated parties in the financial year 2020/2021.

### Business relationships 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 operating business relationships with subsidiaries of the thyssenkrupp Group for the financial year ending September 30, 2021:

#### Related party transactions with thyssenkrupp Group

million €	Sales		Supplies and services		Receivables		Liabilities	
	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020	Sept. 30, 2021
thyssenkrupp Group	1	3	23	61	5	1	21	12

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

The Group realized sales with subsidiaries of the thyssenkrupp Group. Those sales relate predominantly to construction, modernization and servicing of elevators and escalators. The Group purchases materials from subsidiaries of the thyssenkrupp Group in the course of ordinary operating activities. The purchases largely relate to raw materials from the Materials Services business 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 the thyssenkrupp Group resulting from the previous inclusion of thyssenkrupp Elevator in the tax groups of thyssenkrupp Group as well as from further purchase price mechanisms in connection with the acquisition thyssenkrupp Elevator. 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 expected volume is in the low-double-digit million euros and the agreements are anticipated to end in the middle of 2023. However, early service terminations and extensions of services are possible in principle. With the functions being established within the Group, key elements of the services already ended in the middle of 2021. The agreed services relate primarily to IT and HR. For the financial year 2020/2021, the costs for the TSAs between TK Elevator GmbH and the thyssenkrupp Group amounted to € 8 million (prior year: € 3 million).



## TK Elevator Annual Report 2020/2021

For using the “thyssenkrupp” brand, “Other non-financial assets” of € 74 million were recognized as of July 31, 2020 and were amortized over a period of twelve months, so that it is fully amortized as of September 30, 2021. On the other hand, the “TK Elevator” brand is transferred for an indefinite period of use and recognized as an intangible asset in the amount of € 821 million (prior year: € 821 million) as part of the purchase price allocation.

### Others

Obligations not yet paid in the amount of € 81 million (prior year: € 70 million) arise from purchase agreement compensation obligations as of September 30, 2021; also refer to Note 04, Note 23 and Note 26. Also, claims for reimbursement not yet received in the amount of € 53 million arise from the purchase agreement as of September 30, 2021; also refer to Note 04 and Note 15.

### Leases

As lessee, the Group primarily leases buildings of the thyssenkrupp Group. Overall, these are to be classified as immaterial and primarily expired in the course of the 2020/2021 financial year.

### 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 of TK Elevator GmbH. 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 €	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
Short-term benefits	652	5,041
Post-employment benefits	24	396
Termination benefits	-	771
Long term incentive <sup>2)</sup>	546	1,092
<b>Total</b>	<b>1,221</b>	<b>7,300</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

<sup>2)</sup> The disclosure in the comparative period was adjusted compared to the consolidated financial statements of TK Elevator Topco GmbH as of September 30, 2020.

Service cost and the past service cost are recognized from pension provisions as post-employment benefits for the active Managing Directors. The prior year’s figures for short-term and post-employment benefits relate to the two months following the acquisition of thyssenkrupp Elevator until the reporting date of September 30, 2020, while the figures for the current financial year cover the 12 months from October 1, 2020 to September 30, 2021. The long-term remuneration components primarily comprise benefits from the management incentive plans; cf. also Note 15. As of September 30, 2020, these relate to the provision for management recorded, which was expensed for the first time in the short financial year 2020. As of September 30, 2021, the amount stated relates to the additional management expense incurred in the period.

Selected executives and members of management (collectively designated as: managers) were granted an indirect investment in TK Elevator Topco GmbH by the ultimate shareholders of TK Elevator Topco GmbH. Two participation programs were established for this purpose, under which the managers can participate indirectly in the performance of TK Elevator Topco GmbH. The investments were acquired at fair value. In the case of an



TK Elevator Annual Report 2020/2021

exit (e.g. sale or regulated capital market listing of TK Elevator Topco GmbH), the managers can be obligated or the managers have the right to sell the shares to the acquirer on the same terms as the other investors. If a manager leaves before an exit occurs, the investment can be repurchased by the investors. The purchase price in the case of a self-resignation corresponds to the lower of the acquisition price of the investment and the fair value of the investment at the time of exit. Since TK Elevator Topco GmbH has not entered into any obligations with the managers under the participation program, the participation program is accounted for as an equity-settled plan in accordance with IFRS 2. At the grant date, the fair value of the investment is zero within the meaning of IFRS 2. The fair value is determined using a recognized option pricing model based on market values or a company valuation. Therefore, no expense is recognized for the investment.

Short-term benefits due include € 2 million not yet paid as of September 30, 2021.

Pension commitments exist for some of the management board members; the respective present value of the defined benefit obligation amounts to € 11 million (prior year: € 11 million). In addition, there are provisions from the management incentive plans for key management personnel in the amount of € 2 million (prior year: € 2 million).

An outstanding receivable in the amount of € 2 million from one management member exists as of September 30, 2021 due to an advance payment within the context of a contractual agreement. In addition, the Managing Directors had not been granted any loans or advances as of September 30, 2021; 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 €	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
Short-term benefits (inclusive of meeting attendance fees)	212	820

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

The amount shown has not yet been paid as of September 30, 2021.

As of September 30, 2021, 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.

The employee representatives on the Supervisory Board of TK Elevator GmbH also receive a regular salary from their respective employment in the Group, whereby the amount corresponds to an appropriate remuneration for the function or activity performed in the Group.

## 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 Europe/Africa business unit comprises the design, manufacture, installation, modernization and maintenance of passenger and freight elevators, escalators and walkways for countries in Europe and Africa.



## TK Elevator Annual Report 2020/2021

### Americas

The Americas business unit comprises the design, manufacture, installation, modernization and maintenance of passenger and freight elevators, escalators and walkways for countries in North America and South America.

### Asia/Pacific

The Asia/Pacific business unit comprises the design, manufacture, installation, modernization and maintenance of passenger and freight elevators, escalators and walkways the Middle East, Asia, Australia and New Zealand.

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

### Access Solutions

This business unit manages globally customized mobility solutions for private households, i.e., the design, manufacture, installation and maintenance of chairlifts, home elevators and platform lifts as well as passenger boarding bridges primarily for aircraft access.

Additionally, the Corporate Elevator business unit provides certain functions and services to the operating businesses, e.g., Financing, R&D, Recruiting, IT, 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 Corporate Elevator Business Unit.

### Consolidation

Consolidation chiefly comprises the elimination of intercompany sales and the elimination of interim profits in inventories.

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. Sales 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 statement of profit or loss relating to operating performance. 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. This is more suitable for comparing the operating performance across several accounting periods.

Operating net working capital is the main indicator used to measure the efficiency of net working capital required for business operations. It mainly consists of inventories, contract assets and contract liabilities, trade accounts receivable, trade accounts payable and advance payments.



## TK Elevator Annual Report 2020/2021

### Segment information 2020/2021

million €	Europe/ Africa	Americas	Asia/ Pacific	Access Solutions	Corporate Elevator	Consoli- dation	Total
Financial year 2020/2021							
Sales	2,086	3,095	2,387	383	8	0	<b>7,959</b>
Internal sales within the Group	98	2	29	12	85	(226)	-
Total sales	2,184	3,097	2,416	395	94	(226)	<b>7,959</b>
Income from companies accounted for using the equity method	-	0	-	-	-	-	0
EBITDA	278	540	277	61	(131)	2	<b>1,027</b>
Adjusted EBITDA	325	551	287	65	(94)	2	<b>1,136</b>
EBIT	126	217	14	32	(165)	2	<b>228</b>
Adjusted EBIT	173	229	25	36	(128)	2	<b>337</b>
Operating net working capital	216	(185)	(109)	41	(22)	1	<b>(59)</b>
Depreciation and amortization expense (incl. Inventories)	152	322	262	29	34	1	<b>799</b>
Non-cash effects in provisions	(111)	(400)	(151)	0	(31)	(0)	<b>(693)</b>

### Segment information for the period from Jan. 2, 2020 to Sept.30, 2020<sup>1)</sup>

million €	Europe/ Africa	Americas	Asia/ Pacific	Access Solutions	Corporate Elevator	Consoli- dation	Total
Jan. 2, 2020 - Sept. 30, 2020							
Sales	356	532	417	66	1	(0)	<b>1,373</b>
Internal sales within the Group	24	1	4	1	11	(41)	-
Total sales	380	533	421	67	12	(41)	<b>1,373</b>
Income from companies accounted for using the equity method	-	1	-	-	-	-	1
EBITDA	59	100	56	1	(137)	(1)	<b>78</b>
Adjusted EBITDA	58	103	56	5	(27)	(1)	<b>196</b>
EBIT	33	43	12	(4)	(143)	(1)	<b>(58)</b>
Adjusted EBIT	32	47	12	1	(32)	(1)	<b>60</b>
Operating net working capital	227	(67)	(105)	44	(24)	(3)	<b>73</b>
Depreciation and amortization expense (incl. Inventories)	26	56	43	5	6	0	<b>136</b>
Non-cash effects in provisions	(29)	(67)	(31)	(4)	(90)	(0)	<b>(221)</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

In the financial year 2020/2021, other expenses within the context of repayment obligations arising from a court ruling issued in the reporting year were allocated from the Corporate Elevator business unit to the Americas business unit in the amount of € 11 million; refer to Note 26.

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



TK Elevator Annual Report 2020/2021

## Reconciliation Adjusted EBITDA to EBT

million €	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
<b>Adjusted EBITDA as presented in segment reporting</b>	<b>196</b>	<b>1,136</b>
+/- Special items	(118)	(109)
<b>EBITDA as presented in segment reporting</b>	<b>78</b>	<b>1,027</b>
- Depreciation and amortization	(136)	(799)
<b>EBIT as presented in segment reporting</b>	<b>(58)</b>	<b>228</b>
- thyssenkrupp brand charges	(12)	(63)
+ Finance income	335	79
- Finance expense	(396)	(861)
<b>EBT (income/(loss) before tax as presented in the statement of profit or loss)</b>	<b>(131)</b>	<b>(617)</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

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 financial year as of September 30, 2021, the special items break down as follows:

## Special items

million €	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
Restructuring expenses	(5)	(38)
Disposal losses/gains from M&A transactions	-	1
Other non-operating expenses and income	(113)	(72)
<b>Total</b>	<b>(118)</b>	<b>(109)</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

The special items associated with the acquisition arise from the revaluation gain of the 50% shareholding interest in Braun thyssenkrupp Elevator LLC in the financial year 2020/2021, which was held until December 1, 2020 (cf. Note 04). Other non-operating income and expense consists of project-related consulting and implementation costs with a particular focus on operating efficiency and performance. In the preceding year, these effects essentially arose from the acquisition of thyssenkrupp Elevator and related to the respective consulting services and transaction-related expenses.

The total assets according to the statement of financial position can be reconciled to the operating net working capital as follows:



TK Elevator Annual Report 2020/2021

## Reconciliation total assets to operating net working capital

million €	Sept. 30, 2020	Sept. 30, 2021
Total assets	23,897	23,773
Total non-current assets	(20,444)	(20,521)
Other financial assets, current	(73)	(76)
Other non-financial assets, current	(308)	(308)
Current income tax assets	(89)	(130)
Cash, cash equivalents and time deposits	(552)	(369)
Advance payments to suppliers of inventories and to other current non-financial assets	27	48
Trade accounts payable	(664)	(743)
Contract Liabilities	(1,721)	(1,732)
<b>Operating Net Working Capital</b>	<b>73</b>	<b>(59)</b>

In the following presentation of information stated by region, the country allocation of sales is based on the location of the customer, while the allocation of segment assets and capital expenditure is based on the respective location. Capital expenditure is determined in accordance with the accrual method applicable to the statement of cash flows.

There are no relationships with 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)					
Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	122	435	258	558	1,373
<b>2020/2021</b>	<b>699</b>	<b>2,482</b>	<b>1,425</b>	<b>3,353</b>	<b>7,959</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

## 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)					
Sept. 30, 2020	2,933	7,456	3,182	6,441	20,011
<b>Sept. 30, 2021</b>	<b>2,939</b>	<b>7,463</b>	<b>3,242</b>	<b>6,393</b>	<b>20,037</b>



TK Elevator Annual Report 2020/2021

## Notes to the Consolidated Statements of Profit or Loss

### 24 Sales

Breakdown of sales and sales from contracts with customers:

#### Sales

million €	Europe/ Africa	Ameri- cas	Asia/ Pacific	Access Solutions	Corporate Elevator	Consoli- dation	Total
<b>2020/2021</b>							
Sales from sale of finished products	153	84	36	32	8	(127)	186
Sales from sale of merchandise	39	-	51	-	-	(0)	89
Sales from rendering of services	1,525	1,562	395	55	1	(13)	3,524
Sales from construction contracts	377	1,451	1,906	309	-	(2)	4,040
Other sales from contracts with customers	91	-	25	-	83	(83)	116
Subtotal sales from contracts with customers	2,184	3,097	2,412	396	92	(225)	7,956
Other sales	0	-	4	(1)	2	(1)	4
<b>Total</b>	<b>2,184</b>	<b>3,097</b>	<b>2,416</b>	<b>395</b>	<b>94</b>	<b>(226)</b>	<b>7,959</b>
<b>January 2, 2020 - September 30, 2020<sup>1)</sup></b>							
Sales from sale of finished products	34	16	5	5	2	(26)	36
Sales from sale of merchandise	5	-	16	-	-	(0)	21
Sales from rendering of services	249	251	66	9	0	(3)	572
Sales from construction contracts	72	266	330	54	-	(1)	721
Other sales from contracts with customers	20	-	2	-	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
<b>Total</b>	<b>380</b>	<b>533</b>	<b>421</b>	<b>67</b>	<b>12</b>	<b>(41)</b>	<b>1,373</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.



TK Elevator Annual Report 2020/2021

## Sales from contracts with customers by customer group

million €	Europe/ Africa	Ameri- cas	Asia/ Pacific	Access Solutions	Corporate Elevator	Consoli- dation	Total
<b>2020/2021</b>							
Trading	248	1,360	305	81	0	(5)	1,990
Engineering	131	48	549	13	84	(221)	602
Construction	910	1,654	1,159	169	0	0	3,893
Public sector	234	4	27	0	8	0	273
Other customer groups	662	31	372	133	0	(0)	1,198
<b>Total</b>	<b>2,184</b>	<b>3,097</b>	<b>2,412</b>	<b>396</b>	<b>92</b>	<b>(226)</b>	<b>7,956</b>
<b>January 2, 2020 - September 30, 2020<sup>1)</sup></b>							
Trading	14	224	56	(0)	0	(2)	292
Engineering	24	6	103	17	11	(39)	122
Construction	179	299	180	5	-	-	663
Public sector	29	0	5	-	1	-	35
Other customer groups	134	4	75	46	(0)	(0)	259
<b>Total</b>	<b>380</b>	<b>533</b>	<b>419</b>	<b>68</b>	<b>12</b>	<b>(41)</b>	<b>1,371</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

## Sales from contracts with customers by region

million €	Europe/ Africa	Ameri- cas	Asia/ Pacific	Access Solutions	Corporate Elevator	Consoli- dation	Total
<b>2020/2021</b>							
German-speaking area	854	-	-	-	84	(158)	780
Western Europe	1,184	-	-	307	-	(36)	1,454
Central and Eastern Europe	3	-	-	-	-	-	3
Commonwealth of Independent States	104	-	-	-	-	(1)	103
North America	-	2,824	-	62	-	(2)	2,884
South America	-	273	-	-	-	-	273
Asia / Pacific	-	-	663	4	8	(2)	673
Greater China	-	-	1,516	24	-	(27)	1,513
India	-	-	86	-	-	(0)	86
Middle East & Africa	40	-	147	-	-	(0)	187
<b>Total</b>	<b>2,184</b>	<b>3,097</b>	<b>2,412</b>	<b>396</b>	<b>92</b>	<b>(226)</b>	<b>7,956</b>
<b>January 2, 2020 - September 30, 2020<sup>1)</sup></b>							
German-speaking area	155	-	-	-	11	(27)	139
Western Europe	201	-	-	51	0	(9)	243
Central and Eastern Europe	4	-	-	-	-	-	4
Commonwealth of Independent States	15	-	-	-	-	-	15
North America	-	490	-	11	-	(1)	500
South America	-	43	-	-	-	-	43
Asia / Pacific	-	-	103	1	1	(1)	104
Greater China	-	-	273	5	-	(3)	275
India	-	-	11	-	-	-	11
Middle East & Africa	5	-	32	-	-	-	37
<b>Total</b>	<b>380</b>	<b>533</b>	<b>419</b>	<b>68</b>	<b>12</b>	<b>(41)</b>	<b>1,371</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

Of the sales from contracts with customers, an amount of € 1,287 million (prior year: € 326 million) relates to long-term contracts and € 6,668 million (prior year: € 1,045 million) from short-term contracts, € 6,732



TK Elevator Annual Report 2020/2021

million (prior year: € 1,199 million) relates to sales that are realized over time and € 1,224 million (prior year: € 172 million) relates to sales that are realized at a point in time.

## 25 Other income

### Other income

million €	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
Gains from premiums and from grants	2	3
Insurance compensation	0	2
Miscellaneous	11	45
<b>Total</b>	<b>13</b>	<b>49</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

Among other items, miscellaneous other income in the financial year 2020/2021 consists of a tax refund in the amount of € 19 million (prior year: € 0 million), which had been preceded by a long-standing legal dispute. The remaining effects comprise of a large number of individual items.

Gains from premiums and grants include reimbursement of social security contributions related to the claiming of short-time work allowances in Germany, which the Group received from the government.

## 26 Other expenses

### Other expenses

million €	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
Additions to/reversals of provisions	1	(0)
Miscellaneous	24	105
<b>Total</b>	<b>25</b>	<b>105</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

Miscellaneous other expenses for the financial year 2020/2021 mainly include brand fees in the amount of € 63 million (prior year: € 12 million) for the use of the "thyssenkrupp" brand in certain trademark and brand classes. This also includes expenses from purchase agreement compensation obligations in the amount of € 11 million.

## 27 Other gains and losses

Other gains and losses mainly comprise gains and losses resulting from the disposal of property, plant and equipment and intangible assets.



TK Elevator Annual Report 2020/2021

## 28 Financial income/(expense), net

### Financial income/(expense), net

million €	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
<b>Income from companies accounted for using the equity method</b>	<b>1</b>	<b>0</b>
Interest income from financial receivables	2	4
Income from investments	-	(0)
Other finance income	333	75
<b>Finance income</b>	<b>335</b>	<b>79</b>
Interest expense from financial debt	(316)	(727)
Net interest cost of pensions and similar obligations	(1)	(3)
Expense from investments	-	(0)
Other finance expenses	(78)	(131)
<b>Finance expense</b>	<b>(396)</b>	<b>(861)</b>
<b>Total</b>	<b>(60)</b>	<b>(781)</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

Regarding the investments accounted for using the equity method of accounting also refer to Note 07.

Other finance income mainly arises from income from hedging exchange rate fluctuations. Interest income from financial assets and other finance income include interest income from financial assets that are not measured at fair value through profit or loss in the amount of € 7 million (prior year: € 3 million). Interest expense from financial liabilities and other finance expenses include interest expense from financial liabilities that are not measured at fair value through profit or loss in the amount of € 733 million (prior year: € 318 million).

Other finance expenses contain settlements from derivatives in the amount of € 51 million (prior year: € 73 million), changes in foreign exchange rates in the amount of € 35 million (prior year: € 4 million) and expenses related to refinancing in the amount of € 5 million (prior year: € 0 million). Furthermore, other finance expenses also include warranty expenses.

## 29 Leases in the consolidated statements of profit or loss

The following table shows the expenses and income attributable to leases:



TK Elevator Annual Report 2020/2021

## Leases in the statement of profit or loss

million €	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
<b>Lease expense</b>		
Expense from short-term leases	2	6
Expense from leases for low-value assets	2	5
Expense from variable payments	0	0
<b>Depreciation and amortization expense</b>		
Depreciation of right-of-use assets	16	97
Impairment of right-of-use assets	-	-
<b>Other gains/(losses), net</b>		
(Gain)/loss on disposal of right-of-use assets	0	0
<b>Finance income/(expense), net</b>		
Interest expense from lease liabilities	2	14

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

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

## 30 Income taxes

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

### Breakdown of income tax expense/(benefit)

million €	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
Current income tax expense foreign	59	183
Deferred income tax expense/(benefit)	(77)	(359)
<b>Total</b>	<b>(18)</b>	<b>(176)</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

The breakdown of taxes recognized in equity is as follow:

### Income taxes recognized in total invested equity

million €	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
Income tax expense/(benefit) as presented on the statement of profit or loss	(18)	(176)
Income non-effective tax effect on other components of equity	(176)	(544)
<b>Total</b>	<b>(194)</b>	<b>(720)</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

As of September 30, 2021, taxable temporary differences from retained earnings of subsidiaries in the Group for which no deferred tax liability is recognized, because such earnings are not expected to be distributed in the foreseeable future, amount to € 749 million (prior year: € 422 million). The main change is the result of a preciseness in the calculation.



TK Elevator Annual Report 2020/2021

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

## Inventory of deferred tax assets and liabilities

million €	Sept. 30, 2020		2020/2021		Sept. 30, 2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax benefit (+) / expense (-)	Miscellaneous	Deferred tax assets	Deferred tax liabilities
<b>Deferred income taxes on non-current items</b>						
Intangible assets	49	2,023	158	(31)	23	1,870
Property, plant and equipment	15	96	(17)	(3)	5	106
Financial assets	5	7	2	-	7	7
Other non-financial assets, non-current	23	10	21	1	35	-
Accrued pension and similar obligations	68	23	8	(10)	49	6
Other provisions	49	2	(7)	6	47	1
<b>Non-current liabilities</b>	<b>111</b>	<b>1,013</b>	<b>(30)</b>	<b>-</b>	<b>17</b>	<b>949</b>
<b>Deferred income taxes on current items</b>						
Inventories	52	15	11	(1)	48	1
Other assets	49	85	56	3	88	65
Other provisions	86	13	14	2	92	3
Current liabilities	159	124	75	4	147	33
Valuation allowance – temporary differences	(2)	-	-	(1)	(3)	-
<b>Subtotal</b>	<b>664</b>	<b>3,411</b>	<b>291</b>	<b>(30)</b>	<b>555</b>	<b>3,041</b>
Tax loss carried forward	65	-	73	2	140	-
Tax credits	1	-	(1)	-	-	-
Valuation allowance – tax loss carried forward etc.	(8)	-	(4)	-	(12)	-
<b>Subtotal</b>	<b>58</b>	<b>-</b>	<b>68</b>	<b>2</b>	<b>128</b>	<b>-</b>
<b>Gross amount before offsetting</b>	<b>722</b>	<b>3,411</b>	<b>359</b>	<b>(28)</b>	<b>683</b>	<b>3,041</b>
Offsetting	(708)	(708)	-	-	(637)	(637)
<b>Balance sheet amount</b>	<b>14</b>	<b>2,703</b>	<b>359</b>	<b>(28)</b>	<b>46</b>	<b>2,404</b>

The deferred taxes recognized in the "Miscellaneous" column were recognized directly in equity. They result from the addition under the purchase price allocation (PPA), the fair value measurement of a shareholder loan, pension provisions recognized in other comprehensive income (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, 2021, tax loss carryforwards for which no deferred tax asset is recognized amount to € 50 million (prior year: € 35 million). According to enacted tax legislation, a partial amount of € 29 million (prior year: € 32 million) of these tax loss carryforwards can be carried forward indefinitely and in unlimited amounts.

As of September 30, 2021, the following deferred tax assets based on existing loss and interest carryforwards, are recognized among others, because there is substantial evidence that sufficient future taxable income will be available for their recognition: TK Airport Solutions S.A. in the amount of € 2 million (prior year: € 0 million), TK Elevadores S.A. (Argentina) in the amount of € 1 million (prior year: € 0 million).



TK Elevator Annual Report 2020/2021

As of September 30, 2021, transaction-related tax risks, non-deductible foreign withholding taxes, transfer pricing risks and the deductibility of certain expenses have been recognized as provisions in the amount of € 34 million (prior year: € 27 million).

The German corporate income tax law applicable for the financial year 2020/2021, stipulates a statutory income tax rate of 30.6 % (prior year: 30.7 %) taking into account the different German municipal tax rates. The applicable tax rates for companies outside Germany range from between 9.0% (prior year: 9.0 %) and 37.5 % (prior year: 37.5 %).

Changes in the current and deferred tax rates of the German fiscal tax group relate to fluctuations in the trade tax assessment rates of the operating establishments. Regarding the foreign companies, changes in tax rates arise mainly from statutory adjustments related to the corporate income tax.

## Tax rate reconciliation

million €	Jan. 2, 2020 -		2020/2021	in %
	Sept. 30, 2020 <sup>1)</sup>	in %		
Expected income tax expense/(benefit)	(40)	30.7	(189)	30.6
Tax rate differentials to the German combined income tax rate	(18)	14.0	1	(0.2)
Changes in tax rates or laws	2	(1.2)	2	(0.3)
Change in valuation allowance	1	(0.4)	(1)	0.3
Permanent items	20	(15.7)	12	(1.9)
Income/(loss) from companies accounted for using the equity method	-	-	-	-
Non-creditable withholding taxes	14	(10.5)	11	(1.8)
Tax expense/(benefit) related to prior periods	4	(3.4)	(14)	2.2
Others	(1)	0.3	2	(0.3)
<b>Income tax expense/(benefit) as presented on the statement of profit or loss</b>	<b>(18)</b>	<b>13.8</b>	<b>(176)</b>	<b>28.6</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

## 31 Additional disclosures on the consolidated statements of profit or loss

Cost of sales include expenses for materials of € 2,788 million (prior year: € 500 million).

Breakdown of personnel expenses included in the consolidated statements of profit or loss:



TK Elevator Annual Report 2020/2021

## Personnel expenses

million €	Jan. 2, 2020 - Sept. 30, 2020 <sup>2)</sup>	2020/2021
Wages and salaries	357	2,410
Social security taxes	55	361
Net periodic pension cost – defined benefit <sup>1)</sup>	4	28
Net periodic pension costs – defined contribution	27	165
Other expenses for pensions and retirements	24	39
Related fringe benefits	46	80
<b>Total</b>	<b>513</b>	<b>3,082</b>

<sup>1)</sup> Excluding net interest that is recognized as part of financial expenses.

<sup>2)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

Angabe von IAS 1.104

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

## Annual average number of employees

	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>	2020/2021
Europe/Africa	4,647	13,791
Americas	5,459	16,143
Asia/Pacific	6,094	18,291
Access Solutions	662	1,889
Corporate Elevator	173	451
<b>Total</b>	<b>17,035</b>	<b>50,565</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

The average number of employees for the 2020/2021 financial year is calculated as an average over the number of employees in the quarters.

The average number of employees in the previous year was determined over the three quarters of the short financial year 2020. The acquisition of thyssenkrupp Elevator on July 31, 2020 strongly impacted the average number of employees. As of the acquisition date of thyssenkrupp Elevator on July 31, 2020, there were 51,316 employees; of which 13,925 were in the Europe/Africa business unit, 16,436 in the Americas business unit, 18,342 in the Asia/Pacific business unit, 2,086 in the Access Solutions business unit and 527 in the Corporate Elevator business unit. As of September 30, 2020, the Group had a total of 51,106 Mitarbeiter, of which 13,940 were in the Europe/Africa business unit, 16,378 in the Americas business unit, 18,283 in the Asia/Pacific business unit, 1,987 in the Access Solutions business unit and 518 in the Corporate Elevator business unit.

## Audit fees and services

The fee for the auditor of the consolidated financial statements, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, recognized as an expense in the financial year is broken down as follows:



TK Elevator Annual Report 2020/2021

## Fees of Group auditor

million €	Jan. 2, 2020 - Sept. 30, 2020 <sup>1)</sup>		2020/2021
	Total	Total	Total
Audit fees	2		3
Audit-related fees	0		0
Tax fees	0		0
Fees for other services	0		0
<b>Total</b>	<b>2</b>		<b>3</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

The category "Audit fees" comprises the fees for the audit of the consolidated financial statements, for the review of the interim financial statements and for the audit of the annual financial statements of TK Elevator Topco and its German subsidiaries.



TK Elevator Annual Report 2020/2021

## Notes to the Consolidated Statements of Cash Flows

### 32 Additional information on the consolidated statement of cash flows

The liquid funds reported in the consolidated statements of cash flows correspond to the “Cash and cash equivalents and time deposits” line item in the consolidated statements of financial position.

Interest receipts and payments are shown in the “Other current (non) financial assets” and “Other current (non) financial liabilities”. In the statements of cash flows, interest from financing is included in the operating cash flow within the consolidated net income/(net loss) for the year.

#### Non-cash investing activities

A non-cash investment of € 154 million (prior year: € 20 million) results 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 2020/2021

million €	Sept. 30, 2020	Cash changes	Non-cash changes				Sept. 30, 2021	
			Acquisitions/ divestitures of businesses	Currency differences	Fair value changes	Interest from effective interest rate method Other changes		
Liabilities from thyssenkrupp Group financing	(0)	0	-	0	-	-	0	
Bonds / other loans <sup>1)</sup>	10,282	112	(0)	52	-	278	(0)	10,724
Liabilities to financial institutions	888	(374)	(1)	(0)	-	-	-	513
Lease liabilities <sup>2)</sup>	291	(104)	2	6	-	14	137	345
Other financial liabilities	-	-	-	-	-	-	-	-
<b>Subtotal financial debt</b>	<b>11,461</b>	<b>(366)</b>	<b>1</b>	<b>58</b>	<b>-</b>	<b>292</b>	<b>137</b>	<b>11,583</b>
Assets/liabilities from other financing activities	-	11	-	2	(2)	-	-	-
<b>Total</b>		<b>(355)</b>	<b>1</b>	<b>60</b>	<b>(2)</b>	<b>292</b>	<b>137</b>	

<sup>1)</sup> Loan notes/other loans also contain cash flows from a syndicated loan which are shown amongst Liabilities to financial institutions from note 16.

<sup>2)</sup> The interest component of the recognized leases amounting to €14 million is reported in the consolidated statement of cash flows under operating cash flows.

#### Reconciliation in accordance with IAS 7 for 2020<sup>1)</sup>

million €	Jan. 02, 2020	Cash changes	Non-cash changes				Sept. 30, 2020	
			Acquisitions/ divestitures of businesses	Currency differences	Fair value changes	Interest from effective interest rate method Other changes		
Liabilities from thyssenkrupp Group financing	-	6	(6)	(0)	-	-	(0)	
Bonds / other loans	-	10,059	192	(5)	-	36	-	10,282
Liabilities to financial institutions	-	886	2	0	-	-	-	888
Lease liabilities	-	(18)	288	2	-	-	19	291
Other financial liabilities	-	(0)	0	-	-	-	-	-
<b>Subtotal financial debt</b>	<b>-</b>	<b>10,932</b>	<b>477</b>	<b>(3)</b>	<b>-</b>	<b>36</b>	<b>19</b>	<b>11,461</b>
Assets/liabilities from other financing activities	-	1,891	(4)	(6)	3	-	-	-
<b>Total</b>		<b>12,823</b>	<b>473</b>	<b>(9)</b>	<b>3</b>	<b>36</b>	<b>19</b>	

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business.

#### Leases in the statements of cash flows

In the statements of cash flows, the interest component of the leases carried in the statement of financial position is shown under the operating cash flows and the repayment component under cash flows from



TK Elevator Annual Report 2020/2021

financing activities. In the financial year 2020/2021, the total cash outflows of the Group as lessee amounted to € 117 million (prior year: € 21 million).

The following potential cash outflows with 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	Sept. 30, 2021
Extension and/or termination options as well as call options	(8)	(37)
Residual value guarantees	(0)	(0)
Variable payments	-	-
Lease commitments	(76)	(2)
<b>Total</b>	<b>(84)</b>	<b>(38)</b>

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. The options are only deemed to be exercisable and recognized as a lease liability if there is a high probability that the options will be exercised. 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 can 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.



TK Elevator Annual Report 2020/2021

## Other Information

### 33 Financial information regarding TK Elevator Holdco GmbH and TK Elevator Midco GmbH

To supplement the TK Elevator Topco consolidated financial statements, the consolidated statements of financial position, the consolidated statements of profit or loss and the consolidated statements 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 statements of financial position as of September 30, 2021 and September 30, 2020 is shown below:



TK Elevator Annual Report 2020/2021

## Consolidated Statement of Financial Position

### Assets

million €

	Sept. 30, 2021		Sept. 30, 2021		Sept. 30, 2021	
	TK Elevator Topco GmbH	Recon-ciliation	TK Elevator Holdco GmbH	Recon-ciliation	TK Elevator Midco GmbH	
Intangible assets	18,921	-	18,921	-	18,921	
Property, plant and equipment	1,088	-	1,088	-	1,088	
Investments accounted for using the equity method	-	-	-	-	-	
Other financial assets	437	-	437	563	1,000	
Other non-financial assets	28	-	28	-	28	
Deferred tax assets	46	-	46	28	74	
<b>Total non-current assets</b>	<b>20,521</b>	<b>-</b>	<b>20,521</b>	<b>590</b>	<b>21,111</b>	
Inventories	602	-	602	-	602	
Trade accounts receivable	1,366	-	1,366	0	1,366	
Contract assets	399	-	399	-	399	
Other financial assets	76	6	82	308	390	
Other non-financial assets	308	(2)	307	-	307	
Current income tax assets	130	-	130	(0)	130	
Cash, cash equivalents and time deposits	369	(0)	369	(0)	369	
Assets held for sale	-	-	-	-	-	
<b>Total current assets</b>	<b>3,252</b>	<b>4</b>	<b>3,256</b>	<b>308</b>	<b>3,563</b>	
<b>Total assets</b>	<b>23,773</b>	<b>4</b>	<b>23,777</b>	<b>898</b>	<b>24,674</b>	

### Equity and liabilities

million €

Capital stock	0	-	0	-	0	
Additional paid-in capital	2,731	(1)	2,730	1,652	4,382	
Retained earnings	1,680	21	1,701	181	1,882	
Cumulative other comprehensive income	523	-	523	-	523	
<b>Equity attributable to shareholders</b>	<b>4,934</b>	<b>20</b>	<b>4,955</b>	<b>1,832</b>	<b>6,787</b>	
Non-controlling interest	28	-	28	-	28	
<b>Total equity</b>	<b>4,963</b>	<b>20</b>	<b>4,983</b>	<b>1,832</b>	<b>6,816</b>	
Accrued pension and similar obligations	331	-	331	-	331	
Provisions for other employee benefits	43	-	43	-	43	
Other provisions	288	-	288	(0)	288	
Deferred tax liabilities	2,404	(13)	2,390	16	2,407	
Financial debt	11,476	(0)	11,476	(998)	10,478	
Other financial liabilities	1	-	1	-	1	
Other non-financial liabilities	1	-	1	-	1	
<b>Total non-current liabilities</b>	<b>14,545</b>	<b>(13)</b>	<b>14,531</b>	<b>(982)</b>	<b>13,549</b>	
Provisions for current employee benefits	181	-	181	-	181	
Other provisions	434	(3)	431	-	431	
Current income tax liabilities	127	-	127	(2)	125	
Financial debt	107	-	107	-	107	
Trade accounts payable	743	0	743	1	744	
Other financial liabilities	259	-	259	49	308	
Contract liabilities	1,732	-	1,732	-	1,732	
Other non-financial liabilities	683	(1)	682	(0)	682	
<b>Total current liabilities</b>	<b>4,265</b>	<b>(3)</b>	<b>4,262</b>	<b>48</b>	<b>4,310</b>	
<b>Total liabilities</b>	<b>18,810</b>	<b>(16)</b>	<b>18,793</b>	<b>(934)</b>	<b>17,859</b>	
<b>Total equity and liabilities</b>	<b>23,773</b>	<b>4</b>	<b>23,777</b>	<b>898</b>	<b>24,674</b>	



TK Elevator Annual Report 2020/2021

## Consolidated Statement of Financial Position

### Assets

million €

	Sept. 30, 2020		Sept. 30, 2020		Sept. 30, 2020	
	TK Elevator Topco GmbH	Reconciliation	TK Elevator Holdco GmbH	Reconciliation	TK Elevator Midco GmbH	
Intangible assets	18,954	-	18,954	-	18,954	
Property, plant and equipment	1,005	-	1,005	-	1,005	
Investments accounted for using the equity method	25	-	25	-	25	
Other financial assets	394	-	394	-	394	
Other non-financial assets	53	-	53	-	53	
Deferred tax assets	14	-	14	147	161	
<b>Total non-current assets</b>	<b>20,444</b>	<b>-</b>	<b>20,444</b>	<b>147</b>	<b>20,591</b>	
Inventories	621	-	621	-	621	
Trade accounts receivable	1,343	-	1,343	1	1,344	
Contract assets	467	-	467	-	467	
Other financial assets	73	11	84	199	283	
Other non-financial assets	308	1	309	(0)	309	
Current income tax assets	89	-	89	-	89	
Cash, cash equivalents and time deposits	552	(1)	551	(0)	551	
Assets held for sale	-	-	-	-	-	
<b>Total current assets</b>	<b>3,453</b>	<b>11</b>	<b>3,464</b>	<b>200</b>	<b>3,664</b>	
<b>Total assets</b>	<b>23,897</b>	<b>11</b>	<b>23,908</b>	<b>347</b>	<b>24,254</b>	

### Equity and liabilities

million €

Capital stock	0	-	0	-	0	
Additional paid-in capital	2,727	(1)	2,727	1,652	4,379	
Retained earnings	2,110	19	2,129	(82)	2,047	
Cumulative other comprehensive income	172	-	172	-	172	
<b>Equity attributable to shareholders</b>	<b>5,009</b>	<b>18</b>	<b>5,027</b>	<b>1,570</b>	<b>6,597</b>	
Non-controlling interest	26	-	26	-	26	
<b>Total equity</b>	<b>5,035</b>	<b>18</b>	<b>5,053</b>	<b>1,570</b>	<b>6,623</b>	
Accrued pension and similar obligations	334	-	334	-	334	
Provisions for other employee benefits	40	-	40	-	40	
Other provisions	304	-	304	-	304	
Deferred tax liabilities	2,703	(16)	2,687	68	2,755	
Financial debt	11,362	-	11,362	(1,266)	10,096	
Other financial liabilities	1	-	1	-	1	
Other non-financial liabilities	1	-	1	-	1	
<b>Total non-current liabilities</b>	<b>14,744</b>	<b>(16)</b>	<b>14,728</b>	<b>(1,197)</b>	<b>13,531</b>	
Provisions for current employee benefits	166	-	166	-	166	
Other provisions	419	(2)	417	(0)	417	
Current income tax liabilities	162	-	162	(1)	160	
Financial debt	98	-	98	-	98	
Trade accounts payable	664	11	675	(1)	674	
Other financial liabilities	219	(0)	219	(23)	196	
Contract liabilities	1,721	-	1,721	-	1,721	
Other non-financial liabilities	669	-	669	-	669	
<b>Total current liabilities</b>	<b>4,118</b>	<b>9</b>	<b>4,126</b>	<b>(26)</b>	<b>4,101</b>	
<b>Total liabilities</b>	<b>18,862</b>	<b>(7)</b>	<b>18,855</b>	<b>(1,223)</b>	<b>17,631</b>	
<b>Total equity and liabilities</b>	<b>23,897</b>	<b>11</b>	<b>23,908</b>	<b>347</b>	<b>24,254</b>	

The reconciliation of the corresponding consolidated statements of profit or loss for the financial year 2020/2021 and the short financial year 2020 is shown below:



TK Elevator Annual Report 2020/2021

## Consolidated Statements of Profit or Loss

million €	2020/2021		2020/2021		2020/2021	
	TK Elevator Topco GmbH	Recon- ciliation	TK Elevator Holdco GmbH	Recon- ciliation	TK Elevator Midco GmbH	
Sales	7,959	-	7,959	-	7,959	
Cost of sales	(6,348)	-	(6,348)	(0)	(6,348)	
<b>Gross margin</b>	1,611	-	1,611	(0)	1,611	
Research and development cost	(103)	-	(103)	-	(103)	
Selling expenses	(494)	-	(494)	-	(494)	
General and administrative expenses	(793)	6	(788)	(1)	(788)	
Other income	49	(0)	49	1	51	
Other expenses	(105)	(1)	(106)	(1)	(107)	
Other gains/(losses), net	(0)	-	(0)	-	(0)	
<b>Income/(loss) from operations</b>	165	5	169	(1)	169	
Income from companies accounted for using the equity method	0	-	0	-	0	
Finance income	79	0	79	311	391	
Finance expense	(861)	(0)	(861)	18	(843)	
<b>Finance income/(expense), net</b>	(781)	0	(781)	329	(452)	
<b>Income/(loss) before tax</b>	(617)	5	(612)	329	(283)	
Income tax (expense)/income	176	(3)	174	(66)	107	
<b>Net income/(loss)</b>	(440)	2	(438)	262	(176)	
Thereof:						
Shareholders of TK Elevator Topco GmbH/TK Elevator Holdco GmbH/TK Elevator Midco GmbH						
	(442)	2	(440)	262	(178)	
Non-controlling interest	2	-	2	-	2	
<b>Net income/(loss)</b>	(440)	2	(438)	262	(176)	



TK Elevator Annual Report 2020/2021

## Consolidated Statements of Profit or Loss

million €	Jan. 02, 2020 - Sept. 30, 2020 <sup>1)</sup>		Jan. 02, 2020 - Sept. 30, 2020 <sup>1)</sup>		Jan. 02, 2020 - Sept. 30, 2020 <sup>1)</sup>	
	TK Elevator Topco GmbH	Recon- ciliation	TK Elevator Holdco GmbH	Reconcilia tion	TK Elevator Midco GmbH	
Sales	1,373	-	1,373	-	1,373	
Cost of sales	(1,077)	-	(1,077)	(0)	(1,077)	
<b>Gross margin</b>	<b>296</b>	<b>-</b>	<b>296</b>	<b>(0)</b>	<b>296</b>	
Research and development cost	(21)	-	(21)	-	(21)	
Selling expenses	(79)	-	(79)	-	(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)	-	(2)	-	(2)	
<b>Income/(loss) from operations</b>	<b>(71)</b>	<b>3</b>	<b>(68)</b>	<b>5</b>	<b>(63)</b>	
Income from companies accounted for using the equity method	1	-	1	-	1	
Finance income	335	-	335	196	531	
Finance expense	(396)	0	(396)	(3)	(398)	
<b>Finance income/(expense), net</b>	<b>(60)</b>	<b>0</b>	<b>(60)</b>	<b>194</b>	<b>133</b>	
<b>Income/(loss) before tax</b>	<b>(131)</b>	<b>3</b>	<b>(128)</b>	<b>198</b>	<b>70</b>	
Income tax (expense)/income	18	(1)	17	(31)	(13)	
<b>Net income/(loss)</b>	<b>(113)</b>	<b>2</b>	<b>(111)</b>	<b>168</b>	<b>57</b>	

### Thereof:

Shareholders of TK Elevator Topco GmbH/TK Elevator Holdco GmbH/TK Elevator Midco GmbH	(113)	2	(111)	168	57
Non-controlling interest	(0)	-	(0)	-	(0)
<b>Net income/(loss)</b>	<b>(113)</b>	<b>2</b>	<b>(111)</b>	<b>168</b>	<b>57</b>

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.

The reconciliation of the corresponding consolidated statements of cash flows for the financial year 2020/2021 and the short financial year 2020 is shown below:



## TK Elevator Annual Report 2020/2021

### Consolidated Statement of Cash Flows

million €

	2020/2021		2020/2021		2020/2021	
	TK Elevator Topco GmbH	Recon- ciliation	TK Elevator Holdco GmbH	Recon- ciliation	TK Elevator Midco GmbH	
<b>Net income/(loss)</b>	(440)	2	(438)	262	(176)	
<b>Adjustments to reconcile net income/(loss) to operating cash flows:</b>						
Deferred income taxes, net	(360)	3	(357)	67	(290)	
Depreciation, amortization and impairment of non-current assets	754	-	754	-	754	
Income/(loss) from companies accounted for using the equity method, net of dividends received	(0)	-	(0)	-	(0)	
(Gain)/loss on disposal of non-current assets	2	-	2	-	2	
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes						
- Inventories	26	-	26	-	26	
- Trade accounts receivable	16	-	16	1	18	
- Contract assets	80	-	80	-	80	
- Accrued pension and similar obligations	13	-	13	-	13	
- Other provisions	5	(1)	4	0	5	
- Trade accounts payable	58	(10)	48	2	50	
- Contract liabilities	(33)	-	(33)	-	(33)	
- Other assets/liabilities not related to investing or financing activities	234	2	236	(202)	34	
<b>Operating cash flows</b>	<b>355</b>	<b>(4)</b>	<b>351</b>	<b>130</b>	<b>481</b>	
Purchase of investments accounted for using the equity method and non-current financial assets	(2)	-	(2)	-	(2)	
Expenditures for acquisitions of consolidated companies net of cash acquired	(70)	-	(70)	-	(70)	
Capital expenditures for property, plant and equipment (inclusive of advance payments)	(87)	-	(87)	-	(87)	
Capital expenditures for intangible assets (inclusive of advance payments)	(55)	-	(55)	-	(55)	
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	(0)	-	(0)	-	(0)	
Proceeds from disposals of property, plant and equipment	4	-	4	-	4	
Proceeds from disposals of intangible assets	2	-	2	-	2	
<b>Cash flows from investing activities</b>	<b>(208)</b>	<b>-</b>	<b>(208)</b>	<b>-</b>	<b>(208)</b>	
Proceeds from liabilities to financial institutions	46	-	46	-	46	
Repayments of liabilities to financial institutions	(420)	-	(420)	-	(420)	
Repayments of lease liabilities	(90)	-	(90)	-	(90)	
Proceeds from bonds and other loans	3,701	-	3,701	-	3,701	
Repayments on bonds and other loans	(3,589)	0	(3,589)	162	(3,427)	
Proceeds from the capital increase	4	-	4	-	4	
Dividends paid to non-controlling interest	(3)	-	(3)	-	(3)	
Other financing activities	10	5	15	(292)	(277)	
<b>Cash flows from financing activities</b>	<b>(341)</b>	<b>5</b>	<b>(336)</b>	<b>(130)</b>	<b>(466)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(194)</b>	<b>1</b>	<b>(193)</b>	<b>(0)</b>	<b>(193)</b>	
Effect of exchange rate changes on cash and cash equivalents	11	-	11	-	11	
Cash and cash equivalents at beginning of year	552	(1)	551	(0)	551	
<b>Cash and cash equivalents at end of the year</b>	<b>369</b>	<b>(0)</b>	<b>369</b>	<b>(0)</b>	<b>369</b>	
Additional information regarding cash flows from interest, dividends, and income taxes which are included in operating cash flows:						
Interest received	4	0	4	(0)	4	
Interest paid	(492)	(0)	(492)	124	(368)	
Income taxes paid	(255)	-	(255)	0	(255)	



## TK Elevator Annual Report 2020/2021

### Consolidated Statement of Cash Flows

million €	Jan. 02, 2020 - Sept. 30, 2020 <sup>1)</sup>		Jan. 02, 2020 - Sept. 30, 2020 <sup>1)</sup>		Jan. 02, 2020 - Sept. 30, 2020 <sup>1)</sup>	
	TK Elevator Topco GmbH	Recon- ciliation	TK Elevator Holdco GmbH	Recon- ciliation	TK Elevator Midco GmbH	
<b>Net income/(loss)</b>	(113)	2	(111)	168		57
Adjustments to reconcile net income/(loss) to operating cash flows:						
Deferred income taxes, net	(77)	1	(76)	32		(44)
Depreciation, amortization and impairment of non-current assets	128	-	128	-		128
Income/(loss) from companies accounted for using the equity method, net of dividends received	(1)	-	(1)	-		(1)
(Gain)/loss on disposal of non-current assets	1	-	1	-		1
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes						-
- Inventories	52	-	52	-		52
- Trade accounts receivable	38	-	38	(1)		37
- Contract assets	0	-	0	-		0
- Accrued pension and similar obligations	(18)	-	(18)	-		(18)
- Other provisions	66	(2)	64	(0)		64
- Trade accounts payable	(26)	11	(15)	(1)		(16)
- Contract liabilities	(99)	-	(99)	-		(99)
- Other assets/liabilities not related to investing or financing activities	(114)	(1)	(115)	(195)		(310)
<b>Operating cash flows</b>	<b>(163)</b>	<b>11</b>	<b>(153)</b>	<b>2</b>		<b>(150)</b>
Purchase of investments accounted for using the equity method and non-current financial assets	(0)	-	(0)	-		(0)
Expenditures for acquisitions of consolidated companies net of cash acquired	(14,792)	-	(14,792)	-		(14,792)
Capital expenditures for property, plant and equipment (inclusive of advance payments)	(34)	-	(34)	-		(34)
Capital expenditures for intangible assets (inclusive of advance payments)	(27)	-	(27)	-		(27)
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	(0)	-	(0)	-		(0)
Proceeds from disposals of property, plant and equipment	1	-	1	-		1
Proceeds from disposals of intangible assets	0	-	0	-		0
<b>Cash flows from investing activities</b>	<b>(14,851)</b>	<b>-</b>	<b>(14,851)</b>	<b>-</b>		<b>(14,851)</b>
Proceeds from liabilities to financial institutions	888	-	888	2		890
Repayments of liabilities to financial institutions	(1)	-	(1)	-		(1)
Repayments of lease liabilities	(18)	-	(18)	-		(18)
Proceeds from bonds and other loans	9,606	-	9,606	(1,313)		8,292
Repayments on bonds and other loans	(0)	-	(0)	-		(0)
Proceeds 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	-	2,585	(288)		2,297
<b>Cash flows from financing activities</b>	<b>15,556</b>	<b>(11)</b>	<b>15,545</b>	<b>(2)</b>		<b>15,543</b>
Net increase/(decrease) in cash and cash equivalents	542	(1)	541	(0)		541
Effect of exchange rate changes on cash and cash equivalents	10	-	10	-		10
Cash and cash equivalents at beginning of year	-	-	-	-		-
<b>Cash and cash equivalents at end of the year</b>	<b>552</b>	<b>(1)</b>	<b>551</b>	<b>(0)</b>		<b>551</b>

Additional information regarding cash flows from interest, dividends, and income taxes which are included in operating cash flows:

Interest received	2	-	2	(0)		2
Interest paid	(3)	-	(3)	-		(3)
Income taxes paid	(26)	-	(26)	-		(26)

<sup>1)</sup> As the company was founded on January 2, 2020, the comparative period only covers the period from January 2, 2020 until September 30, 2020 and only contains two months of operating business starting with the acquisition of thyssenkrupp Elevator as of July 31, 2020.



TK Elevator Annual Report 2020/2021

## 34 Special events after the reporting date

Dr. Philipp Voet van Vormizeele has been appointed as a managing director of the Company as of October 1, 2021.

The global economic development continues to be greatly dominated by the COVID-19 pandemic. The number of cases has been rising more sharply again since October 2021 and a new variant of the virus is spreading. Management continuously assesses all significant planning assumptions, taking into account the business development since the balance sheet date. There are currently no indications triggering a need to recognize impairment losses.



TK Elevator Annual Report 2020/2021

## 35 Application of exemption regulations

The following domestic subsidiaries in the legal form of a corporation Section 264a of the German Commercial Code (HGB) have made partial use of the exemption provision pursuant to Section 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 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, and are exempt from the obligation to prepare consolidated financial statements and a group management report:

- ELEG Europäische Lift + Escalator GmbH, Düsseldorf, Germany
- TK Elevator Europe Africa 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

Düsseldorf, January 19, 2022

TK Elevator Topco GmbH

The Managing Directors

Peter Walker    Ercan Keles    Dr. Philipp Voet van Vormizeele    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, 2021 and the Group Management Report for Financial  
Year 2021

INDEPENDENT AUDITOR'S REPORT

(Translation – the German text is authoritative)





## INDEPENDENT AUDITOR'S REPORT

To: TK Elevator Topco GmbH, Essen

### *Audit Opinions*

We have audited the consolidated financial statements of TK Elevator Topco GmbH, Essen, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at September 20, 2021 the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from October 1, 2020 to September 30, 2021, 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 financial year from October 1, 2020 to September 30, 2021.

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, 2021 and of its financial performance for the financial year from October 1, 2020 to September 30, 2021 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, January 19, 2022

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

sgd. Michael Preiß  
Wirtschaftsprüfer

(German Public Auditor)

sgd. Philip Meyer zu Spradow  
Wirtschaftsprüfer

(German Public Auditor)