



changes



'22

Annual Report

If there were one word to sum up the world in 2022, it would be this word. The economy, climate, pandemic, and geopolitical situation are all causing unprecedented shifts. Global harvests and complex supply chains at CLAAS are also affected, of course. The company is systematically striving to deploy technology and its passion for agriculture to produce the best possible crop. It's a task that will only become more important in years to come.



20

countries

36

locations

12,116

employees

4.926

billion euros in sales



CLAAS is a family business founded in 1913 and one of the world's leading manufacturers of agricultural engineering equipment. The company, with corporate headquarters in Harsewinkel, Germany, is the European market leader in combine harvesters. CLAAS is the world leader in another large product group, self-propelled forage harvesters. CLAAS is successfully represented around the world with tractors, agricultural balers and green crop harvesting machines. The CLAAS product portfolio also includes state-of-the-art farming information technology.

CLAAS Group Overview

Financial indicators (IFRS)

in € million	2022	2021	Change in %
Financial performance			
Net sales	4,925.5	4,797.8	2.7
Research and development costs ¹	279.1	262.3	6.4
EBITDA	435.7	532.1	- 18.1
EBIT	189.7	384.9	-50.7
Income before Taxes	166.3	357.1	-53.4
Net income	88.1	272.6	-67.7
Free cash flow	22.2	381.5	-94.2
Financial position			
Equity	1,847.9	1,717.1	7.6
Capital expenditure ²	200.6	194.0	3.4
Total assets	4,566.1	4,246.1	7.5
Employees			
Number of employees as of the balance sheet date ³	12,116	11,957	1.3
Personnel expenses	891.5	819.8	8.7

¹ Before capitalized, amortized, and impaired development costs.

² Including capitalized development costs, excluding goodwill.

³ Including apprentices.

2022 Annual Report

“With tremendous personal dedication and a strong combined effort, we have demonstrated that we measure up to our vision of making our customers the best in their field. We kept our harvest promises to our customers.”

Thomas Böck

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01

Foreword by the Executive Board



Thomas Böck
CEO of the CLAAS Group
and responsible for
Forage, Technology and
Systems

Dear Business Partners,

If there were one word to sum up the world in 2022, it would be “changes.” Crumbling supply chains, geopolitical disruption, and the aftershocks of the coronavirus pandemic have challenged CLAAS in ways we would barely have imagined after the already difficult year that was 2021.

With tremendous personal dedication and a strong combined effort, we have demonstrated that we measure up to our vision of making our customers the best in their field. We kept our harvest promises to our customers, with Purchasing, Production, and Sales all working hand in hand. That is CLAAS, and this success is something I take great pride in.

The fact that we were able to increase our sales to €4.9 billion and achieve earnings before taxes of €166 million despite this challenging situation is a testament to how robust our business model is.

In a climate of slowing economic growth overall, both grain and energy prices rose to new record levels. Pent-up demand from the pandemic and higher producer prices boosted the global agricultural equipment industry further, albeit with considerable regional variations. We achieved continued growth in our home market of Germany and, in particular, in North America, whereas sales in the Central and Eastern Europe region declined significantly as a result of the war in Ukraine.

In 2022, we continued to press ahead with our investment program and injected €130 million into the expansion of our global sales and production network. Work to modernize our main plant in Harsewinkel was successfully completed. Our project to increase production capacities at the Bad Saulgau site is going to plan. In Le Mans, France, the new CLAAS Academy opened its doors to employees of our sales partners.

Foreword by the Executive Board

We also continued our new model campaign in harvesting technology, including the unveiling of the new LEXION combine harvester generation and the DOMINATOR 260. In North America, we successfully launched the TRION 740 – an important combine in this market – and the large tractors of the AXION 900 TERRA TRAC series. Our NEXOS special tractors featuring new and improved technology were also showcased with a new design and upgraded cab. Our XERION large tractor and the TERRA TRAC track system, two unique and globally acclaimed CLAAS technologies, are celebrating their 25th anniversaries this year. New additions to the DISCO disc mower series and the new VARIANT 500 and QUADRANT EVOLUTION balers underscore our growth targets in the forage harvesting business.

Fundamental trends such as the digital transformation, autonomous farming, and alternative drives are not only stimulating technological change in the agricultural industry, they are also altering the way we work and communicate with our customers. That makes it all the more important to participate in these trends and shape them from day one. These investments in innovative technologies secure our future and reinforce our market position over the long term.

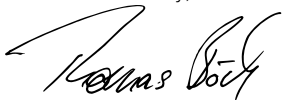
Our partnership with the Dutch start-up AgXeed, which specializes in developing and marketing autonomous agricultural equipment, shows how important access to innovative technologies is. With its autonomous tractors, AgXeed is already one of the leading players in this field in Europe.

The LEXION is officially the *“Coolest German Thing Made in the USA”*, an award given out in our important core market in the United States. In Europe, our flagship combine harvester range won the Farm Machine Award 2023, allowing us to retain our crown following the TRION combine harvester’s victory in the prior year.

As a family business, we think and act in the long term and have a special commitment to our employees, regardless of their background and nationality. We view the potential for a further escalation of the war in Ukraine with concern. We have ramped down production at our plant in Krasnodar and curbed our activities. In doing so, we are adhering strictly to all current sanctions and restrictions. Russia and Ukraine are both vital to global food security, which is why the United Nations, the G7, and the European Union have stressed that agricultural production must be maintained to safeguard food supplies worldwide.

As food shortages primarily affect the very poorest, we see it as our responsibility to help ensure global food security through efficient agricultural equipment. We must steadfastly continue to develop and become more competitive so that we can remain stable while the world around us changes. It is in times of uncertainty that our real strengths come to bear: We stand for innovative spirit, passion for agriculture, and reliability. Together, we will continue on this journey without wavering. We would like to thank all of our employees, sales partners, suppliers, and customers for their trust and everything they have achieved in these challenging times.

Yours sincerely,



Thomas Böck

CEO of the CLAAS Group

Report of the Supervisory Board of CLAAS KGaA mbH



Cathrina Claas-Mühlhäuser

Dear Business Partners,

The Supervisory Board of CLAAS KGaA mbH monitored and analyzed the Group's business situation and risk position at its regular meetings during fiscal year 2022. The Supervisory Board's assessments were based on reports by the Executive Board on the Group's strategic orientation, its financial position and financial performance, deviations from the plans made throughout the course of business, and operating decisions. The reports were received in two sessions and used in the decisions made by the Supervisory Board.

The Supervisory Board's deliberations focused on the sales and earnings outlook, the development of business in comparison to budgets, the acceptance of the auditor's report, the auditing of the annual financial statements of CLAAS KGaA mbH and the CLAAS Group, as well as the plans for the year 2023 and for the medium term.

Furthermore, the Supervisory Board discussed the update of the CLAAS Group strategy and the mounting economic and geopolitical challenges, in particular the tensions in global supply chains, the impact of the energy crisis, and the effects of inflation.

The Supervisory Board also studied a report regarding risk management at the CLAAS Group.

The shareholder representatives on the Supervisory Board are: Cathrina Claas-Mühlhäuser (Chairwoman), Carl-Albrecht Bartmer, Dr. Patrick Claas, Rüdiger Claas (from June 2022), Christian Boehringer, Gerd Peskes (until February 2022), and Dr. Thomas Toepfer (from February 2022). The employee representatives on the Supervisory Board are: Dirk Mallon, Tanja Goritschan (Deputy Chairwoman), Sabine Sasserath, Konrad Jablonski, Rainer Straube, and Dr. Alexander Pfohl.

The financial statements of CLAAS KGaA mbH and the consolidated financial statements of the CLAAS Group as of September 30, 2022, as well as the management reports for CLAAS KGaA mbH and the CLAAS Group, were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hanover, Germany, the auditors elected at the annual general meeting on January 13, 2022, and appointed by the Supervisory Board. The statements and reports received an unqualified audit opinion on November 24, 2022.

The financial statements of CLAAS KGaA mbH, the consolidated financial statements and management reports, as well as the proposal for the appropriation of profit were presented to the Supervisory Board upon their completion. These documents, as well as the auditor's reports, were available to the members of the Supervisory Board and were discussed in detail at the Supervisory Board meeting on December 7, 2022, in the presence of the auditor.

The Supervisory Board then passed the following resolution:

Having examined the financial statements of CLAAS KGaA mbH, the consolidated financial statements and management reports, as well as the proposal for the appropriation of profit, the Supervisory Board confirmed the results of the audit. No objections were raised. The Supervisory Board therefore approves the consolidated financial statements. It recommends to the shareholders that the annual financial statements of CLAAS KGaA mbH for fiscal year 2021 / 2022 be adopted as they are and agrees with the proposal for the appropriation of profit made by the Executive Board of the personally liable partner.

The Supervisory Board would like to thank the Executive Board and all employees for their high level of personal commitment during fiscal year 2022, in which the company succeeded in seizing the opportunities of global market development despite the particular challenges posed by supply chain disruption and the ongoing coronavirus pandemic. Securing the supply chains and improving profitability in all areas of the company are strategic priorities for the coming fiscal year.

Harsewinkel, December 7, 2022



The Supervisory Board
Cathrina Claas-Mühlhäuser
(Chairwoman)

Executive Board of the CLAAS Group



**Dr. Martin von
Hoyningen-Huene**
Tractor Division

Jan-Hendrik Mohr
Grain Harvest

Henner Böttcher
Finance and Controlling



The Group Executive Board at the world's most modern combine harvester production at the Harsewinkel location.

Thomas Böck
CEO, responsible for Forage,
Technology and Systems

Christian Radons
Sales and Service

Structure of CLAAS KGaA mbH

Personally Liable

Partner

Helmut Claas GmbH

KGaA Shareholders

Family Helmut Claas

Family Günther Claas

Family Rüdiger Claas

Shareholders' Committee

Cathrina Claas-Mühlhäuser,
Chairwoman

Christian Ernst Boehringer,
Deputy Chairman

Supervisory Board

Cathrina Claas-Mühlhäuser,
Chairwoman

Tanja Goritschan,
Deputy Chairwoman*

Carl-Albrecht Bartmer

Christian Ernst Boehringer

Dr. Patrick Claas

Rüdiger Claas
(from June 2022)

Gerd Peskes
(until February 2022)

Konrad Jablonski*

Dirk Mallon*

Dr. Alexander Pfohl*

Sabine Sasserath*

Rainer Straube*

Dr. Thomas Toepfer
(from February 2022)

* Employee representatives.

Group Executive Board**

Thomas Böck,
Chairman

Henner Böttcher
(from January 2022)

Dr. Martin von Hoyningen-Huene

Hans Lampert
(until December 2021)

Jan-Hendrik Mohr

Christian Radons

** Executive Board of Helmut Claas GmbH.

**Authorized Company
Representatives**

Stefan Belda
(until September 2022)

Dr. Hendrik Horn
(from October 2022)

Dr. Emmanuel Siregar

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Group Management Report

Our Strategy

CLAAS has its origins in agriculture and is deeply rooted there. Over the past two years, we have revised the CLAAS corporate mission and strategy in order to continue to grow sustainably and profitably along with our customers.

Growing together

Our vision puts the customer at the center. We aim to support our customers to help them achieve success and attain the best possible results for their business.

Our mission outlines how we want to achieve our vision and long-term goal. We seek to bring together passionate people, brilliant ideas, and advanced technologies to deliver lasting added value for farmers and contractors.

Our goal is to secure our independence as a family business and achieve sustainable, profitable growth along with our customers.

A clear value orientation

Our corporate mission statement contains the principles and values that we believe in and for which our brand stands. They are not just aspirational, but already shape our work on a day-to-day basis. At the same time, we know that there is always room for improvement.

We strive for excellence and proximity to our customers. We share our customers' passion for agriculture and deliver convenient, intuitive solutions and innovations.

We think and act entrepreneurially, which means not only being willing to take on responsibility, but also acting with honesty and integrity – this is how we want to deal with people.

As a family business, our strongest motivation is to always find a better solution.

Expanding the core business and breaking new technological ground

Our strategic plan includes several global initiatives that use new technologies to drive the expansion of our core business. We are putting an even stronger focus on the satisfaction of our customers and are combining that with specific growth and earnings targets. In line with this, we have launched a number of strategic programs whose ambitious goals we want to achieve by 2025. In addition to our core markets, our geographical focus is primarily on North America.

Over the past two years, we have laid a foundation for the future by renewing key elements in our harvester product portfolio with the new LEXION and the introduction of the TRION in the medium class segment. New CEMOS automatic functions were also developed in the last fiscal year.

After launching CEMOS for tractors in fiscal year 2020, CLAAS added Terranimo®, a new function for enhanced soil protection, in the past fiscal year. Together with the CTIC tire pressure control system and CLAAS POWER MANAGEMENT, significant performance improvements have been achieved. The Stage V update to the ARION 400 with a new top-of-the-range model brings with it improvements to lift and load capacity. CLAAS Tractor S.A.S. in Le Mans, France, has a state-of-the-art factory of the future that sets new standards in production. The aim is to intensify market penetration and achieve growth in new markets.

The service and spare parts sector is a particular focus of the strategic programs, ensuring our customers can continue to rely on CLAAS as a partner after they have purchased equipment. New digital systems at CLAAS and at dealer level to better analyze customer needs for more efficient on-site resource planning and faster logistics result in significant performance improvements, which immediately benefit the customer. Support for older CLAAS machines is now even more comprehensive thanks to SILVER LINE, a new spare parts production line. Continuous training and further improvements to service staff education play an equally important role, making CLAAS service stand out from the competition.

New technologies are being introduced in all areas, in products as well as in processes. For CLAAS, the four most important technology fields of the future are digitalization, autonomy, alternative drives, and smart farming. Important progress has been made in these areas, thanks to the manufacturer-independent farm management platform 365FarmNet and DataConnect, an open data interface for fleet management. The intensified cooperation with AgXeed B.V. in Venray, Netherlands, in the area of autonomy is also preparing CLAAS for important technologies of the future.

Industry Trends

Economic frameworks

The economic environment cooled down significantly, particularly at the start of the fiscal year. This was initially due to the Omicron variant of the coronavirus and the resulting political responses. China's zero-Covid policy, which resulted in repeated local lockdowns and subsequent interruptions to global supply chains, was one of the dominant factors. The economic environment declined significantly once again after the war in Ukraine began. As a result, the IMF made multiple corrections to its global growth forecast for 2022, which started the fiscal year at 4.9% and fell to 3.2% by the summer (prior year: 6.0%). The OECD guidance was even more pessimistic, forecasting growth of just 3.0%.

The economic cool-down was characterized by significant supply chain tension, along with considerable increases in the price of energy and food as a result of the war, leading to rising rates of inflation worldwide. Persistently high macroeconomic demand and scarcity in supply due to the factors referred to above resulted in commodity prices remaining substantially higher than the long-term average. The prices of both grain and crude oil reached new records before declining slightly at a high level in early summer. The food situation in many African and Middle Eastern countries deteriorated due to high grain prices and the lack of grain exports from the Black Sea region.

Although incomes increased as a result of higher prices for agricultural products and food, higher costs for intermediate

Focus on the customer

The exchange with our dealers and customers is and remains the most important instrument for creating lasting added value and growing together. We are supported in this exchange by continuously improving technologies for collecting comprehensive customer feedback and ensuring timely responses. This process is central to everything we do.

goods such as fertilizers had an adverse impact on the agricultural sector. Key inputs in the industrial sector, such as electricity and gas, also became more expensive. The price of crude oil remained above the 100-U.S.-dollar mark into July and had a negative effect on the agricultural industry through higher diesel costs.

The recovery in the international mechanical engineering industry initially continued in the past fiscal year, but increasingly weakened as a result of supply-side issues and, ultimately, the war in Ukraine. In its most recent base scenario for 2022, Oxford Economics forecasted a change in the interest environment and growth of 4% – although a resurgence of the pandemic would negatively impact these figures significantly.

According to estimates from the German Mechanical Engineering Industry Association (VDMA), the global agricultural equipment industry (including municipal, forestry, and gardening equipment) is expected to see record market volume of approximately €140 billion in 2022 and therefore achieve growth of 5% in real terms on the back of significant expansion in 2021. Despite demand remaining high, this growth was in many cases hampered by supply bottlenecks.

In the crop year 2021/22, global grain production (including rice) exceeded the prior year's level by 2.7% to stand at 2,799 million metric tons, according to the U.S. Department of Agriculture (USDA). Wheat production in 2021/22 was

780 million metric tons, which was another increase on the prior year's record. However, even stronger growth in consumption led to declining inventories (-5.0%). Corn stocks, on the other hand, increased thanks to record-breaking production of 1,217 million metric tons (+4.9%), following a marked decline in the prior year (-4.4%). Despite high initial hopes, the soybean harvest proved discouraging, as production declined by 3.5% to 356 million metric tons.

Regional industry developments

Europe recorded an average harvest in crop year 2021/22, with 138 million metric tons of wheat (+9.2%) and 71 million metric tons of corn (+5.2%). The agricultural policy situation remained uncertain in view of the environmental constraints associated with the European Green Deal. Against the backdrop of the war in Ukraine, idle land and crop rotation obligations were suspended for 2023 to boost agricultural production and take into account the escalating global food crisis.

In North America, the production of corn (+6.7%) and soybean (+5.9%) rose, whereas wheat production was down (-21.2%). In the United States, agricultural subsidiaries continued to decline in 2022 following record-breaking payments in 2020, which was an election year.

In South America, an extended drought in the first few months of the calendar year had a negative effect on harvests, particularly on the soybean harvests of key producers such as Brazil

and Argentina, as well as in Paraguay. The USDA lowered its estimates during the year, in some cases by up to 60%. Corn, on the other hand, proved to be robust.

In Russia, wheat production declined considerably after initially positive indications (-11.9%). At 75 million metric tons, however, it remained above the long-term average in 2022. In Ukraine, the war resulted in substantial uncertainty regarding harvest estimates during the year. Crop year 2021/22 saw record wheat and corn harvests, but grain exports stalled significantly from February onwards due to the blockade of Black Sea ports. As a result, domestic inventories reached historic highs that did not start to fall gradually until shipments recommenced in the summer in a sustained environment of extreme instability.

In Asia, agricultural production continued to expand further in both China and India, with harvests of all crops increasing.

Due to the strong crop year and favorable financing terms, particularly in the first half of the fiscal year, the agricultural equipment market once again recorded high demand in 2022 and saw largely positive development despite significant supply-side disruption. The booming market in South America was one particular focal point of this trend. Robust growth was reported in North America, and sales also continued rising in Europe, albeit at a lower rate than that observed in 2021. In Russia, on the other hand, the market collapsed at times due to sanctions and boycotts. The Chinese agricultural equipment market grew, whereas the market in India declined.

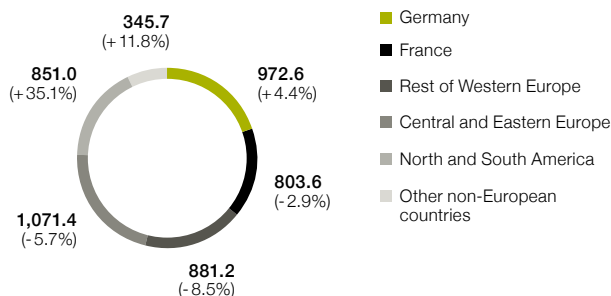
Financial Performance

Net sales by region ↗ 1

The CLAAS Group generated net sales of €4,925.5 million in the past fiscal year, an increase of 2.7% on the prior year. Despite the major challenges posed by supply bottlenecks for important components, CLAAS was able to meet the majority of customer orders and record an increase in sales. Sales in core CLAAS markets developed largely positively. The change in important exchange rates, such as the U.S. dollar or the Russian ruble, had a positive impact on sales, as did the increase in the prices of certain product groups during the year. The share of sales generated outside Germany amounted to 80.3% (prior year: 80.6%).

1 _ Net Sales by Region

in € million/in % compared to prior year



Industry Trends
Financial Performance

Net sales in Germany totaled €972.6 million, up from €931.8 million in the prior year, predominantly due to the increase in sales of forage harvesters and service and spare parts business. In addition, sales of forage harvesting machinery, telehandlers, and wheel loaders also rose year on year.

Net sales generated in France declined from €827.6 million in the prior year to €803.6 million. This was due to delivery delays and the deferral of sales of new machinery, particularly combine harvesters and tractors, into the next fiscal year. Service, spare parts, and accessories business developed positively.

Sales generated in the Rest of Western Europe fell overall to €881.2 million (prior year: €963.0 million). Spain, Austria, and the United Kingdom recorded particularly sharp declines in sales due to delivery delays. Demand for CLAAS products developed particularly positively compared to the prior year in Scandinavian countries.

At €1,071.4 million, net sales in Central and Eastern Europe were down 5.7% compared to the prior-year figure of €1,136.2 million. In particular, sales in Ukraine and Russia have been declining significantly since mid-February due to the war. As in the prior year, Poland, Romania, the Baltic countries, and Hungary were all able to record high levels of sales.

Net sales in North and South America developed extremely well, climbing 35.1% to €851.0 million. Significant growth was generated in North America through new machine sales of combine harvesters, forage harvesters, and tractors. CLAAS

was able to increase its sales in Argentina in spite of the difficult ongoing political and economic conditions.

At €345.7 million, net sales generated in other countries outside of Europe were up 11.8% year on year (prior year: €309.3 million), with China, Australia, and New Zealand generating the highest sales figures.

Income ↗ 2

Gross profit on sales declined by €101.9 million year on year, causing the gross profit margin to fall from 22.1% to 19.5%. The substantial decrease in gross profit on sales was mainly the result of rising input costs for materials, parts, and components caused by high inflation and supply-side shortages. In addition, CLAAS invested significantly in supplying customers with the machines they had ordered – or, alternatively, rental or used machines – in time for the start of the summer harvest.

Selling, general and administrative expenses increased year on year, but only at a slightly higher rate than sales. Increased expenses for digitalization projects were offset by lower marketing and communication expenses. There was also a rise in business travel expenses and hospitality costs, which had been at a low level due to the coronavirus pandemic.

Research and development costs rose to a new record high at CLAAS. They included the development and renewal of harvesting machinery and tractors, investments in electronics architecture for machine control and connectivity, and expenses for the digitalization of agricultural processes. Please refer to the section on “Research and Development” for more information.

2_Income Statement (Summary)

in € million	2022	2021	Change
Net sales	4,925.5	4,797.8	127.7
Cost of sales	-3,967.1	-3,737.5	-229.6
Gross profit on sales	958.4	1,060.3	-101.9
Selling, general and administrative expenses	-497.2	-474.3	-22.9
Research and development expenses	-256.4	-251.9	-4.5
Other operating income, net	-7.7	32.8	-40.5
Operating income	197.1	366.9	-169.8
Income from investments, net	21.6	22.1	-0.5
Financial result	-52.4	-31.9	-20.5
Income before taxes	166.3	357.1	-190.8
Net income	88.1	272.6	-184.5

The other operating result decreased by €40.5 million year on year. In the current fiscal year, other operating income, at €140.8 million, was above the average level of prior years. Other operating expenses were up by €84.2 million to €148.5 million. This was due to impairments recognized in accordance with IAS 36 following an impairment test of the asset portfolio. The impairment test was triggered by a change in the geopolitical assessment with regard to long-term sales opportunities, supply sources, and supply chains. Further information on impairments pursuant to IAS 36 are presented in Notes 14 and 15 to the consolidated financial statements.

Income from investments mainly includes the respective share of income of the financing and leasing business of the CLAAS Financial Services companies and was on par with the prior year.

Cash Position

Liquid assets ↗3

As of the reporting date, the CLAAS Group's liquidity amounted to €1,041.8 million (prior year: €1,237.9 million). Liquid assets are mainly held as fixed-term deposits, money market securities, and investment funds. The drop in liquidity was mainly the result of an increase in working capital by €116.8 million and the repayment of the first tranche of the U.S. private placement of €146.9 million.

3_Net Liquidity

in € million	Sept. 30, 2022	Sept. 30, 2021	Change
Cash and cash equivalents	507.9	539.1	-31.2
Securities	533.9	698.8	-164.9
Liquid assets	1,041.8	1,237.9	-196.1
Financial liabilities*	611.8	757.4	-145.6
Net liquidity	430.0	480.5	-50.5

* Excluding derivative financial instruments.

Financial liabilities and credit facilities

The remaining tranche of the 2012 U.S. private placement, the "Schuldscheindarlehen" (German private placement) issued in euros in 2015, and another "Schuldscheindarlehen" issued in euros in a total of four tranches in 2020 were the largest individual financial liabilities items. The disproportionate decline in cash and cash equivalents and securities compared

The decline in the financial result was mainly due to the considerable deterioration in income from securities. Falling bond and fund prices had a negative effect on the securities portfolio. In addition, there were negative effects from the foreign exchange result. Particularly unfavorable currency translation effects were reported in relation to the Hungarian forint and the Russian ruble. By contrast, interest income improved compared to the prior year.

In summary, CLAAS was able to maintain its operating income at a relatively stable level in spite of supply chain disruption and the war in Ukraine. Income before taxes decreased by €190.8 million year on year to €166.3 million, predominantly due to the impairments referred to above, and therefore fell significantly short of our original expectations. This deterioration in income was largely not cash-effective.

to financial liabilities resulted in net liquidity decreasing by €50.5 million.

For general financing purposes, the CLAAS Group had access to credit facilities from banks with a total volume of €826.4 million as of the balance sheet date, including a flexible syndicated loan that was increased to €500 million in the reporting year. Of the available credit facilities, €787.0 million were not utilized.

Further information on financial liabilities and the financial risk management are presented in Notes 25 and 35 to the consolidated financial statements.

Off-balance-sheet measures

CLAAS uses an asset-backed securitization program (ABS program) to sell trade receivables to a structured entity on a revolving basis. Due to the seasonal nature of sales realization in the agricultural equipment industry, substantial financing is needed during the course of the year. In working capital, the relatively low level of capital tied up at the end of the fiscal year generally leads to a high liquidity level. The ABS program helps to effectively mitigate seasonal liquidity fluctuations during the year. The volume of receivables transferred amounted to €224.4 million as of September 30, 2022 (prior year: €159.8 million).

Financial Performance
Cash Position

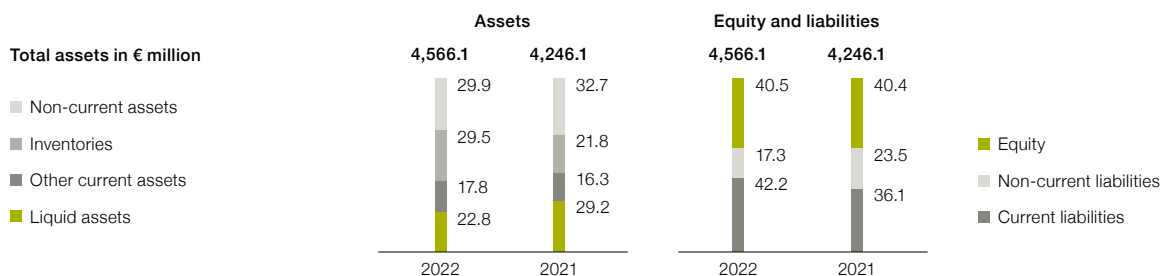
Asset and capital structure ↗ 4

Non-current assets were covered by long-term financing, consisting of equity and non-current liabilities, at a ratio of 193.7% as of the balance sheet date (prior year: 195.2%). Non-current assets plus 50.0% of inventories were funded by

long-term financing at a ratio of 129.6% (prior year: 146.4%). These figures testify to the CLAAS Group's sound capital structure.

4_Balance Sheet Structure

in %



Cash flows ↗ 5

5_Statement of Cash Flows (Summary)

in € million	2022	2021	Change
Cash and cash equivalents at beginning of year	539.1	524.1	15.0
Cash flows from operating activities	225.5	580.5	-355.0
Cash flows from investing activities	-53.6	-507.3	453.7
Cash flows from financing activities	-249.2	-68.2	-181.0
Effect of foreign exchange rate changes on cash and cash equivalents	46.1	10.0	36.1
Change in cash and cash equivalents	-31.2	15.0	-46.2
Cash and cash equivalents at end of year	507.9	539.1	-31.2

The decline in cash inflow from operating activities was mainly due to the significantly lower net income. The increase in working capital also had a negative effect.

Cash outflow from investing activities predominantly comprised outflow from capital expenditure. Cash inflow from the sale of money market securities acquired in the prior year had an offsetting effect.

The cash outflow from financing activities resulted mainly from the repayment of the first tranche of the U.S. private placement, dividend payments, and the repayment of lease liabilities.

Changes in cash and cash equivalents due to foreign exchange rates were much more positive than in prior years, primarily as a result of the development of the U.S. dollar and Russian ruble exchange rates.

The development of the free cash flow due to the influences described before is as follows: ➤ 6

6-Free Cash Flow

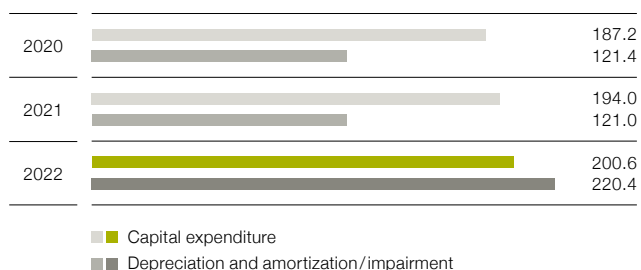
in € million	2022	2021	Change
Cash flows from operating activities	225.5	580.5	-355.0
Net capital expenditure in intangible assets, property, plant and equipment, borrowings, and investments	-203.3	-199.0	-4.3
Free cash flow	22.2	381.5	-359.3

Capital expenditure ➤ 7

Capital expenditure came to €200.6 million in the reporting year. The additions mainly related to investments in the construction, expansion, and modernization of production and sales sites, in innovative technologies, and in new products. The ratio of capital expenditure to sales stood at 4.1% (prior year: 4.0%).

7-Capital Expenditure, Depreciation and Amortization/Impairment

in € million



A multi-year plant structure project was launched at the production site in Bad Saulgau, Germany, in the past fiscal year. The project is centered on adapting production equipment, plant infrastructure, and, in particular, production capacities in line with continuously rising demand and future growth. The site is currently being expanded and an existing 5,000 m² space restructured to create additional assembly areas. At the end of 2021, work started on the construction of the new social building for employees at the site. The energy-efficient building, which features an extensive green roof and photovoltaic and solar thermal system, commenced operation in September 2022.

The new CLAAS Academy in Le Mans, France, opened in October, following its relocation from Evreux, France. The new location adjacent to the tractor production site optimizes logistics and communications channels and enhances dialogue between the employees at the site.

CLAAS Tractor S.A.S. also expanded the factory premises by purchasing a new plot of land. New storage capacities for machines and parts at the site will allow further process and logistical optimization.

At CLAAS Agricultural Machinery (Shandong) Co. Ltd. in Gaomi, China, the renovation work as part of the plant development project was completed at the end of the last calendar year. The first phase of the project involved constructing a new conveyor system and renovating the assembly line hall floor to improve assembly infrastructure. The renovations will result in sustained improvements to operating processes at the production site, taking into account the increasing demand for CLAAS combine harvesters in Asia.

The project to expand the automatic small parts warehouse at CLAAS Service and Parts GmbH in Hamm, Germany, continued. The expansion of the bays will secure storage capacity for further growth in the range of parts and increase availability. The small parts warehouse commenced operation in November 2022.

In addition, CLAAS is investing in the expansion and digitalization of business processes at all levels of the sales organization. New systems and applications are set to enhance communication among CLAAS, dealers, and customers.

Investments in the testing and production of new products made within the scope of the extensive development program accounted for a substantial share of capital expenditure.

At the end of the fiscal year, CLAAS had financial obligations totaling €9.7 million relating to future capital expenditure.

Financial Position

8_Balance Sheet (Summary)


in € million	Sept. 30, 2022	Sept. 30, 2021	Change
Assets			
Intangible assets	318.5	313.5	5.0
Property, plant and equipment	613.8	612.2	1.6
Right-of-use assets	89.7	82.6	7.1
Investments accounted for using the equity method	156.3	160.8	-4.5
Inventories	1,348.8	926.5	422.3
Trade receivables	454.3	441.3	13.0
Liquid assets	1,041.8	1,237.9	-196.1
Other assets	542.9	471.3	71.6
Total assets	4,566.1	4,246.1	320.0
Equity and liabilities			
Equity	1,847.9	1,717.1	130.8
Financial liabilities	611.8	757.4	-145.6
Provisions	1,085.0	1,132.6	-47.6
Trade payables	454.1	278.4	175.7
Other liabilities	567.3	360.6	206.7
Total equity and liabilities	4,566.1	4,246.1	320.0

Total Group assets rose by €320.0 million year on year to €4,566.1 million compared to September 30, 2021. One main reason for this substantial increase was the significant rise in inventories on the assets side. This trend was accompanied by a rise in equity, trade payables, and prepayments.

Intangible assets increased slightly year on year to €318.5 million, mainly as a result of the addition of licenses of €15.3 million.

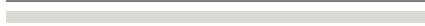

The rise in inventories by €422.3 million played a key role in the rise in working capital and was primarily caused by the increase of raw materials, consumables and supplies to ensure that CLAAS can respond flexibly to possible bottlenecks in the delivery of parts from suppliers. In addition, inventories of work in progress and finished goods climbed by a total of €296.6 million. Shortages in the availability of certain components and parts, primarily in relation to the combine harvester product group, resulted in a significant number of machines not being completed. CLAAS plans to deliver these machines in the first few months of fiscal year 2023. Inventories of new machines, particularly combine harvesters and forage

harvesters, increased, as some machines were not completed until shortly before the reporting date. There was also an increase in inventories of used machines and spare parts.

Trade receivables and payables also increased. The considerable rise in trade payables was not able to compensate for the higher level of inventories, raising working capital by €116.8 million overall. As a result, the share of working capital to total assets edged up to 24.3%. Working capital developed as follows: 

9_Working Capital

in € million

2020		994.7
2021		992.6
2022		1,109.4

Other assets increased by €71.6 million to €542.9 million. They mainly comprise deferred taxes, tax receivables, and assets relating to the ABS program.

The change in the equity of the CLAAS Group involves a variety of factors, some of which with opposing effects. While net income less the dividend paid in the current year had only a slightly positive impact, the significantly higher discount rate for pension provisions and the currency translation differences in relation to foreign assets and liabilities caused by the improved U.S. dollar exchange rate led to positive effects on equity. Despite the rise in total assets, the equity ratio only increased slightly to 40.5% (prior year: 40.4%).

Research and Development

In the reporting year, research and development costs increased by 6.4% to €279.1 million, **↗ 10**. Activities were focused on new models and the further development of harvesting machinery and tractors. Investments in electronics architecture for machine control and connectivity, as well as in the digitalization of agricultural processes, also continue to account for a significant share of the CLAAS Group's total research and development costs.

Product innovations

In fiscal year 2022, intensive work was carried out on the development of the new 2023 LEXION generation. The TRION cabs, together with the MONTANA models, which enable chassis slope compensation, will supplement the CLAAS product portfolio. Selected LEXION models will also come with increased engine power and greater grain tank volume. In addition, the new CEMOS CONNECT function will make it possible to transfer optimal machine setup data to an entire fleet of combine harvesters.

The TRION 740 and the AXION 900 TERRA TRAC were unveiled in Omaha, USA, this fiscal year, expanding the U.S. product portfolio. With its state-of-the-art concept, high threshing performance and quality, efficient fuel consumption, and user-friendly operation, the TRION 740 meets the requirements of many farmers in North America. The AXION 900 TERRA TRAC delivers added benefits thanks to its comfort, outstanding soil protection, and enhanced productivity and efficiency. With standard four-point cab suspension and fully-suspended tracks, this tractor also has an exceptional ride.

The fall in provisions resulted from various effects. Other provisions climbed by €64.4 million, whereas pension provisions were down by €103.1 million. This was due to the increased discount rate referred to above. Tax provisions fell due to the less favorable earnings situation compared with the prior year.

In addition to the silent partnership, other liabilities mainly include deferred income, other taxes, and liabilities to investments.

10_Research and Development

		2022	2021
Research and development costs	in € million	279.1	262.3
Research and development cost ratio	in %	5.7	5.5
Capitalized development costs	in € million	67.8	53.2
Capitalization ratio	in %	24.3	20.3
Amortization /impairment of capitalized development costs	in € million	45.1	42.9
Share of workforce involved in research and development at the CLAAS Group	in %	12.5	12.2
Active patents	Number	4,410	4,409

CLAAS is now introducing the Stage V emissions standard to its range of narrow-gauge and special tractors. A new transmission, new cab with a flat floor, and a new design are among the upgrades to the NEXOS series. The new contemporary look features the signature "Y" design first launched in 2019 in the current LEXION and also seen in the TRION. The flattened shape of the hood enhances the driver's view to the front. In addition, MAXI CARE protection offered with large CLAAS tractors is now being expanded to the narrow-gauge segment too.

With the new VARIANT 500, CLAAS is introducing a number of new features as well as the typical CLAAS "Y" design to the range of round balers with variable bale chambers. The improvements include optimized baling pressure control, a new cutting unit for VARIANT HD models, and larger tires for more soil protection.

Financial Position
Research and Development
Purchasing

The new CLAAS CEMIS 1200 is now available for LEXION, JAGUAR, and CLAAS tractors, replacing the previous S10 universal terminal. In addition to automated steering, it also handles online documentation, ISOBUS and task control applications, section control, and variable quantity control. The design, graphics, and operation using the 12-inch multi-touch screen are based on the CLAAS CEBIS, making operation intuitive and simple.

After a number of successful joint projects, CLAAS is intensifying its further cooperation with Dutch start-up AgXeed B.V., based in Venray, Netherlands, for the development and marketing of autonomous agricultural machines. With its follow-up investment, CLAAS is securing further access to innovative technologies that feature in autonomous agricultural equipment. At the same time, AgXeed is benefiting from the international network and the expertise of the CLAAS Group in many areas, from development to sales and service. In spring 2022, CLAAS Vertriebsgesellschaft mbH, based in Herzebrock-Clarholz, Germany, and AgXeed developed a concept to position AgXeed in the sales and service market of the CLAAS dealer network in Germany and Switzerland. With its autonomous tractors, the start-up offers an intelligent, sustainable, and fully autonomous farming system with scalable hardware, virtual planning tools and comprehensive data models, making it one of the leading companies in these areas in Europe today.

Awards

At the SIMA trade fair in France, the latest LEXION generation was honored with the FARM MACHINE Award 2023 in the

combine harvester category. The combine harvester series, which was presented to the public in summer 2022, impressed the panel of experts with its optimized cab and rotating driver's seat and larger grain tank, as well as performance and crop flow optimization. The LEXION can also be equipped with the new CEMOS functionalities for process optimization in terms of productivity and efficiency.

The TRION combine harvester series won the FARM MACHINE Award 2022 in the combine harvester category, impressing the international panel of agriculture and agricultural equipment trade journalists. The TRION therefore validates the development target of a strongly customer-centric mid-range combine harvester featuring a broad range of different technologies.

The AGRITECHNICA Innovations Commission of the German Agricultural Society (DLG) has awarded silver medals to two CLAAS innovations. The integration of the Terranimo® application into the CEMOS operator assistance system for tractors made a mark on the panel, as did the CEMOS AUTO HEADER. Terranimo® is able to calculate the risk of harmful soil compaction for the combination of tractor and equipment and provide direct feedback to the operator. The application was developed in partnership with a research institute and two universities. The CEMOS AUTO HEADER automatically adjusts the settings on VARIO cutterbars in accordance with the prevailing threshing conditions. The assistance system adjusts the reel position to obtain an optimal, even crop flow, reducing the load on all of the combine harvester's systems.

Purchasing

The agricultural equipment industry developed extremely well in fiscal year 2022, with capacity utilization at high levels. However, widespread disruption to supply chains was also a factor. This, combined with the coronavirus crisis, initially led to a further rise in steel prices. The outbreak of the war in Ukraine in February 2022 ended a nascent easing at the beginning of the calendar year.

There were significant price increases in the fiscal year, with costs of steel products, logistics, and energy all rising.

Purchasing provided prompt and regular updates on the latest market situation and the associated risks. The most important tasks in the fiscal year were to safeguard contractually agreed prices and mitigate rapidly rising purchasing prices. Ensuring availability in cooperation with logistics areas became a second major focal point of activities. The matrix organization already in place in the areas of Purchasing and Supply Chain Management provided a solid basis for managing the crisis. Despite every effort being made, it was not possible to satisfy production requirements in full.

In terms of logistics, seaports were extremely busy, resulting in long waiting times for shipping companies and road transport. The situation in transportation logistics remains extremely strained. The critical global availability of all modes of transport is being exacerbated by a lack of drivers in Europe. Logistics bottlenecks and the deferral of high capacity utilization in production initially led to low demand for the specialized transportation of new machinery. Later, however, that same demand increased to excessive levels.

The department responsible for purchasing non-production material focused on major investments and IT projects, as well as on optimizing and systematically digitalizing purchasing processes. Projects in the area of business process digitalization were also commissioned, focusing in particular on the area of Sales and Service.

A core supplier strategy was also developed. Selecting a handful of particularly reliable core suppliers for each product group made it possible to largely counteract delivery delays and price increases in these areas, thereby boosting efficiency in the overall purchasing process.

Significant portions of the energy requirements at CLAAS locations have already been secured through long-term supply contracts. A concept was also developed in cooperation with the technical plant maintenance teams to mitigate the risks of potential gas shortages. Further information on this topic can be found in the “Purchasing risk” section.

Employees

HR indicators ↗ 11

Personnel expenses increased by around 8.7% to €891.5 million (prior year: €819.8 million). As of September 30, 2022, the CLAAS Group employed 12,116 people (prior year: 11,957) worldwide, approximately 50.4% of which outside of Germany ↗ 12.

Training

As of September 30, 2022, the CLAAS Group employed 792 apprentices (prior year: 775), 493 (prior year: 473) of which in Germany. CLAAS trains young people in Germany in various technical and business professions, as well as within a “dual study” program, with alternating phases of theory and practice. The same applies to other countries in which CLAAS operates, such as France, Hungary, the UK, and India.

Personnel development

At CLAAS, strategic corporate objectives are directly connected with targeted investments in its employees. Managers and employees coordinate qualification and further development opportunities with individual needs throughout their careers. Offerings include workplace learning, exchange formats, seminars, development programs, self-directed learning, or attendance at professional conferences. The demand for training opportunities at CLAAS is rising continuously. The

11 _HR Indicators

		2022	2021
Employees as of the balance sheet date ¹	Number	12,116	11,957
Male employees	in %	86.6	87.0
Female employees	in %	13.4	13.0
Average age	in years	41.0	40.2
Length of service	in years	11.9	11.7
Fluctuation	in %	7.9	6.4
Personnel expenses	in € million	891.5	819.8
Vocational and further training costs	in € million	22.3	19.1

¹ Including apprentices.

further training program was maintained and expanded through virtual alternatives during the pandemic.

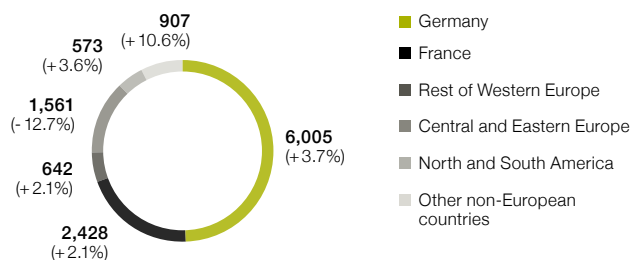
Junior staff development

CLAAS cooperates closely with schools and institutions of higher education, and exercises a wide range of vocational training and orientation initiatives. Fairs, training days, and internships enable young people to establish early contact with the potential employer. After graduating, school students may also apply to complete technical or commercial vocational training at any of our sites in Germany or enter into a bachelor’s

Purchasing
Employees

12_Employees by Regions

Number of employees/in % compared to prior year



program at Duale Hochschule Baden-Württemberg. Maintaining contact with apprentices, students participating in the “dual study” system, and interns even after their time at the Company is very important to CLAAS. The CLAAS Next Generation program is used in a targeted manner to ensure the loyalty of talented young people in the long term. After finishing their studies, direct entry positions or the international trainee program offer a great opportunity for graduates to start their careers at CLAAS. The award-winning trainee program focuses on engineering, finance/controlling, sales, as well as software and electronics.

Employer rankings and employer branding

CLAAS has successfully positioned itself as an attractive company among its target groups so as to continue securing talents in the future. CLAAS is regarded as being a popular employer both nationally and internationally, a fact that is confirmed every year by the top positions that CLAAS secures in employer rankings. In addition, CLAAS was once again recognized as a “MINT Minded Company” this year. This award recognizes that CLAAS provides special support to students and specialists in the fields of science, technology, engineering, and mathematics and is perceived by them as a particularly attractive employer. CLAAS is also actively and systematically encouraging young women to enter technical professions.

CLAAS has joined forces with the Deutsche Lehranstalt für Agrartechnik (DEULA), based in Nienburg, Germany, to develop the Fast Ag Track initiative geared towards training Ukrainian refugees for jobs in agricultural equipment trading. Once they complete the training, which is intended to lead to a professional qualification, participants can quickly and simply find their feet in the working world with CLAAS sales partners.

Performance-based compensation

As a responsible employer, CLAAS offers its employees competitive, performance-based compensation that is aligned to the long-term requirements of the Company. Systematic job evaluation ensures that the remuneration structures are both sound and commensurate. All domestic employees may become silent partners of CLAAS through CMG CLAAS Mitarbeiterbeteiligungs-Gesellschaft mbH. The aim is to create a balance between the business interests of the CLAAS Group and employees’ professional, personal, and family needs. The options include flexible working hours, mobile working, staff programs to promote work-life balance, and the opportunity take advantage of arrangements to work from home.

Women in leadership positions

CLAAS aims to promote the training and education of young women through offers such as a Female Day and a mentoring program for students of science, technology, engineering, and mathematics (STEM). These measures have already resulted in candidates applying to join the training and trainee programs at CLAAS.

At the CLAAS Group, female employees account for approximately 13.4% of the total workforce worldwide. The aim is to at least maintain the percentage of women in leadership positions at a stable level and increase it where possible. With regard to the German Act on Equal Participation of Women and Men in Executive Positions (FüPoG II), the target of 8.3% defined for June 30, 2022, has been exceeded for the Supervisory Board, with 25.0% of its members being female. At the first two levels of management, the percentage stood at 7.7% (target: 7.7%) and 6.5% (target: 4.0%) respectively. The newly defined targets announced in July 2022 are 25.0% for the Supervisory Board and 7.7% and 6.5% respectively for the first two levels of management; they apply until June 30, 2027. As a company with a primarily technical focus, CLAAS has taken into account industry-specific factors and the current percentage of women in the workforce in defining its targets.

The above statement pursuant to Sec. 289f (4) of the German Commercial Code (HGB) is an integral part of the management report. The audit by the auditor is to be limited pursuant to Sec. 317 (2) Sentence 6 HGB to whether these disclosures have been made.

Risks and Opportunities

Internal control and risk management system

As a globally active corporate group, CLAAS is subject to various types of risk. Taking preventive measures to counter possible risks, as well as identifying, measuring, and adequately responding to these risks at an early stage, are key components of the CLAAS risk management system. At the same time, entrepreneurial activity at CLAAS also means deliberately entering into calculable risk to allow the Company to take advantage of the related opportunities.

Within the CLAAS Group, a uniform, Group-wide risk management system is an integral part of corporate management and the controlling organization. This serves to take advantage of opportunities, identify any significant risk that could endanger the ability of the Company to continue as a going concern, and ensure appropriate risk handling. The risk management system and implemented risk controlling utilize a wide variety of information for ongoing identification, evaluation, and control of risks. The existing system, which is continually being developed further, complies with all statutory early warning requirements.

The Group's reporting system represents an essential element in the continuous monitoring of economic risks. In addition to the data supplied for external reporting, detailed internal reports and evaluations are provided to decision makers on a monthly basis. Budgets are monitored for deviations, earnings projections are checked for feasibility, and any new risks are identified, evaluated, and documented on an ongoing basis. The assessments are made on an ongoing basis for the current fiscal year and as part of the strategy process over the medium-term planning horizon. The management report usually covers a period of twelve months. Risks are assessed on the basis of the probability of occurrence of an estimated maximum risk exposure before the implementation of counter-measures.

Within existing organizational structures, the risk management system is accounted for and supported by the operating and administrative areas of responsibility. In addition to the regular information provided, an obligation to prepare ad hoc risk reports ensures prompt Group Executive Board action at all times. The Internal Audit department of CLAAS is responsible for monitoring the adequacy of the risk management system and conformity with regulations.

The aim of the internal risk management system and the internal control system for the financial reporting process and the Group financial reporting process is to ensure the effectiveness of the accounting system and its adherence to generally accepted accounting principles and guarantee compliance with statutory norms, financial reporting standards, and intra-group accounting policies, which are binding for all companies included in the consolidated financial statements. The key information on this is available to the entire Group via the CLAAS intranet. CLAAS ensures that all information is up to date by conducting continuous analyses of any changes to determine their relevance and their impact on the financial statements. The Group Accounting department is primarily responsible for this task. CLAAS prepares its financial statements using a Group-wide reporting system that is also used for preparation of the budget, medium-term planning, and estimates during the fiscal year. The reporting system incorporates principles, processes, and controls to ensure that the financial statements comply with all requirements and are submitted on time. The following examples are representative of these principles, processes, and control mechanisms:

- Group-wide specifications for accounting, measurement, and account coding of key items that are updated and communicated to the responsible departments within the scope of training courses on an ongoing basis;
- Organizational measures in combination with access authorizations for accounting systems, segregation of duties, and rights of disposal;
- Dual control of financial reporting processes and in connection with the preparation of the financial statements;
- Internal audit procedures;
- Activities of external service providers.

The Internal Audit department conducts regular risk-oriented reviews as well as reviews on a case-by-case basis of key business processes at companies in Germany and abroad. It determines whether legal requirements and internal instructions are being adhered to, and also whether the internal control systems are effective and functional. As part of the reviews, the Internal Audit department agrees on suitable measures with the respective company management team, which are then implemented by the Company. The Internal Audit department also monitors their implementation. All audit results are reported as well. Internal audit activities, such as annual risk-oriented audit planning, documentation

Risks and Opportunities

of audit activities and results, reporting, and follow-up measures, are set forth in rules for the Internal Audit department and an audit manual. The tasks and activities are based on the rules of the Institute of Internal Auditors and of “Deutsches Institut für Interne Revision” (German Institute for Internal Audit), and they are supported by audit software. The most recent audit of the internal audit system in accordance with IDW PS 983 demonstrated full compliance with the quality assessment requirements.

Compliance

Compliance – the obligation to adhere to laws, internal regulations, and contractual commitments – is a core element of the corporate culture. The Group Executive Board has established the CLAAS Compliance Committee (CCC). The CCC prepares an annual report on compliance within the Group on behalf of the Group Executive Board and the Shareholders' Committee. It also reports on an ad hoc basis in the event of severe compliance breaches and advises the Group Executive Board in all relevant compliance-related matters at the Group. The CLAAS compliance organization is based on relevant standards governing compliance management systems.

A trust hotline was set up back in fiscal year 2021 for the confidential communication of grievances and breaches of laws and regulations within the Company. The overarching aim is to prevent harm to employees, customers, business partners, and the Company. In addition to using the internal channels, active or former employees of the CLAAS Group, as well as business partners such as sales partners, customers, or suppliers, can also turn to an external ombudsman in confidence with information.

More details on the main risks and opportunities are provided below.

Market risk

The risk landscape of CLAAS is affected by variations in harvest yields, decisions on agricultural policies, and farmers' incomes, as well as intense competition in the industry. In North America, CLAAS has successfully grown over the past few years and will continue to pursue its existing strategy in these markets.

In view of demand trends for agricultural equipment, markets in Asia, especially China and India, as well as in Central and Eastern Europe, are of particular importance to the CLAAS Group. These markets have huge potential; however, CLAAS

sales activities are hampered in some countries in these regions on account of the prevailing market conditions there. These include customs barriers, minimum requirements relating to the share of local manufacturing, payment and convertibility restrictions, political and economic insecurity, and even armed conflict, as is currently being seen in Ukraine. The war in Ukraine is also causing particular risks to our activities on an international scale. Compliance with the full range of sanctions is restricting production and significantly reducing the range of goods and services.

At the same time, there are opportunities that go above and beyond current planning that can emerge from quicker growth in markets with a comparatively low level of mechanization. Risks and opportunities are managed centrally by monitoring and evaluating market-related indicators in conjunction with the specific country risks.

Markets and their early warning indicators are carefully observed on an ongoing basis in order to identify any fluctuations in demand or changing buying behavior in sales regions at an early stage. This ensures that product strategies are kept up to date and are adapted in response to changing customer requirements and reactions from competitors.

Research and development risk

Along with controlled risk-taking, acting entrepreneurially at CLAAS involves dealing in depth with all risks along the value chain. With innovation cycles becoming increasingly shorter, research and development play a pivotal role. The aim is to ensure that innovative and technically mature products are created and brought to market for the benefit of customers. Risks from possible mistakes in development, increased ramp-up costs for new products, delays to product launches, and regulatory requirements are counteracted through the systematic expansion and ongoing monitoring of research and development activities. CLAAS counteracts the risk that products may not be developed within the planned time frame, at targeted levels of quality, or at the specified costs by continuously and systematically monitoring the progress of all projects using a clearly defined process.

Purchasing risk

Fiscal year 2022 was characterized by persistently high supply risks. The coronavirus crisis and its aftermath continued to have a massive impact on the availability of materials. Besides material shortages, supplier production capacities were often not sufficient to satisfy the needs of all customers, resulting in

periodic and unexpected delivery bottlenecks. Isolated cyber-attacks at strategically important suppliers also posed challenges for the Purchasing department, but usually only had a temporary impact on the supply situation.

The stoppage of gas deliveries from Russia is an enormous risk to Germany and Western Europe. A drop in the gas supply and the associated drastic rise in the price of all energy carriers would have an impact on CLAAS production sites and on the suppliers of energy-intensive production material.

Despite missing parts and a high outlay for reworking due to targeted initiatives to safeguard assembly programs, the support of external advisers made it possible to maintain series production at the locations to a large extent, but not fully.

Future purchasing risks will continue to be monitored closely. Measures to increase supply chain resilience, such as supplier checklists to safeguard their supply capabilities or targeted measures aimed at critical suppliers, are being implemented with close collaboration of Purchasing, Logistics, and Production. Suppliers' financial situations also continue to be closely monitored.

Production risk

In CLAAS production, all equipment is serviced regularly, and any potential sources of risk are eliminated by renewing the equipment in order to reduce the risk of production downtime. In addition, advantageous insurance contracts protect CLAAS from the effects of production outages. Flexible working time models ensure that the required human resources can be adjusted to meet the degree of capacity utilization. To reduce quality risk, a central quality management department guarantees adherence to and fulfillment of predefined standards.

CLAAS is keeping a close eye on the looming gas crisis. Possible alternatives are being explored at our plants (such as filling up all oil tanks, substituting with electricity), so that production can continue even if gas availability is limited. If gas is rationed, CLAAS is likely to be classified as a medium- to low-priority consumer. We are more concerned about parts of the supply chain, particularly smaller companies such as cast iron and plastics suppliers. Producing these materials is an energy-intensive process, and it is more difficult for smaller

companies to take active measures. Because the past year has shown that alternative procurement sources are not readily available, CLAAS remains in close dialogue with its suppliers. It is not possible to determine whether there will be any material effect on operating income due to uncertainty over supply volumes and the potential for restrictions.

Thanks to the measures that have been taken at the plants concerned, we believe that a partial reduction in the supply of gas to CLAAS by 20 to 30% will cause only limited operational disruption in spite of the varying energy mixes at different production sites.

Personnel risk

CLAAS has a constant need for highly qualified specialists and management executives. At the moment, CLAAS does not see itself exposed to risks arising from a shortage of certain types of employees on the labor market and resulting delays in finding successors for critical positions. With its personnel strategy, CLAAS focuses above all on in-house junior staff advancement as well as systematic training and personnel development. Aside from "dual study" programs, the international trainee program ensures that highly qualified employees can be trained within the Company. In addition, CLAAS also offers measures to promote and maintain employee health. For a comprehensive description of personnel activities, please see the "Employees" section.

IT risk

Business processes at CLAAS are supported by powerful, state-of-the-art IT systems. The Group's uniform global IT strategy allows systems to be effectively and continuously adapted to reflect current requirements and developments. This also includes adapting to new and changing IT risks, which have increased significantly in recent years and which CLAAS now deems critical.

CLAAS implemented a security strategy at an early stage, which includes preventive measures as well as the timely detection of safety incidents in order to be able to react appropriately. Actively monitoring the threat situation in the cyber-security environment allows us to identify and implement the organizational and technical measures required to increase IT security.

Risks and Opportunities

In order to avoid disruption, CLAAS places particular importance on standardized hardware and software environments, the integrity and safety of data, and on user management. Reliable data backup systems are complemented by systematic and varied employee training.

Legal risk

CLAAS is exposed to risks relating to international and national tax, competition, patent, trade, and liability law. Decisions at the CLAAS Group are made after intensive legal review and consultation so as to avoid these risks. Selected risks are transferred to insurance companies by means of global master policies and national framework agreements on a uniform basis across the Group.

Financial risk

Due to its business activity, the CLAAS Group is exposed to risks and opportunities from exchange rate and interest rate volatility. On the procurement side, the CLAAS Group is exposed to commodity price and supply security risks. Credit risks that could result from payment default or delayed payments are minimized through active receivables management, close cooperation with banks, and credit insurers. Realization risks could impact accounts receivable in the event of a significant decline in operating performance or the restriction of the free movement of capital. These risks are identified for the entire CLAAS Group and measured, monitored, and managed centrally by Group Treasury. Forward exchange transactions, foreign currency options, and interest rate swaps are the main tools used to hedge interest and currency risks. The risk management software in use enables independent valuations, performance measurement, and forward-looking scenario simulations in relation to the utilized financial instruments. CLAAS is fully compliant with the risk management requirements that the European Market Infrastructure Regulation (EMIR) of the European Parliament and the European Council imposes on non-financial counterparties below the clearing threshold. Established risk management processes based on obligatory Group-wide procedural guidelines, which contain recommended actions, principles, and power of attorney directories, guarantee high process quality and stability.

CLAAS measures liquidity development on an ongoing basis in the form of daily, weekly, and monthly reports with an increasing level of detail. Potential liquidity risks are countered by maintaining sufficient financing commitments and cash and cash equivalents, as well as through the ABS program and the international cash management strategy.

Risk management in relation to financial instruments, as well as the quantifying of concluded hedging instruments, is explained in Notes 34 and 35 of the consolidated financial statements.

Strategic refinancing risks are managed at CLAAS by a relatively long duration target for drawn borrowings.

Risks related to payment security have become increasingly important in recent years. CLAAS is responding to this constantly growing challenge through Group-wide information and training for employees in affected areas, the monitoring of payment transactions as part of the scope of the cash management process, clear responsibility structures and process definitions, and the systematic implementation of dual control at all process levels, especially payment execution, among other measures. Great importance is also placed on preventing money laundering. Binding Group-wide guidelines are supplemented by corresponding employee training and the provision of information and documentation.

In the area of dealer and sales financing, the CLAAS policy of following a traditional captive financing model only to a limited extent has paid off. The risk mix has remained sustainable thanks to the close integration of associated CLAAS Financial Services companies into the risk management and lending processes of a major European commercial bank, and the practice of concentrating primarily on business with retail customers.

Overall risk assessment

Following the continuous analysis of the information provided by risk management and risk controlling in fiscal year 2022, all quantifiable risks were deemed to be not material to the extent that provisions have not already been made for them in the annual financial statements. For information on the existing financial risks, please see the notes to the consolidated financial statements.

The further escalating energy crisis may result in individual suppliers running into difficulties with their production. However, CLAAS does not anticipate any operational disruption under the most likely scenario at the current time, namely of a partial reduction in gas supplies by up to 30%.

The balance sheet risks of the war in Ukraine have largely been accounted for, above all by writing off property, plant and

equipment at the production site in Krasnodar, Russia, writing down inventories, and reducing deferred tax assets.

There are no identifiable risks for 2023 that could endanger the existence of the CLAAS Group or any of its major subsidiaries as going concerns, either individually or in conjunction with other risks, even in the event of further sanctions against Russia and a continuation of the war in Ukraine.

Outlook

Economic frameworks

Supply-side disruption and the ongoing risks relating to the coronavirus pandemic will continue to impact global economic development in 2023. The IMF forecasts growth of 2.7% in 2023, whereas the OECD was expecting 3.0% as of September. Consequently, an economic recovery is not on the horizon after a weak 2022, as limited availability, high commodity prices, inflationary pressure, and tighter monetary policy in response to inflation (particularly in developed economies), as well as weak growth in China, will have an adverse impact on global economic output. As a reaction to these factors, inflation is likely to slacken off somewhat at a high level and even fall to 4.4% in developed economies.

After its considerable recovery in 2021 and 2022, international trade will not be able to match the growth of economic output in 2023. This trend is likely to be driven by ongoing protectionist tendencies, increased transportation costs, the continued presence of coronavirus risks, and geopolitical tensions.

The international mechanical engineering sector will see weak sales growth of around 2% in 2023, according to the Oxford Economics' base scenario. Downside risks are the dominant factor here, with the potential for gas shortages in Europe and the associated danger of developed economies slipping into recession, which is exacerbated by the tightening of monetary policy. For the global agricultural equipment industry, the VDMA is forecasting price-related negative growth of around -2% in 2023, although rising machinery prices will give a further boost to sales.

Meanwhile, the USDA expects global grain production (including rice) to decline by a small margin to 2,747 million metric tons (-1.9%) in the current crop year 2022/23. The soybean harvest is expected to rise sharply to 391 million metric tons (+9.9%), whereas wheat production is set to stagnate at around 780 million metric tons and corn production is actually forecast to decline (-3.7%). All in all, global grain inventories will decrease due to the unwavering demand (-3.6%).

Regional industry developments

The USDA expects that the 2022/23 crop year in Europe will remain below the level of the prior year due to the unusually hot summer and dry conditions, particularly in the Mediterranean region. The high but extremely volatile grain prices are also proving to be a cost driver for many livestock farmers. Crop farms, meanwhile, are facing historically high costs for operating resources. In light of the considerable order backlog, European agricultural equipment manufacturers generally expect falling order intake and stagnating sales.

In Ukraine, the ongoing war is having a negative impact on the agricultural sector. As a result, the USDA expects the 2022/23 harvest to slump by 25 to 35% compared to the prior year. Further downside risks depend on the continuation of the war.

Russia is expecting a particularly high wheat harvest in 2023, which will help to stabilize demand. However, the Russian agricultural equipment market is only likely to recover slowly due to political factors and remain at its low level in 2023, as it is taking time for import substitution to have an effect. Nevertheless, manufacturers from Russia, China, and Belarus will gain significant market share here.

Risks and Opportunities
Outlook

In North America, expectations for the 2022/23 harvest are relatively low. The wheat harvest is likely to stagnate, and the production of corn and soy is set to decline due to the dry weather conditions. Despite this, the market for large agricultural machines is expected to record strong growth. In South America, soy and corn harvests are set to recover initially in 2022/23. The future momentum of South America's agricultural equipment market, which boomed in 2022, is strongly dependent on the change of government in Brazil and on inflation in the country, among other factors. Nevertheless, the agricultural equipment market is still expected to grow further in 2023.

After excellent harvests in 2021/22, India has already lowered its outlook for the wheat and rice harvests in 2022/23. Production is also likely to stagnate in China, where the introduction of the new China IV emissions standard will hamper the agricultural equipment market.

Geopolitical disruption caused by the war in Ukraine is expected to impact international availability of agricultural products. This, coupled with a growing global population and rising demand for feedstuff and food, is likely to cause continued volatility among grain prices at a high level, which will open up further potential for agricultural equipment in the future.

General statement on the development of business and outlook

Business in 2022 was shaped by significant changes to the political and economic frameworks. The war in Ukraine, and at times severely constrained and delayed handling periods in key Asian sea ports, caused further interruptions to supply chains and triggered massive price increases for production components and logistics services. The unusually high costs spikes during the year, especially compared to prior years, necessitated unscheduled wholesale price increases that dealers and retailers ultimately passed on to farmers and contractors. On the back of continued substantial global demand for agricultural equipment and the realized price increases, the CLAAS Group successfully further increased its sales by a small margin over the record-breaking prior-year level.

Thanks to the most state-of-the-art product range on the market, featuring the LEXION and TRION series, CLAAS reported a high intake of combine harvester orders, a significant share of which will not be delivered until fiscal year 2023

due to the longer lead times on production components. The same applies to the tractors product segment. In the forage harvester product segment, CLAAS successfully cemented its strong market position.

Despite the unscheduled price hikes over the course of the year, CLAAS was still unable to pass on the higher input costs to customers in full, which impacted the gross margin.

The CLAAS Group expects demand for agricultural equipment to remain stable overall in the main sales regions in Central and Western Europe, as well as in North America, in fiscal year 2023. CLAAS therefore anticipates a significant rise in sales year on year in fiscal year 2023, in spite of the uncertainties referred to above.

In view of the war in Ukraine, inflation and recession risks, and still smoldering international trade conflicts with the risk of new bilateral sanctions in trade, finance, and other aspects of the economy, adverse effects on sales and income at the CLAAS Group cannot be ruled out. At the same time, the supply situation, the ongoing energy crisis, and price trends on procurement markets all continue to pose major risks. The return to rising interest rates on financial markets, which has led to extreme revaluations of financial assets in some cases and to disruption to established exchange rate parity, is likely to have an adverse effect in the years to come.

Further risks may arise from weakening industry development and changing political frameworks for farmers in some markets.

The CLAAS Group will consistently pursue the strategy it has adopted and increasingly develop growth markets for CLAAS products. The capital expenditures of CLAAS in the current year will be on par with the high level of 2022. If market conditions change, the volume can be adapted. The development of innovative products and intelligent technologies will continue apace in the current fiscal year. However, it will take some time for the expenses associated with such development work to be recouped by the corresponding revenues. The CLAAS Group will continue its efforts to increase efficiency and achieve sustainable cost reductions in the current year. Due to the solid order backlog and expanded production capacities, the CLAAS Group expects earnings before taxes for the current fiscal year 2023 to be significantly higher than the prior-year level.

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Consolidated Income Statement

of the CLAAS Group for the fiscal year from October 1, 2021, to September 30, 2022

in € '000	Note	2022	2021
Net sales	(7)	4,925,520	4,797,758
Cost of sales		-3,967,122	-3,737,447
Gross profit on sales		958,398	1,060,311
Selling expenses		-287,190	-269,784
General and administrative expenses		-210,043	-204,519
Research and development expenses	(8)	-256,362	-251,929
Other operating income	(10)	140,833	97,219
Other operating expenses	(10)	-148,561	-64,386
Operating income		197,075	366,912
Income from investments accounted for using the equity method, net	(11)	22,003	22,362
Income from other investments, net	(11)	-383	-259
Financial result	(12)	-52,421	-31,911
thereof: interest and similar expenses		(-23,408)	(-27,751)
Income before taxes		166,274	357,104
Income taxes	(13)	-78,169	-84,466
Net income		88,105	272,638
thereof: attributable to shareholders of CLAAS KGaA mbH		86,722	272,118
thereof: attributable to minority interests		1,383	520

Consolidated Statement of Comprehensive Income

of the CLAAS Group for the fiscal year from October 1, 2021, to September 30, 2022

in € '000	Note	2022	2021
Net income		88,105	272,638
Items to be reclassified subsequently to profit or loss			
Net unrealized gains/losses from currency translation		47,644	18,259
Net unrealized gains/losses from derivative financial instruments	(34)	-4,989	-15,290
Items never to be reclassified to profit or loss			
Remeasurements of defined benefit pension plans	(29)	75,674	17,888
Other comprehensive income, after taxes		118,329	20,857
Comprehensive income		206,434	293,495
thereof: attributable to shareholders of CLAAS KGaA mbH		205,051	292,975
thereof: attributable to minority interests		1,383	520

Consolidated Income Statement
 Consolidated Statement of Comprehensive Income
 Consolidated Balance Sheet

Consolidated Balance Sheet

of the CLAAS Group as of September 30, 2022

in € '000	Note	Sept. 30, 2022	Sept. 30, 2021
Assets			
Intangible assets	(14)	318,513	313,520
Property, plant and equipment	(15)	613,803	612,218
Right-of-use assets	(16)	89,655	82,552
Investments accounted for using the equity method	(17)	156,345	160,766
Other investments		8,523	5,731
Deferred tax assets	(13)	118,516	145,693
Other financial assets	(20)	35,376	46,429
Other non-financial assets	(21)	21,435	22,324
Non-current assets		1,362,166	1,389,233
Inventories	(18)	1,348,782	926,492
Trade receivables	(19)	454,260	441,296
Other financial assets	(20)	209,858	156,342
Other non-financial assets	(21)	149,300	94,921
Securities	(22)	533,871	698,774
Cash and cash equivalents	(23)	507,902	539,059
Current assets		3,203,973	2,856,884
Total assets		4,566,139	4,246,117
Equity and liabilities			
Subscribed capital		78,000	78,000
Capital reserve		38,347	38,347
Other reserves		1,725,419	1,595,550
Equity before minority interests		1,841,766	1,711,897
Minority interests		6,099	5,219
Equity	(24)	1,847,865	1,717,116
Financial liabilities	(25)	420,541	523,701
Silent partnership	(26)	62,104	58,467
Deferred tax liabilities	(13)	4,930	4,099
Other financial liabilities	(27)	679	579
Pension provisions	(29)	224,486	327,595
Other provisions	(30)	77,945	80,640
Non-current liabilities		790,685	995,081
Financial liabilities	(25)	191,209	233,650
Trade payables		454,068	278,375
Other financial liabilities	(27)	71,185	45,518
Other non-financial liabilities	(28)	428,527	251,980
Income tax provisions	(30)	51,432	60,312
Other provisions	(30)	731,168	664,085
Current liabilities		1,927,589	1,533,920
Total equity and liabilities		4,566,139	4,246,117

Consolidated Statement of Cash Flows

of the CLAAS Group for the fiscal year from October 1, 2021, to September 30, 2022

in € '000	Note	2022	2021
Income before taxes		166,274	357,104
Amortization/impairment of intangible assets and depreciation/impairment of property, plant and equipment/ right-of-use assets	(14), (15), (16)	245,697	147,911
Income from investments accounted for using the equity method, net, if non-cash		-22,003	-22,250
Change in non-current provisions		-2,009	34,627
Income taxes paid		-86,235	-73,455
Other non-cash expenses (+)/income (-)		12,253	8,599
Cash earnings		313,977	452,536
Change in current provisions		32,266	93,091
Income from the disposal of non-current assets and securities		-2,909	-162
Change in working capital		-52,409	14,890
thereof: inventories		(-373,016)	(-9,022)
thereof: trade receivables		(29,586)	(-63,451)
thereof: trade payables		(150,139)	(43,127)
Other change in assets/equity and liabilities, if not investing or financing activities		-65,472	20,190
Cash flows from operating activities	(36)	225,453	580,545
Payments for investments in			
Intangible assets and property, plant and equipment (excl. capitalized development costs)	(14), (15)	-129,836	-138,085
Shares of fully consolidated companies and investments		-8,530	-800
Borrowings		-3,177	-20,913
Receipts from disposals/divestments			
Intangible assets and property, plant and equipment		6,203	4,024
Shares of fully consolidated companies and investments		-	112
Borrowings		2,793	12,507
Additions to capitalized development costs	(14)	-70,726	-55,881
Change in securities		149,662	-308,258
Cash flows from investing activities		-53,611	-507,294
Proceeds from the increase in loans and the issuance of bonds		120,415	154,113
Repayment of bonds and loans		-267,944	-158,737
Repayment of lease liabilities		-24,953	-26,303
Proceeds from silent partnership		3,637	3,446
Change in liabilities to shareholders		-4,827	-476
Payment to minority shareholders		-541	-298
Dividend payments	(24)	-75,010	-40,020
Cash flows from financing activities		-249,223	-68,275
Effect of foreign exchange rate changes on cash and cash equivalents		46,224	9,978
Net change in cash and cash equivalents		-31,157	14,954
Cash and cash equivalents at beginning of year	(23)	539,059	524,105
Cash and cash equivalents at end of year	(23)	507,902	539,059

Consolidated Statement of Cash Flows

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity

of the CLAAS Group for the fiscal year from October 1, 2021, to September 30, 2022

in € '000	Subscribed capital	Capital reserve	Other reserves				Equity before minority interests	Minority interests	Equity
			Retained earnings		Accumulated other comprehensive income				
			Accumulated profit	Remeasurements of defined benefit pension plans	Foreign currency translation	Derivative financial instruments			
Balance as of Oct. 1, 2020	78,000	38,347	1,547,747	-94,394	-121,513	10,903	1,459,090	4,997	1,464,087
Net income	-	-	272,118	-	-	-	272,118	520	272,638
Other comprehensive income	-	-	-	17,888	18,259	-15,290	20,857	-	20,857
Comprehensive income	-	-	272,118	17,888	18,259	-15,290	292,975	520	293,495
Dividend payments	-	-	-40,020	-	-	-	-40,020	-298	-40,318
Consolidation adjustments	-	-	-148	-	-	-	-148	-	-148
Balance as of Sept. 30, 2021	78,000	38,347	1,779,697	-76,506	-103,254	-4,387	1,711,897	5,219	1,717,116
Net income	-	-	86,722	-	-	-	86,722	1,383	88,105
Other comprehensive income	-	-	-	75,674	47,644	-4,989	118,329	-	118,329
Comprehensive income	-	-	86,722	75,674	47,644	-4,989	205,051	1,383	206,434
Dividend payments	-	-	-75,010	-	-	-	-75,010	-356	-75,366
Consolidation adjustments	-	-	-172	-	-	-	-172	-147	-319
Balance as of Sept. 30, 2022	78,000	38,347	1,791,237	-832	-55,610	-9,376	1,841,766	6,099	1,847,865

Notes to the Consolidated Financial Statements

Notes to Consolidation and Accounting

1. Basis of Presentation

CLAAS KGaA mbH, with registered office in Harsewinkel, Germany, is the parent company of the CLAAS Group (in the following "CLAAS" or the "CLAAS Group"). The Company is registered in the commercial register of Gütersloh, Germany, District Court under the number HRB 3027. CLAAS is a family-owned company and a global producer and vendor of agricultural equipment and software solutions for farming applications.

These consolidated financial statements of the CLAAS Group were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the additional requirements of German commercial law pursuant to Section 315e of the German Commercial Code (HGB). Prior-year figures were determined in accordance with the same principles.

The consolidated financial statements consist of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity, as well as the notes to the consolidated financial statements. To improve the clarity of presentation,

individual items within the consolidated balance sheet and the consolidated income statement have been combined. These items are presented separately and explained in the notes to the consolidated financial statements. The consolidated income statement was prepared using the cost of sales method of accounting.

Please refer to Note 6 for details on the accounting and valuation policies.

The consolidated financial statements have been presented in euros (€). Unless stated otherwise, amounts are stated in thousands of euros (€ '000).

These consolidated financial statements relate to the fiscal year from October 1, 2021, to September 30, 2022.

The consolidated financial statements were prepared on November 24, 2022, by the Executive Board of CLAAS KGaA mbH. Approval of the consolidated financial statements by the Supervisory Board is planned for December 7, 2022, at the scheduled Supervisory Board meeting.

2. New Financial Reporting Standards

CLAAS is expected to apply the amendments to IAS 12 concerning the recognition of deferred taxes on temporary differences in relation to leases for the first time for the fiscal year starting on October 1, 2023. In the future, deferred taxes will be accounted for upon the initial recognition of right-of-use assets and lease

liabilities. The cumulative effect of this will be recognized as an adjustment to the opening balance of the retained earnings.

Other amendments to existing accounting standards or new accounting standards published by the IASB, which are mandatory in the future, are not material for CLAAS.

3. Scope of Consolidation

All significant companies, including the structured entities that are directly or indirectly controlled by CLAAS KGaA mbH, are included in the scope of consolidation. Control exists if CLAAS KGaA mbH has power over the investee on the basis of voting rights or other rights, it has rights to variable returns

from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding

who controls the entity. Within the CLAAS Group, this applies to the investment fund CHW Fonds, Munich, Germany, as well as the financing company Mercator Purchasing S.A., Luxembourg, Luxembourg. These companies are included in the consolidated financial statements as structured entities. CLAAS uses the financing company to settle the revolving sale of receivables.

Associates are entities over which CLAAS has significant influence but does not have control or joint control of the entities' financial and operating policies. They are accounted for using the equity method.

Where CLAAS shares control of an entity together with a partner, it must be specified whether the entity is a joint operation or a joint venture. In a joint venture, the parties that have joint control have rights to the net assets of the arrangement. As a rule, joint ventures are accounted for using the equity method. A joint operation exists when the parties that have joint control have direct rights to the assets and obligations for the liabilities. In this case, the prorated assets and liabilities, as well as the prorated income and expenses, are to be recognized as a rule.

4. Consolidation Principles

The financial statements included in the consolidated financial statements have been prepared using the uniform accounting policies relevant for the CLAAS Group. As a rule, the financial statements are prepared as of the balance sheet date of the consolidated financial statements. Where country-specific laws demand otherwise, subsidiaries whose fiscal years do not end on September 30 prepare interim financial statements as of this date.

Business combinations are accounted for using the acquisition method when the Group obtains control. If the purchase price exceeds the revalued prorated net assets of the acquired subsidiary, the difference is capitalized as goodwill and subject to an annual impairment test. Any differences arising on the liabilities side are reported as other operating income.

Investments in subsidiaries, in joint ventures, or in associates considered to be immaterial from the point of view of the Group are accounted for in accordance with IFRS 9.

A breakdown of the scope of consolidation is presented in the following table:

	Sept. 30, 2022	Sept. 30, 2021
Consolidated subsidiaries	61	62
thereof: domestic companies	(21)	(21)
thereof: foreign companies	(40)	(41)
Associates and joint arrangements	14	13
thereof: domestic companies	(6)	(6)
thereof: foreign companies	(8)	(7)

Please see Note 41 for a complete list of the shareholdings of the CLAAS Group.

Newly Established Companies, Investments in Companies, and Divestments

There were no material newly established companies, investments in companies, and divestments in fiscal year 2022.

First-time consolidation and deconsolidation are generally undertaken on the date of transfer of control.

All receivables and payables, income and expenses, as well as intercompany gains and losses between the companies included in the consolidated financial statements are eliminated within the scope of the consolidation.

Investments in associates and joint ventures are accounted for using the equity method. They are initially recognized at cost. Possibly acquired goodwill is not reported separately but is instead included in the value of the investment. After initial measurement, the consolidated financial statements include the share of the income until such time as the significant influence or joint control ends.

5. Foreign Currency Translation

Transactions in foreign currency are recognized at the relevant exchange rates on the transaction date. In subsequent periods, financial assets and liabilities denominated in foreign currencies are translated at the exchange rates on the balance sheet date. The exchange rate gains and losses incurred from the measurement of financial assets and liabilities until the balance sheet date are recognized through profit or loss in the income statement.

The assets and liabilities of foreign companies with functional currencies that do not match the Group currency are translated

into euros at the daily closing rate on the balance sheet date. Equity items are translated using historic rates. The expenses and income of foreign companies are translated into euros at the corresponding average exchange rate for the fiscal year. Differences resulting from currency translations are recognized directly in equity as other comprehensive income.

The following exchange rates were used for the currencies significant to the CLAAS Group:

		Average rate/€		Closing rate/€	
		2022	2021	Sept. 30, 2022	Sept. 30, 2021
British pound	GBP	0.85	0.87	0.88	0.86
Chinese renminbi	CNY	7.08	7.75	6.96	7.49
Indian rupee	INR	82.96	87.88	80.01	86.04
Polish zloty	PLN	4.67	4.55	4.84	4.60
Russian ruble	RUB	77.58	89.10	58.97	84.28
Hungarian forint	HUF	382.46	357.97	421.89	358.89
U.S. dollar	USD	1.08	1.19	0.98	1.16

6. Accounting Policies

Intangible Assets

Intangible assets with finite useful lives are capitalized at cost and, dependent on their expected useful lives, amortized over a period of generally three to ten years on a straight-line basis. Useful lives are reviewed each year.

The amortization of concessions, industrial and similar rights and assets, and licenses in such rights is reported under cost of sales. Amortization and impairments of capitalized development costs are recognized as research and development expenses.

Goodwill is accounted for at cost less any accumulated impairment losses and is tested for impairment annually, as well as when there are indications of a possible impairment. Impairment losses are recognized as other operating expenses.

Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Borrowing costs are capitalized if conditions are met and are depreciated over the expected useful lives of the property, plant and equipment once these have been completed. Property, plant and equipment – with the exception of land and similar rights – is generally depreciated over its useful life on a straight-line basis. The useful lives of buildings are between 20 and 50 years, while other property, plant and equipment have useful lives between 3 and 25 years. Depreciation and impairment losses are generally recognized as expenses for the period.

Right-of-use Assets

Right-of-use assets reflect the asset that a lessee receives from the right to use a leased asset. The right-of-use asset is capitalized in the amount of the present value of the future lease payments. At the time of initial recognition, right-of-use assets do not include the initial direct costs.

Right-of-use assets are generally depreciated over the term of the lease on a straight-line basis.

Leases classified as short-term or low-value are not capitalized and are therefore recognized solely through profit or loss. Leases involving intangible assets continue to be accounted for in accordance with IAS 38.

Borrowing Costs

Any borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as a part of the cost of that asset. CLAAS defines qualifying assets as development or construction projects or other assets that will require at least twelve months to complete to a point at which they will be ready for their intended use or sale. If borrowings can be directly allocated to one project, the actual borrowing costs are capitalized. If there is no direct relation, the average borrowing cost rate of the CLAAS Group is applied. The borrowing cost rate for the fiscal year is 2.6% p.a. (prior year: 2.6% p.a.).

Impairment

Goodwill as well as assets that are not available for use are not amortized but are instead tested for impairment annually as of the balance sheet date. Assets subject to depreciation and amortization are tested for impairment if there are indications that the carrying amount of the asset is lower than its recoverable amount. The recoverable amount of an asset is the higher of its value in use and the fair value less costs to sell. The recoverable amount is determined for each individual asset unless assets have been combined into a cash generating unit. The value in use is based on the present value of the expected future cash flows. If the value in use is less than the carrying amount, an impairment loss is immediately recognized as profit or loss. Any subsequent increases in value are accounted for by attributing the value to the cash generating unit or asset, except in the case of goodwill impairment. When conducting the impairment test, the value in use is determined on the basis of the management's medium-term forecast data covering a period of five years. The planning assumptions are adjusted in line with actual circumstances. Assumptions are taken into

appropriate account in consideration of macroeconomic trends and historical developments. Cash flow projections are estimated by extrapolation based on the growth rate of the relevant market segment. The growth rate remains unchanged year on year at 0.1% and 1.0% p.a. The value in use is determined on the basis of discounting rates ranging from 6.3% p.a. to 14.7% p.a. (prior year: 4.4% p.a. to 8.0% p.a.) and corresponding to the risk-adjusted minimum yield on the capital market.

Investments Accounted for Using the Equity Method and Other Investments

Investments in associates and joint ventures accounted for using the equity method are initially recognized at cost and then in subsequent periods in the amount of the adjusted prorated share in equity. The carrying amounts of the investments are increased or reduced each year to reflect the share of earnings, dividends distributed, and other changes in equity. Goodwill is included in the carrying amount of the companies accounted for using the equity method. Impairment occurs when the recoverable amount of the investment accounted for using the equity method is lower than its carrying amount.

At the time of addition and in subsequent periods, other investments are generally carried at fair value. If these amounts cannot be determined reliably, they are measured at cost less accumulated impairment losses. If there are indicators for impairment on other investments, an impairment loss will be recognized as profit or loss or in equity, depending on the classification set forth in IFRS 9.

Impairment losses or reversals of impairment losses on investments accounted for using the equity method and other investments are recognized as profit or loss in income from investments, net.

Deferred Taxes

Deferred taxes are recognized on temporary differences between the IFRS and tax balance sheets of the individual companies, including differences arising from consolidation processes and related to yet unused tax losses and tax credits.

Deferred taxes are measured in accordance with the tax rates and tax regulations that are in force as of the balance sheet date or have been largely passed into law and are expected to apply on the date of settlement. Deferred tax assets are only recognized insofar as it is likely that the entity will have taxable income against which the temporary differences can be utilized. A tax rate of 29.0% (prior year: 29.0%) was used to calculate deferred taxes in Germany. This tax rate consists of the domestic corporate income tax, the solidarity surcharge on corporate income tax, and trade tax. Country-specific tax rates are used to calculate foreign companies' deferred taxes.

Deferred tax liabilities for temporary differences are not recognized in relation to investments in subsidiaries and investments accounted for using the equity method.

Deferred tax assets and liabilities are offset if they pertain to the same tax subject, are from or to the same tax authority, and relate to the same period.

Inventories

Inventories are recognized at the lower of cost and net realizable value. The net realizable value is derived from the expected disposal income less costs still to be incurred. The cost of raw materials, consumables and supplies, as well as merchandise, is calculated using the average cost method. The cost of internally generated work in progress and finished goods includes direct materials and labor as well as production-related overheads and production-related administrative expenses based on normal capacity utilization. Borrowing costs are not included in the cost.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset at one entity and a financial liability or equity instrument at another entity. Financial instruments are recognized as soon as CLAAS becomes a contractual party to the financial instrument. As a rule, financial instruments are recognized on the balance sheet as of the date on which they are concluded. Financial instruments recognized as financial assets or financial

liabilities are generally not netted, and are only netted when a legal right to offset exists at that time and there is an intention to settle on a net basis. CLAAS classifies non-derivative financial assets and liabilities using the three measurement categories provided for in IFRS 9: at fair value through profit or loss, at fair value through other comprehensive income, and at amortized cost.

Derivative financial instruments designated as hedging instruments generally do not belong to any of these categories. However, derivatives with hedging relationships are classified "at fair value through profit or loss" in order to improve presentation. Under IFRS 9, the classification of financial assets depends on the business model used to manage them and the contractual cash flow characteristics of the financial instruments. The classification of financial liabilities is dependent on the purpose for which the financial instruments were contracted.

Financial instruments are recognized at amortized cost or at fair value. Amortized cost is calculated using the effective interest method. The fair value of a financial instrument in accordance with IFRS is the amount for which the instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction that is not a forced sale or involuntary liquidation. In general, the fair value is equal to the market value or the stock market price. If no active market exists, the fair value is calculated mathematically (such as by discounting future cash flows at the market interest rate).

The fair value of derivative financial instruments is calculated by discounting the future cash flows at the market interest rate or by using other common valuation techniques such as option pricing models.

Financial instruments for which the fair value cannot be reliably measured are carried at amortized cost.

The carrying amounts of financial assets not recognized at fair value through profit or loss are tested for impairment as of each balance sheet date. In accordance with IFRS 9, loss

allowances are calculated based on the expected credit loss model. In this model, the amount of the impairment recognized as a loss allowance for expected credit losses generally depends on the extent to which the risk of default has worsened since the financial asset was first recognized. Estimates are made on the basis of ratings and continuously updated risk indicators. If an impairment is required, the resulting expense is recognized through profit or loss.

As in the prior year, no impairments were required for financial assets in fiscal year 2022, with the exception of trade receivables.

Receivables and Other Financial Assets

Receivables and other financial assets are recognized at fair value, which, in the case of current receivables and other financial assets, corresponds to the nominal value.

CLAAS applies the simplified expected credit loss model approach pursuant to IFRS 9 for expected credit losses arising from trade receivables, where the loss allowance is measured throughout the life of the receivable and irrespective of credit quality. Past information and forecasts of future economic conditions are included in the calculation of expected losses, along with any existing collateral.

CLAAS sells selected trade receivables to a structured entity within the CLAAS Group or other financial institutions on a revolving or non-recurring basis. The structured entity is an asset-backed securitization (ABS) company that refinances itself on the capital market. Receivables are derecognized when the risks and rewards associated with the receivables are transferred to a third party and the cash inflow from the sale is ensured. If the risks and rewards associated with the receivables – particularly credit risk and risk of default – remain in the CLAAS Group, said receivables will continue to be carried on the balance sheet.

Securities

Securities primarily include investment funds, money market securities, and *Schuldscheindarlehen* (German Private Place-ments), most of which with remaining maturities of less than one year. At CLAAS, securities are included in the “measured at fair value through profit or loss” category.

Initial recognition and subsequent measurement are at fair value or market price.

Cash and Cash Equivalents

Cash and cash equivalents comprise checks, cash in hand, and bank balances. Cash and cash equivalents as reported in the consolidated statement of cash flows correspond to the same item in the balance sheet.

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments designated as hedging instruments continue to be recognized and measured under IAS 39 in accordance with the transitional provisions of IFRS 9.

CLAAS uses derivative financial instruments to hedge the financial risks in its operating business and the resulting refinancing requirements. These risks are generally interest rate, currency, and commodity risks. Foreign exchange transactions and options are predominantly used for hedging.

Derivative financial instruments are recognized at fair value at the time of acquisition and in subsequent periods. Changes in present value are recognized through profit or loss in the other financial result for the period, unless the derivative financial instruments are part of a hedging relationship. Depending on the type of hedging relationship, changes in present value are either recognized through profit or loss in the income statement or directly in equity as other comprehensive income.

The criteria of IAS 39 must be fulfilled for hedges to be accounted for as part of a hedging relationship (hedge accounting). If this is the case, CLAAS documents the hedging relationship either as a fair value hedge or a cash flow hedge from the point at which the criteria are met. Only cash flow hedges were recognized in the past fiscal year.

The fair values of the derivative financial instruments used for hedging purposes are presented in Note 34.

Cash flow hedges are used to hedge the risks of fluctuations in cash flows. Gains and losses from changes in the fair value of the effective portion of the hedge are initially taken into account in other comprehensive income as equity. These gains and losses are reclassified into the income statement if the hedged transaction is recognized through profit or loss. Ineffective

portions of these changes in value are recognized directly in equity in the other financial result.

If the hedge accounting criteria are no longer met, the derivative financial instruments that were part of the hedging relationship are then measured at fair value through profit or loss.

Liabilities

Liabilities are initially recognized at their fair value less transaction costs and are subsequently measured at amortized cost. Liabilities denominated in foreign currencies are translated at the closing rate on the balance sheet date.

At CLAAS, contract liabilities consist of payments received on account, which are reported under other non-financial liabilities. These are obligations to transfer goods or services to the customer for which customer payments have already been received prior to contractual performance.

Corresponding with the right-of-use asset, lease liabilities are recognized at the amount of the present value of the future lease payments and are discounted using the incremental borrowing rate. Lease liabilities are reported under current and non-current financial liabilities.

Pension Provisions

Pension provisions are recognized for defined benefit obligations from vested rights and current benefits to eligible active and former employees and their surviving dependents. Obligations relate primarily to retirement pensions, which are paid partly as a basic pension and partly as a supplementary component. Pension obligations are normally based on the employees' length of service and remuneration levels.

Provisions for defined benefit plans are based on the actuarial present value of the respective obligation, which is measured using the projected unit credit method. Under the projected unit credit method, expected future salary and pension increases are taken into consideration in addition to the pension obligations and acquired vested rights that already exist on the balance sheet date. The valuation assumptions vary according to the economic conditions of the country in which the pension plans are administered. In Germany, the

life expectancy data underpinning the calculation of pension obligations is based on the 2018 G mortality tables published by K. Heubeck. Comparable calculation bases are used in other countries. Pension provisions are derived from the balance of the actuarial present value of the defined benefit obligations and the fair value of the plan assets available to cover the pension obligation. The service cost is included in the functional costs item in the consolidated income statement. Net interest is included in the financial result.

Actuarial gains and losses from the remeasurement of the net pension liability or net assets are recognized in full in the fiscal year in which they occur. They are carried directly in equity as part of other reserves and are also not recognized through profit or loss in future periods.

The interest rates used for discounting purposes are determined annually as of the balance sheet date on the basis of high-quality, fixed-rate corporate bonds with maturities matching the pension payments.

Other Provisions

Other provisions are recognized insofar as the CLAAS Group has a present legal or de facto obligation arising from a past event that is expected to result in an outflow of resources whose amount can be reliably estimated.

Provisions for obligations arising from sales predominantly include warranty obligations. Provisions for warranties are recognized at the point at which the product is sold or the service rendered. Assumptions must be made as to the type and scope of future warranty and goodwill claims, as well as possible special inspections, in order to determine the amount of the provisions. These estimates are largely based on historical experience. Provisions are regularly updated to take new circumstances into account.

Provisions are measured at the best estimate of the amount required to settle the present obligation as of the balance sheet date. Material other non-current provisions are discounted. Increases in provisions purely resulting from the addition of accrued interest are recognized through profit or loss in interest expenses for the period.

Recognition of Net Sales

The ordinary business operations of the CLAAS Group involve the sale of agricultural equipment products and services. All income relating to ordinary business operations, less sales deductions such as cash discounts and price reductions, is presented as net sales. Net sales are recognized when the services have been rendered or the goods or products have been delivered, i.e., when the customer has obtained control of the goods or services.

Cost of Sales

Cost of sales comprises the cost of goods sold, the purchase cost of sold merchandise, and expenses for commission, outgoing freight and packaging, insurance, and production-related logistics costs.

Research and Development Expenses

The costs of developing internally generated future serial products are capitalized insofar as the manufacture of the products is associated with an economic benefit for CLAAS and the other criteria for recognizing internally generated intangible assets are met.

The cost comprises all costs directly attributable to the development process plus appropriate shares of development-related overheads. Borrowing costs are capitalized as a part of the cost if the conditions are met. Amortization is recognized on a straight-line basis as of the start of production over the expected useful life of the product, which is usually between six and ten years.

Research costs, amortization and impairments of capitalized development costs, as well as development costs that cannot be capitalized, are basically recognized as incurred in the income statement under research and development costs.

Government Grants

Government grants are only recognized when there is reasonable assurance that the entity will comply with the conditions attached to it, and that the grant will be received. Government grants not related to investments are generally recognized through profit or loss as other operating income in the periods in which the expenses are incurred that the

grants are intended to compensate for. Investment grants are deducted from the cost of the respective asset and result in a corresponding decline in amortization over subsequent periods.

Accounting Estimates and Judgments by the Management

In preparing the consolidated financial statements, it is to some extent necessary to make assumptions and estimates that affect the amount and presentation of assets and liabilities, income and expenses, and contingent liabilities in the reporting period. They mainly concern assessing the recoverability of assets; the standardized, group-wide definition of useful lives for property, plant and equipment; and the recognition and measurement of provisions. Estimates and judgments are underpinned by assumptions made on the basis of the latest available information. In particular, assumptions regarding expected business development are based on circumstances at the time of the preparation of the consolidated financial statements as well as realistic expectations of the future development of global markets and industries. Actual amounts may differ from the original estimates if external developments over which management has no control cause these parameters to change.

At the time the consolidated financial statements were prepared, it was not assumed that the underlying assumptions and estimates would be subject to material changes.

Notes to the Consolidated Income Statement

7. Net Sales

Net sales pertained almost exclusively to the delivery of goods. Sales by region can be broken down as follows:

in € '000	2022	2021
Germany	972,633	931,805
France	803,552	827,556
Rest of Western Europe	881,188	963,055
Central and Eastern Europe	1,071,401	1,136,171
North and South America	851,009	629,807
Other non-European countries	345,737	309,364
Net sales	4,925,520	4,797,758

The following table shows the expected net sales for the next five fiscal years resulting from performance obligations already contracted as of the balance sheet date:

in € '000	Sept. 30, 2022	Sept. 30, 2021
Due within one year	21,054	20,196
Due within one to two years	22,134	20,072
Due within two to three years	13,502	12,500
Due within three to four years	6,268	5,245
Due within four to five years	2,993	1,805
Total of future expected net sales from existing performance obligations	65,951	59,818

8. Research and Development Expenses

in € '000	2022	2021
Research and development costs	-279,109	-262,325
Capitalization of development costs	67,824	53,248
Amortization and impairment of capitalized development costs	-45,077	-42,852
Research and development expenses recognized in the income statement	-256,362	-251,929
Capitalization ratio (in %)	24.3	20.3

9. Personnel Expenses and Employees

The personnel expenses reported under functional costs are composed as follows:

in € '000	2022	2021
Direct and indirect remuneration	- 721,945	- 674,811
Social security contributions and employee benefit expenses	- 157,160	- 133,720
Pension expenses	- 12,399	- 11,314
Personnel expenses	- 891,504	- 819,845

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

	2022	2021
Direct employees	4,983	4,437
Indirect employees	6,843	6,525
Apprentices	718	682
Average number of employees for the year	12,544	11,644

Direct employees are directly involved in the production process, whereas indirect employees support production, organizational, and administrative processes. The total

average number of employees for the year includes 327 employees working in joint operations.

10. Other Operating Income and Expenses

Other Operating Income

in € '000	2022	2021
Reversal of provisions	57,929	43,543
Measurement of receivables	7,394	6,760
Grants and subsidies	6,986	4,394
Pass-through costs	5,664	1,279
Disposal of intangible assets and property, plant and equipment	5,331	2,277
Insurance compensation	4,502	2,148
Rental and leases	279	309
Miscellaneous income	52,748	36,509
Other operating income	140,833	97,219

Other Operating Expenses

in € '000	2022	2021
Impairment of intangible assets and property, plant and equipment	-84,740	-1,637
Personnel expenses	-8,518	-9,453
Measurement of receivables	-5,718	-7,789
Fees, charges, and insurance premiums	-3,978	-5,532
Disposal of intangible assets and property, plant and equipment	-1,115	-1,316
Miscellaneous expenses	-44,492	-38,659
Other operating expenses	-148,561	-64,386

11. Income from Investments, Net

in € '000	2022	2021
Income from investments accounted for using the equity method, net	22,003	22,362
Income from other investments, net	-383	-259
Income from investments, net	21,620	22,103

12. Financial Result

in € '000	2022	2021
Interest expenses	-23,569	-26,969
thereof: profits transferred under a partial profit and loss transfer agreement (CMG)	(-2,940)	(-6,966)
Accrued interest on non-current provisions	-2,252	-2,781
Interest expenses for leases	-730	-756
Capitalization of borrowing costs	3,143	2,755
Interest and similar expenses	-23,408	-27,751
Interest income	9,591	8,258
Income from securities and loans, net	-15,040	7,133
Interest income and income from securities, net	-28,857	-12,360
Other financial result	-23,564	-19,551
Financial result	-52,421	-31,911

Payments based on the performance of the CLAAS Group with respect to the silent partnership of CMG CLAAS Mitarbeiterbeteiligungs-Gesellschaft mbH (CMG) are included in the item "profits transferred under a partial profit and loss transfer agreement (CMG)."

Interest expenses and income are the result of financial assets and liabilities measured at amortized cost.

The other financial result is composed as follows:

in € '000	2022	2021
Foreign exchange gains and losses, net	-19,085	-14,987
Miscellaneous financial income and expenses, net	-4,479	-4,564
Other financial result	-23,564	-19,551

13. Income Taxes

in € '000	2022	2021
Current income taxes	-72,238	-105,399
Deferred taxes	-5,931	20,933
Income taxes	-78,169	-84,466

The underlying income tax rates for foreign companies were between 9.0% and 35.0% (prior year: between 9.0% and 32.0%).

application of the domestic group tax rate of 29.0% on income before taxes.

Income taxes in the fiscal year were €30.0 million higher than the theoretical tax expense that would have resulted from the

The reconciliation from theoretical to effective tax expense is shown in the following table:

	2022		2021	
	in € '000	in %	in € '000	in %
Income before taxes	166,274		357,104	
Theoretical tax expense	-48,219	29.0	-103,560	29.0
Differences to foreign tax rates	-25	-	10,815	-3.0
Tax effects from prior years	-533	0.3	-749	0.2
Non-taxable income and non-deductible expenses	-9,101	5.5	-4,676	1.3
Accounting for investments accounted for using the equity method	5,405	-3.2	6,485	-1.8
Impact of tax losses	-5,314	3.2	7,364	-2.1
Other consolidation effects	-19,850	11.9	897	-0.2
Miscellaneous	-532	0.3	-1,042	0.3
Effective tax expense	-78,169	47.0	-84,466	23.7

In the fiscal year, the impact of tax losses includes a reduction of €3.2 million in deferred taxes on loss carryforwards recognized in prior years and a negative effect of €2.1 million from new losses not recognized. In the prior year, the valuation of existing loss carryforwards led to a reduction in taxes of €7.9 million and an opposing effect of €0.5 million from new

losses not recognized. The other consolidation effects in the fiscal year are primarily due to the measurement of deferred taxes on deductible temporary differences, partly resulting from impairments on property, plant and equipment in accordance with IAS 36.

Deferred tax assets and liabilities are attributable to the following balance sheet items:

in € '000	Sept. 30, 2022		Sept. 30, 2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	11,124	83,782	4,605	70,106
Property, plant and equipment	6,911	16,509	3,745	15,640
Inventories	65,128	1,429	53,704	1,464
Receivables and other assets	13,639	19,061	13,482	14,273
Provisions	111,919	3,387	139,874	2,087
Liabilities	12,719	175	8,244	202
Loss carryforwards	16,489	-	21,712	-
Deferred taxes before netting out	237,929	124,343	245,366	103,772
Netting out	-119,413	-119,413	-99,673	-99,673
Carrying amount	118,516	4,930	145,693	4,099

The tax loss carryforwards amounted to €200.2 million (prior year: €222.3 million). This includes an amount of €130.5 million (prior year: €138.3 million) on which a valuation allowance on deferred tax assets of €34.0 million (prior year: €35.9 million) has been recognized. Most of the loss carryforwards not recognized are subject to time restrictions on use.

The utilization of tax loss carryforwards, on which no deferred tax assets have been recognized so far, resulted in a positive effect of €0.4 million (prior year: €1.3 million).

As of the balance sheet date of September 30, 2022, no deferred tax assets had been recognized for deductible temporary differences of €176.2 million.

The following amounts are included in equity due to deferred taxes being offset:

	Sept. 30, 2022	Sept. 30, 2021
Derivative financial instruments	3,838	1,800
Currency translation	-	-1,091
Deferred taxes in accumulated other comprehensive income	3,838	709
Remeasurements of defined benefit pension plans	569	31,009
Deferred taxes in other reserves	4,407	31,718

Notes to the Consolidated Balance Sheet

14. Intangible Assets

in € '000	Concessions, industrial and similar rights and assets, and licenses in such rights	Goodwill	Payments made on account	Capitalized development costs	Total
Cost					
Balance as of Oct. 1, 2020	85,364	70,470	21,368	311,022	488,224
Currency translation	480	28	-	162	670
Additions	7,617	-	11,601	55,881	75,099
Disposals	-2,290	-	-4	-20,965	-23,259
Reclassifications	4,321	-	-4,202	-	119
Balance as of Sept. 30, 2021	95,492	70,498	28,763	346,100	540,853
Currency translation	533	334	-	-2,196	-1,329
Adjustment due to change in method of consolidation	5,661	-	-	-	5,661
Change in basis of consolidation	-	-2,500	-	-	-2,500
Additions	6,637	-	8,387	70,726	85,750
Disposals	-3,271	-	-	-12,757	-16,028
Reclassifications	21,833	-	-22,262	1	-428
Balance as of Sept. 30, 2022	126,885	68,332	14,888	401,874	611,979
Amortization and impairment					
Balance as of Oct. 1, 2020	64,704	55,758	-	78,539	199,001
Currency translation	327	-	-	30	357
Additions (amortization)	8,365	-	-	38,828	47,193
Additions (impairment)	-	-	-	4,024	4,024
Disposals	-2,277	-	-	-20,965	-23,242
Balance as of Sept. 30, 2021	71,119	55,758	-	100,456	227,333
Currency translation	339	-	-	-1,118	-779
Adjustment due to change in method of consolidation	5,161	-	-	-	5,161
Additions (amortization)	13,387	-	-	44,717	58,104
Additions (impairment)	462	-	-	19,208	19,670
Disposals	-3,267	-	-	-12,756	-16,023
Balance as of Sept. 30, 2022	87,201	55,758	-	150,507	293,466
Carrying amounts					
Balance as of Sept. 30, 2021	24,373	14,740	28,763	245,644	313,520
Balance as of Sept. 30, 2022	39,684	12,574	14,888	251,367	318,513

Development costs in the amount of €70.7 million (prior year: €55.9 million) were capitalized. This amount includes capitalized borrowing costs of €2.9 million (prior year: €2.6 million).

The required impairment tests resulted in a necessary impairment. The impairment loss for intangible assets amounts

to €19.7 million in total (prior year: €4.0 million) and results from the impairment pursuant to IAS 36 for the location in Le Mans, France. This impairment loss was presented in other operating expenses.

15. Property, Plant and Equipment

in € '000	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Payments made on account and assets under construction	Total
Cost					
Balance as of Oct. 1, 2020	494,362	547,793	294,469	75,846	1,412,470
Currency translation	5,488	4,064	1,684	1,366	12,602
Change in basis of consolidation	-	-145	-147	-	-292
Additions	22,981	16,857	15,835	63,194	118,867
Disposals	-2,294	-22,318	-18,842	-893	-44,347
Reclassifications	16,785	23,977	5,858	-46,739	-119
Balance as of Sept. 30, 2021	537,322	570,228	298,857	92,774	1,499,181
Currency translation	20,968	18,306	1,219	6,749	47,242
Adjustment due to change in method of consolidation	10,113	59,820	3,475	7,088	80,496
Additions	21,544	21,618	20,351	51,299	114,812
Disposals	-3,449	-11,784	-8,857	-538	-24,628
Reclassifications	30,629	35,259	13,862	-79,322	428
Balance as of Sept. 30, 2022	617,127	693,447	328,907	78,050	1,717,531
Depreciation and impairment					
Balance as of Oct. 1, 2020	217,151	427,545	204,110	2,076	850,882
Currency translation	2,700	3,742	1,324	143	7,909
Change in basis of consolidation	-	-145	-147	-	-292
Additions (depreciation)	12,844	34,081	21,122	-	68,047
Additions (impairment)	192	772	673	81	1,718
Disposals	-1,470	-22,048	-17,783	-	-41,301
Balance as of Sept. 30, 2021	231,417	443,947	209,299	2,300	886,963
Currency translation	19,335	20,071	824	1,452	41,682
Adjustment due to change in method of consolidation	6,308	45,653	3,087	167	55,215
Additions (depreciation)	16,015	38,864	22,291	-	77,170
Additions (impairment)	37,174	22,505	1,381	4,370	65,430
Disposals	-3,340	-11,598	-7,707	-	-22,645
Write-ups	-	-	-	-87	-87
Balance as of Sept. 30, 2022	306,909	559,442	229,175	8,202	1,103,728
Carrying amounts					
Balance as of Sept. 30, 2021	305,905	126,281	89,558	90,474	612,218
Balance as of Sept. 30, 2022	310,218	134,005	99,732	69,848	613,803

Additions to the cost of assets under construction include capitalized borrowing costs of €0.2 million (prior year: €0.1 million).

A full impairment loss of €40.6 million was recognized on property, plant and equipment at the Russian location in Krasnodar. Due to the war in Ukraine and the resulting changes in market assessments, corresponding impairments were necessary under IAS 36 and in the interests of commercial prudence.

As part of an impairment test in accordance with IAS 36, a pro rata impairment loss of €20.4 million was recognized on property, plant and equipment, as well as intangible assets, at the Le Mans location in France. This was due partly to a conservative market assessment, taking current and future risks into account, and partly to the increase in the discounting rate. The impairment loss was presented in other operating expenses.

As in the prior year, the CLAAS Group did not pledge any property, plant and equipment as collateral for liabilities.

16. Right-of-use Assets

in € '000	Land and buildings	Vehicles	Internal transport vehicles	Other	Total
Cost					
Balance as of Oct. 1, 2020	72,942	18,699	7,601	13,259	112,501
Currency translation	836	273	-	7	1,116
Additions	7,311	13,142	2,001	831	23,285
Disposals	-5,547	-4,030	-800	-291	-10,668
Balance as of Sept. 30, 2021	75,542	28,084	8,802	13,806	126,234
Currency translation	1,510	600	-	-75	2,035
Additions	10,642	4,617	2,001	15,730	32,990
Disposals	-4,095	-6,140	-1,200	-5,651	-17,086
Balance as of Sept. 30, 2022	83,599	27,161	9,603	23,810	144,173
Depreciation					
Balance as of Oct. 1, 2020	11,205	6,273	1,601	5,288	24,367
Currency translation	230	80	-	1	311
Additions (depreciation)	11,775	7,616	2,001	5,537	26,929
Disposals	-2,941	-3,937	-800	-247	-7,925
Balance as of Sept. 30, 2021	20,269	10,032	2,802	10,579	43,682
Currency translation	636	130	-	-31	735
Additions (depreciation)	11,562	6,999	2,001	4,761	25,323
Disposals	-2,718	-5,900	-1,200	-5,404	-15,222
Balance as of Sept. 30, 2022	29,749	11,261	3,603	9,905	54,518
Carrying amounts					
Balance as of Sept. 30, 2021	55,273	18,052	6,000	3,227	82,552
Balance as of Sept. 30, 2022	53,850	15,900	6,000	13,905	89,655

For the most part, other right-of-use assets relate to IT hardware. The expense from leases classified as low-value or short-term

that was recognized in the income statement in the fiscal year stands at €15.2 million.

17. Investments Accounted for Using the Equity Method

The following table shows the summarized financial data for associates and joint ventures accounted for using the

equity method that are immaterial for the CLAAS Group, both individually and in total:

in € '000	Associates		Joint ventures	
	2022	2021	2022	2021
At equity result	6,560	5,473	15,443	16,889
Carrying amount of investments accounted for using the equity method	54,518	38,741	101,827	122,025

Investments accounted for using the equity method mainly relate to investments in CLAAS Financial Services companies,

which provide financing solutions for investments in CLAAS machines.

18. Inventories

in € '000	Sept. 30, 2022	Sept. 30, 2021
Raw materials, consumables and supplies	305,939	180,287
Work in progress	229,603	96,698
Finished goods and merchandise	813,240	649,507
Inventories	1,348,782	926,492

The increase in inventory write-downs recognized through profit or loss in the fiscal year amounted to €59.2 million (prior year: decrease by €2.6 million) and was reported in cost of sales. Of this amount, €43.5 million is attributable to

raw materials, consumables and supplies as well as work in progress. As in the prior year, inventories were not pledged as security for liabilities.

19. Trade Receivables

in € '000	Sept. 30, 2022	Sept. 30, 2021
Gross carrying amount	496,529	482,965
Impairment	-42,269	-41,669
Net carrying amount	454,260	441,296

The impairment of trade receivables developed as follows:

in € '000	2022	2021
Impairment at Oct. 1	41,669	40,822
Utilization	-577	-1,365
Addition/reversal, net	-2,694	750
Currency translation	3,871	1,462
Impairment at Sept. 30	42,269	41,669

The following table shows the distribution of trade receivables by impairment and maturity:

in € '000	Sept. 30, 2022	Sept. 30, 2021
Neither past due nor individually impaired	370,730	370,706
Not individually impaired but past due by the following periods:		
up to 30 days	49,217	35,960
31 to 60 days	13,473	13,007
61 to 90 days	6,383	8,445
more than 90 days	12,198	11,610
Individually impaired receivables	2,259	1,568
Trade receivables	454,260	441,296

The amount of interest income received on impaired financial assets was insignificant. Please see Note 35 for disclosures on existing credit risks arising from trade receivables.

Asset-backed Securitization

Trade receivables are sold on a revolving basis within the scope of an asset-backed securitization program (ABS program). At the end of the fiscal year, the nominal volume of the receivables sold and derecognized as a result came to €224.4 million (prior year: €159.8 million).

Within the scope of these sales, the CLAAS Group occasionally retains the share of the sold receivables that will be settled by future credit or netting under certain circumstances. The resulting assets amounted to €80.6 million as of the balance sheet date (prior year: €56.3 million).

As part of these sales, the CLAAS Group recognized assets of €14.0 million (prior year: €12.5 million) for partially retained bad debt reserves on the balance sheet date. The financial liabilities associated with the sales amounted to €22.5 million (prior year: €17.7 million).

20. Other Financial Assets

in € '000	Current	Non-current	Sept. 30, 2022	Current	Non-current	Sept. 30, 2021
Derivative financial instruments	43,457	-	43,457	22,465	9,511	31,976
Borrowings	-	14,282	14,282	-	12,078	12,078
Creditors with a debit balance	10,158	-	10,158	7,080	-	7,080
Receivables from investments	5,333	3,565	8,898	10,704	4,665	15,369
Loan receivables	675	-	675	789	-	789
Miscellaneous	150,235	17,529	167,764	115,304	20,175	135,479
Other financial assets	209,858	35,376	245,234	156,342	46,429	202,771

21. Other Non-financial Assets

in € '000	Current	Non-current	Sept. 30, 2022	Current	Non-current	Sept. 30, 2021
Other taxes	77,863	-	77,863	42,452	-	42,452
Deferred income	27,889	2,291	30,180	21,571	1,288	22,859
Payments made on account	20,539	-	20,539	15,285	-	15,285
Income tax receivables	14,957	4,372	19,329	11,556	3,521	15,077
Surplus related to funded benefit obligations	-	14,489	14,489	-	13,143	13,143
Miscellaneous	8,052	283	8,335	4,057	4,372	8,429
Other non-financial assets	149,300	21,435	170,735	94,921	22,324	117,245

22. Securities

Of the securities with a total value of €533.9 million (prior year: €698.8 million), an amount of €92.6 million (prior year: €104.7 million) was attributable to investment funds. The remaining volume relates to money market securities and Schuldscheindarlehen (German Private Placements), most of which with remaining maturities of less than one year.

Of the securities held at the beginning of the fiscal year, securities with historical costs of €577.0 million were disposed of during the fiscal year (prior year: €286.2 million).

Securities totaling €11.7 million (prior year: €10.7 million) are pledged as collateral to account for the legal requirements defined in the German Partial Retirement Act (Altersteilzeitgesetz).

23. Cash and Cash Equivalents

Of the cash and cash equivalents, €22.5 million (prior year: €17.7 million) was attributable to proceeds from receivables transferred from the ABS program that cannot be freely disposed of and must be transferred to contractual partners.

In certain countries (e.g., Argentina, China, and Russia), cash and cash equivalents of €146.0 million are subject to foreign exchange controls and are not freely available to the Group for cross-border transactions.

24. Equity

Amounts reported as subscribed capital and capital reserve in the consolidated financial statements correspond to the amounts in the separate financial statements of CLAAS KGaA mbH. The subscribed capital of CLAAS KGaA mbH is composed of three million no-par-value registered shares with voting rights. The general partner without capital contribution is Helmut Claas GmbH. The shareholders of the limited partnership, CLAAS KGaA mbH, are all direct or indirect members of the Claas family. The capital reserve exclusively contains other shareholder contributions.

The consolidated statement of changes in equity presents the development of equity as well as detailed information on changes in retained earnings and accumulated other comprehensive income.

The dividend distributed to shareholders in the fiscal year amounted to €75.0 million.

At CLAAS, the management of capital is governed by provisions of corporate law. The capital under management corresponds to the equity recognized in the balance sheet of the CLAAS Group. The aim of capital management is to achieve an adequate equity ratio.

Should it be necessary to comply with contractual provisions, the capital will in addition be managed in accordance with the relevant requirements.

25. Financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2022	Current	Non-current	Sept. 30, 2021
Schuldscheindarlehen (German Private Placements)	-	300,000	300,000	-	300,000	300,000
Lease liabilities	40,833	78,017	118,850	39,034	75,980	115,014
Bonds (U.S. Private Placement)	112,153	-	112,153	163,878	94,877	258,755
Shareholder loans	2,496	38,787	41,283	4,119	41,991	46,110
Liabilities to banks	35,727	3,737	39,464	26,619	10,853	37,472
Financial liabilities	191,209	420,541	611,750	233,650	523,701	757,351

The table below shows details of privately placed bonds and Schuldscheindarlehen (German Private Placements):

	Nominal volume in '000	Carrying amount Sept. 30, 2022 in '000	Coupon in % p.a.	Due
Bonds (U.S. Private Placement) 2012	USD 110,000	€ 112,153	4.08	11/2022
Schuldscheindarlehen (German Private Placement) 2015	€ 50,000	€ 50,000	1.75	08/2024
Schuldscheindarlehen (German Private Placement) 2020	€ 215,000	€ 215,000	0.6 or 0.6±6M Euribor (min. 0)	08/2027
Schuldscheindarlehen (German Private Placement) 2020	€ 35,000	€ 35,000	0.75	08/2029

The remaining bond from 2012 was repaid as scheduled on November 15, 2022.

Liabilities to banks denominated in different currencies are subject to interest rates of between 0.25% p.a. and 8.95% p.a. Of these liabilities, an amount of €1.0 million is secured (prior year: €1.3 million). Some of the liabilities to banks are very current liabilities as part of the ABS program.

The shareholder loans refer primarily to liabilities to shareholders of the limited partnership.

Depending on the term of the lease, the lease liabilities were discounted at incremental borrowing rates of between 0.07% p.a. and 1.11% p.a. The following table shows the maturities of the lease liabilities as of the balance sheet date:

in € '000	Sept. 30, 2022	Sept. 30, 2021
Due within one year	40,833	39,034
Due within one to five years	63,562	58,527
Due after more than five years	14,455	17,453
Lease liabilities	118,850	115,014

The future lease payments are offset by expected inflows from minimum lease payments related to subleasing agreements for CLAAS machines in the amount of €30.1 million that cannot be terminated.

In addition, the CLAAS Group had access to credit facilities from banks as well as a flexible syndicated loan totaling €826.4 million as of the balance sheet date for general financing purposes, €787.0 million of which was not utilized.

26. Silent Partnership

The silent partnership of CMG receives performance-based remuneration and is considered subordinate in the event of liability. Pursuant to IFRS, any repayable capital transferred is classified as a financial liability. The fair value for the silent partnership cannot be reliably determined, so the carrying amount is reported instead.

In return for its subordinated capital contribution, CMG receives remuneration based on the performance of the CLAAS Group. CMG also shares in any Group losses. An amount of €10.6 million in relation to the silent partnership can be terminated with notice up to September 30, 2023. A further €26.8 million can be terminated with notice between fiscal years 2024 and 2027.

27. Other Financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2022	Current	Non-current	Sept. 30, 2021
Derivative financial instruments	29,518	-	29,518	20,721	-	20,721
Accrued interest expenses	1,914	-	1,914	2,464	-	2,464
Miscellaneous	39,753	679	40,432	22,333	579	22,912
Other financial liabilities	71,185	679	71,864	45,518	579	46,097

28. Other Non-financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2022	Current	Non-current	Sept. 30, 2021
Contract liabilities	260,106	-	260,106	112,070	-	112,070
Deferred income	81,346	-	81,346	75,892	-	75,892
Other taxes	74,971	-	74,971	56,185	-	56,185
Social security	10,821	-	10,821	7,478	-	7,478
Miscellaneous	1,283	-	1,283	355	-	355
Other non-financial liabilities	428,527	-	428,527	251,980	-	251,980

29. Pension Provisions

Defined Benefit Plans

The pension provisions within the CLAAS Group encompass both obligations from current pensions as well as vested rights from future retirement, disability, and surviving dependent pensions. Pension obligations are normally based on the employees' length of service and remuneration levels. As a rule, defined benefit plans within the Group vary depending on the economic, tax, and legal conditions in the respective countries.

Individual benefit agreements have been reached with the members of the Group Executive Board. The obligations from defined benefit plans for Group employees relate mainly to obligations in Germany, France, and the United Kingdom.

For new members, the pension plans have been closed in Germany since 2006, and since 2008 in the United Kingdom.

The defined benefit obligations are composed as follows:

in € '000/ Sept. 30, 2022	Defined benefit obligations (DBO)	Fair value of the plan assets	Net obligation
Germany	193,763	478	193,285
France	27,946	-	27,946
United Kingdom	50,608	65,097	- 14,489
Other countries	3,255	-	3,255
Carrying amount	275,572	65,575	209,997
thereof: pension provisions			224,486
thereof: other non-financial assets			14,489

in € '000/ Sept. 30, 2021	Defined benefit obligations (DBO)	Fair value of the plan assets	Net obligation
Germany	289,213	487	288,726
France	35,103	-	35,103
United Kingdom	78,391	91,534	- 13,143
Other countries	3,766	-	3,766
Carrying amount	406,473	92,021	314,452
thereof: pension provisions			327,595
thereof: other non-financial assets			13,143

The changes in the present value of the defined benefit obligations are composed as follows:

in € '000	2022	2021
Present value of the defined benefit obligations as of Oct. 1	406,473	418,540
Current service cost	10,503	9,537
Interest expense	3,861	3,863
Actuarial gains and losses	- 131,750	- 18,869
Past service cost, curtailments, and settlements	- 55	- 86
Currency translation	- 1,814	4,307
Pension payments	- 11,833	- 11,020
Miscellaneous	187	201
Present value of the defined benefit obligations as of Sept. 30	275,572	406,473

The actuarial gains and losses largely result from the changes in financial assumptions.

The change in the fair value of the plan assets is shown in the table below:

in € '000	2022	2021
Fair value of the plan assets as of Oct. 1	92,021	80,033
Interest income	1,716	1,199
Income/expenses from plan assets excluding amounts already included in interest	- 25,613	5,836
Employer contributions	2,053	2,063
Employee contributions	187	201
Currency translation	- 2,165	4,658
Pension payments from plan assets	- 2,624	- 1,969
Fair value of the plan assets as of Sept. 30	65,575	92,021

The following amounts are recognized in comprehensive income for defined benefit plans:

in € '000	2022	2021
Current service cost	-10,503	-9,537
Past service cost	55	86
Interest expense	-3,861	-3,863
Interest income	1,716	1,199
Defined benefit plan components recognized in the income statement	-12,593	-12,115
Income/expenses from plan assets excluding amounts already included in interest	-25,613	5,836
Actuarial gains and losses	131,750	18,869
Defined benefit plan components recognized directly in equity	106,137	24,705

Interest expense and interest income are included in the financial result. The service cost and the past service cost are generally reported as functional costs.

Total expenses from plan assets amounted to €23.9 million in fiscal year 2022 (prior year: income of €7.0 million).

The following material assumptions (average) were used for the actuarial valuation of the defined benefit plans:

in %	Sept. 30, 2022		Sept. 30, 2021	
	Germany	Other	Germany	Other
Discount rate	3.60	4.55	0.95	1.59
Rate of salary increase	3.00	3.10	2.50	2.80
Rate of pension increase	2.00	-	1.75	-

Plan assets mainly pertain to the plan in the United Kingdom and are composed of the following:

	Sept. 30, 2022		Sept. 30, 2021	
	in € '000	in %	in € '000	in %
Equity instruments	26,778	40.8	28,441	30.9
Bonds	37,141	56.7	61,240	66.6
Cash and cash equivalents	1,178	1.8	1,853	2.0
Miscellaneous	478	0.7	487	0.5
Plan assets	65,575	100.0	92,021	100.0

The equity instrument and bond items are held in the form of funds, for which redemption prices are determined on a regular basis. The equity instruments and bonds included in the fund are quoted on active markets. The market value of the plan assets is largely determined by the capital market environment. Unfavorable equity and bond developments, in particular, could impact the market value. The investment risk is limited by the broad diversification of the bonds in the funds as well as the high quality of the obligors.

Plan assets are predominantly managed by a trust association in the United Kingdom under a trust agreement. This trust

association stipulates, among other things, the principles and strategies for the investment activities.

The focus of the investment strategy is on sufficient diversification in order to distribute investment risk over a variety of markets and asset classes. It is also important that there is sufficient congruity between risk factors on both the investment and obligation sides. Plan assets are invested in accordance with specific requirements concerning investment type and geographical markets. In the fiscal year under review and in the prior year, the main focus of investment was on United Kingdom securities.

Given otherwise unchanged assumptions, a rise in the discount rate by 25 basis points, as the material actuarial assumption, would reduce the present value of the defined benefit obligations by €12.6 million. A reduction in the discount rate of 25 basis points would correspond to a rise in the present value of the defined benefit obligations by €8.6 million. Actual developments will likely differ.

A rise or fall of 50 basis points in the rate of pension would have a comparable impact on the present value of the defined benefit obligations as a change in the discount rate of 25 basis points, with otherwise unchanged assumptions. The impact of a possible change in the rate of salary increase, on the other hand, would be insignificant.

On September 30, 2022, the weighted average maturity of the defined benefit obligations was 16.1 years (prior year: 19.6 years).

In fiscal year 2023, pension payments in the amount of €10.2 million are anticipated. The employer contributions to plan assets are expected to amount to €2.0 million.

Defined Contribution Plans

Defined contribution plans are also in place in Germany, North America, and China in addition to the defined benefit plans. Furthermore, contributions were also made to national pension insurance institutions in Germany.

The total expenses of the defined contribution plans can be broken down as follows:

in € '000	2022	2021
Defined contribution plans	3,702	3,381
National plans	33,945	30,190
Total expenses of defined contribution plans	37,647	33,571

30. Income Tax Provisions and Other Provisions

in € '000	Income tax provisions	Other provisions				Other provisions	Total
		Personnel obligations	Sales obligations	Miscellaneous obligations			
Balance as of Oct. 1, 2021	60,312	204,819	456,353	83,553	744,725	805,037	
Utilization	-44,530	-156,430	-261,202	-9,296	-426,928	-471,458	
Reversal	-543	-6,336	-48,901	-2,692	-57,929	-58,472	
Addition	33,791	148,340	335,693	29,420	513,453	547,244	
Interest/change in interest rate	-	108	-113	-11	-16	-16	
Currency translation	2,402	2,405	15,937	17,466	35,808	38,210	
Balance as of Sept. 30, 2022	51,432	192,906	497,767	118,440	809,113	860,545	
thereof: non-current	-	30,477	23,602	23,866	77,945	77,945	
thereof: current	51,432	162,429	474,165	94,574	731,168	782,600	

Income tax provisions include current income tax obligations.

Personnel obligations mainly comprise provisions for part-time retirement programs, outstanding vacation time, anniversaries,

and annual bonuses. Sales obligations primarily relate to provisions for warranty claims, sales bonuses and discounts, as well as other sales promotions.

Other Disclosures

31. Contingent Liabilities and Other Financial Obligations

The CLAAS Group had the following obligations as of the balance sheet date:

in € '000	Sept. 30, 2022	Sept. 30, 2021
Obligations to purchase property, plant and equipment	9,689	22,143
Bills of exchange, guarantees, etc.	17,480	18,644

As of September 30, 2022, future financial obligations of €2.2 million existed from leases already concluded but not yet commenced.

32. Litigation and Damage Claims

As a result of their general business operations, CLAAS Group companies are involved in a variety of legal proceedings and official governmental proceedings, or are exposed to third-party claims, or there may be a possibility of such proceedings being instituted or asserted in the future (for instance with respect to patents, product liability, or goods supplied or services rendered). Although the outcome of individual

proceedings cannot be predicted with certainty given the unforeseeable nature of events associated with legal disputes, the current assessment is that no significant adverse impact on the results of operations of the CLAAS Group will occur beyond the risks reflected in liabilities and provisions in the financial statements.

33. Additional Disclosures on Financial Instruments

Carrying Amounts of Financial Assets and Liabilities by Categories

in € '000	Sept. 30, 2022	Sept. 30, 2021
Financial assets measured at fair value through profit or loss	585,406	738,329
Financial assets measured at fair value through other comprehensive income	5,902	2,707
Financial assets measured at amortized cost	1,128,359	1,111,006
Financial liabilities measured at fair value through profit or loss	29,518	20,721
Financial liabilities measured at amortized cost	1,051,418	1,004,556

The carrying amounts of financial assets and liabilities generally equate to their fair values.

while the fair value was €580.0 million (prior year: €772.1 million). The entire amount was attributable to Level 2 of the fair value hierarchy.

The values differ for financial liabilities: The carrying amounts of financial liabilities totaled €611.8 million (prior year: €757.4 million),

Fair Value Hierarchy

The market values of financial assets and financial liabilities measured at fair value may be determined based on the following basic data in accordance with the fair value hierarchy.

The following table shows the carrying amounts of the financial assets and liabilities measured at fair value by measurement level.

The individual levels are defined in accordance with IFRS 13 as follows:

- Level 1 Measurement based on quoted prices in active markets for identical financial instruments
- Level 2 Measurement based on inputs other than the quoted prices in active markets included within Level 1 that are observable either directly or indirectly
- Level 3 Measurement based on models using inputs that are not based on observable market data

in € '000	Sept. 30, 2022			Sept. 30, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Securities	92,639	441,232	-	698,774	-	-
Derivative financial instruments	-	43,457	-	-	31,976	-
Other investments	-	-	13,980	-	-	10,286
Financial assets measured at fair value	92,639	484,689	13,980	698,774	31,976	10,286
Derivative financial instruments	-	29,518	-	-	20,721	-
Financial liabilities measured at fair value	-	29,518	-	-	20,721	-

Net Gains or Losses on Financial Instruments

The net gains or losses on the financial instruments recognized in the consolidated income statement can be categorized as follows:

in € '000	2022	2021
Financial assets and liabilities measured at fair value through profit or loss	- 12,696	- 2,233
Financial assets measured at amortized cost	24,225	3,967
Financial liabilities measured at amortized cost	- 57,139	- 27,403
Net gains or losses on financial instruments	- 45,610	- 25,669

The net gains or losses on financial assets or financial liabilities measured at fair value through profit or loss arise primarily from fair value changes.

For financial assets measured at amortized cost, the net gains or losses include interest income, foreign exchange gains and losses, impairments, write-ups, realized gains and losses on

disposal and subsequent amounts recovered on written-down financial instruments.

The net gains or losses on financial liabilities measured at amortized cost primarily include interest expenses and foreign exchange gains and losses.

34. Derivative Financial Instruments and Hedge Accounting

Hedge accounting is not used for some derivative financial instruments. The changes in fair value for these derivatives are recognized through profit or loss. Where hedge accounting is applied, derivative financial instruments are used to hedge

future cash flows (cash flow hedging). There were no other hedging relationships in the fiscal year. The following table provides an overview of the derivative financial instruments used and the recognized fair values:

in € '000	Sept. 30, 2022		Sept. 30, 2021	
	Assets	Liabilities	Assets	Liabilities
Forward exchange transactions	39,233	25,170	30,179	14,770
thereof: cash flow hedges	(32,191)	(20,369)	(26,655)	(11,716)
Foreign currency options	4,224	3,930	1,797	5,951
thereof: cash flow hedges	(3,142)	(-)	(723)	(-)
Miscellaneous	-	418	-	-
thereof: cash flow hedges	(-)	(-)	(-)	(-)
Derivative financial instruments	43,457	29,518	31,976	20,721
thereof: non-current	-	-	9,511	-
thereof: current	43,457	29,518	22,465	20,721

The cash flows from currency risks from non-current financial liabilities hedged by cash flow hedges are due in 2023 and recognized through profit or loss. The underlying transactions for cash flow hedges for currency risks from the operating business are largely expected to be realized in the coming 12 to 18 months. This means that these hedges will primarily impact profit or loss in the coming fiscal year. The changes in

the value of cash flow hedges reclassified from equity to foreign exchange gains and losses, net, in the fiscal year amounted to €-5.6 million (prior year: €9.5 million).

The ineffective portion from cash flow hedges, which was recognized through profit or loss in foreign exchange gains and losses, net, amounted to €0.5 million (prior year: €1.7 million).

35. Financial Risk Management

Principles of Risk Management

As a result of its business activities, the CLAAS Group is exposed to market price risk, particularly exchange rate and interest rate risk. On the procurement side, the CLAAS Group is exposed to commodity price risk and supply security risks. Moreover, credit risk arises from trade receivables, as well as from receivables relating to finance transactions such as cash and cash equivalents or the purchase of securities. Liquidity risk can result from a significant decline in operating business performance or from the risk categories mentioned above.

Market price risks are identified for the entire CLAAS Group and measured, monitored, and managed centrally by Group Treasury. Systematic, central currency and interest rate management is undertaken in order to limit and control exchange rate and interest rate risk. In addition to operating measures to limit risks, all of the usual financial instruments, including derivatives, are used to manage risk. All transactions are concluded exclusively on the basis of existing underlying transactions or specifically planned transactions and are renewed on a rolling basis as required. All business partners are banks of very good credit quality.

Credit risk is identified, monitored, and managed for the entire CLAAS Group by the relevant decentralized units, supplemented by Group Credit Management. The local units focus their activities on operational monitoring and management of the respective risks in consideration of the locally adapted parameters specified by Group Credit Management. Group Credit Management establishes general guidelines, which form the basis for monitoring and managing local transactions.

Since the management and the supervisory bodies of CLAAS attach great importance to systematic risk management, a comprehensive monitoring system that meets all legal requirements has been implemented. In this context, the efficiency of the hedging instruments and the reliability of the internal control systems are regularly checked by means of internal and external reviews.

CLAAS pursues a strategy of strict risk management. Derivative financial instruments are used exclusively for risk management purposes, i.e., to limit and steer risk related to business operations. There is clear physical and organizational separation of duties between authorizing and initiating business transactions and maintaining and preparing accounts. Levels of discretion with regard to the volume and characteristics of business activities are defined in internal guidelines. In finance, risk exposures are continuously evaluated and analyzed by means of suitable systems. This analysis includes simulations and scenario calculations. The competent executive bodies are regularly informed about risk exposure. Certain financial management transactions are subject to the approval of the Group Executive Board and/or the Shareholders' Committee.

Credit Risk

CLAAS is exposed to credit risk as a result of its business operations and financing activities. This risk entails the danger of unexpected economic loss caused by a counterparty not being able to meet their contractual payment obligations. Credit risk comprises both the direct risk of default as well as the risk of a downgrade in credit rating in combination with the threat of a concentration of individual risks. The maximum risk arising from a financial asset corresponds to the carrying amount of the asset.

Effective monitoring and management of credit risk is a basic component of the risk management system at CLAAS. Group Credit Management has defined group-wide principles for managing credit risk. CLAAS internally reviews and rates the credit quality of all customers whose credit needs exceed certain limits. In addition to financial reports submitted by the customer, the data used to review and rate credit quality is based on information provided by external credit rating agencies, past default rates in business with CLAAS, and experience from the long-standing business partnership with the customer.

The maximum risk of default on trade receivables is determined by the carrying amounts recognized in the balance sheet. The risk of default is covered by loss allowances. No material share of total trade receivables of the CLAAS Group was attributable to any single customer.

There were no indications, either during the course of the fiscal year or as of the balance sheet date, that the obligors of trade receivables that are neither impaired nor past due would not meet their payment obligations.

The collateral held for the purpose of minimizing potential credit risk consists primarily of credit insurance, guarantees from customers or banks, and, in some cases, retentions of title. No major defaults were recorded in either fiscal year 2022 or the prior year.

The CLAAS Group is exposed to credit risks through its investments in cash and cash equivalents and securities. There is a risk that obligors or issuers will not be able to meet their payment obligations. In order to minimize this risk, issuers and obligors are carefully selected and must carry a Standard & Poor's rating of at least BBB. Investments are widely diversified to further limit the risk of default. Default risk is continuously monitored using a market- and rating-based limit system. The competent executive bodies of the CLAAS Group approve the investment strategy and the limit system.

Derivative financial instruments are used exclusively for risk management purposes. The derivatives are either measured individually at fair value or included in hedge accounting. The maximum credit risk arising from derivative financial instruments is the positive market value of the instrument. The impact of counterparty risks on the market value is quantified using credit value adjustments. All counterparties are internationally operating banks. The credit quality of the counterparties is continuously reviewed on the basis of rating agency credit ratings and market prices for credit default insurance. Risk of default is also limited by a strategy of broad diversification.

Risks can also arise from financial guarantees. As of September 30, 2022, the maximum risk in the event of imminent utilization amounted to €1.2 million (prior year: €1.6 million). The fair value was calculated as of the date of addition using the expected value method, taking into account reduction in credit risk (liquidation proceeds) and risks that may arise with a default probability of 5% to 10% (prior year: 5% to 10%).

Liquidity Risk

The CLAAS Group employs a number of measures to effectively counter liquidity risk. Ensuring solvency at all times is the fundamental priority in liquidity management. Another aim is to achieve a comfortable and cost-efficient liquidity position that will allow to respond appropriately to opportunities in a dynamic market environment. Maintaining financing commitments (see Note 25) and cash and cash equivalents serves to achieve these goals, as do the ABS program (see Note 19) and international cash management. Liquidity trends are closely monitored on an ongoing basis through increasingly detailed daily, weekly, and monthly analyses and reports. Future liquidity requirements are also forecasted regularly as part of the financial planning process, which consists of a rolling three-month forecast, an annual forecast, and a five-year forecast. The development of financing terms for CLAAS on the financial markets is also continuously monitored so that refinancing risk can be countered promptly and proactively.

The following table gives an overview of undiscounted, contractually agreed payment obligations from liabilities due in the coming fiscal years:

in € '000/Sept. 30, 2022	2023	2024	2025	2026	2027	Thereafter	Total
Financial liabilities	201,027	90,019	25,456	17,061	227,920	93,117	654,600
Trade payables	454,068	-	-	-	-	-	454,068
Silent partnership	10,618	9,153	5,672	5,822	6,143	24,696	62,104
Derivative financial instruments	29,545	-	-	-	-	-	29,545
Miscellaneous	39,753	679	-	-	-	-	40,432
Payments due	735,011	99,851	31,128	22,883	234,063	117,813	1,240,749

in € '000/Sept. 30, 2021	2022	2023	2024	2025	2026	Thereafter	Total
Financial liabilities	266,412	137,021	75,039	14,089	10,854	316,436	819,851
Trade payables	278,375	-	-	-	-	-	278,375
Silent partnership	7,984	5,614	9,356	5,754	5,913	23,846	58,467
Derivative financial instruments	20,746	-	-	-	-	-	20,746
Miscellaneous	22,333	579	-	-	-	-	22,912
Payments due	595,850	143,214	84,395	19,843	16,767	340,282	1,200,351

Currency Risk

The international focus of the CLAAS Group means that its operating business and financial transactions are exposed to risks of exchange rate volatilities, mainly arising from fluctuations in the value of the U.S. dollar, British pound, Polish zloty, Hungarian forint, Russian ruble, and Chinese renminbi against the euro. In operating business, currency risk mainly arises

when net sales are realized in a currency different from that of the associated costs (transaction risk). CLAAS has a central currency management system under the purview of Group Treasury to effectively counter the effect of exchange rate fluctuations.

To calculate the total risk exposure, the estimated operating inflows and outflows are recorded centrally for each currency and each fiscal year. A basic hedging strategy is developed for the resulting net exposures in consideration of risk-bearing capacity, the market assessment, and the competitive situation in the target market in question. The hedging strategy is intended to offer the CLAAS Group effective protection from negative market developments while enabling the Group to take advantage of positive developments. The hedge horizon is typically between one and two years. The hedging strategy is approved by the competent executive body of the CLAAS Group and implemented by Group Treasury through the conclusion of financial derivative contracts. The strategy is then monitored continuously by Group Treasury and adapted as needed. Group management and the competent executive body receive regular reports informing them of the current status of currency risk exposure.

Financing-related and investment-related currency risks are – insofar as possible and appropriate – integrated into the forecasts of operating exposure. Alternatively, these risks may be hedged individually on a case-by-case basis.

The following scenario analysis indicates the value of financial instruments denominated in foreign currencies in the event of a 10% increase or 10% decrease in the value of the hedging portfolio in comparison with the actual exchange rates on the balance sheet date. The figures are presented separately depending on whether the items are recognized in equity (via hedge accounting) or at fair value through profit or loss. The future underlying items that the derivative portfolio is intended to hedge are not included here in accordance with IFRS 7. Any conclusions made on the basis of the information presented here therefore relate exclusively to derivative financial instruments, which is why the stated values are not meaningful for determining the overall future effect of exchange rate fluctuations on the cash flows or earnings of the CLAAS Group. In addition to the fair value analysis of the currency derivatives provided here, internal risk management and the regular updates provided to the competent executive body are predominantly based on conclusive scenario analyses of overall risk exposure that take both the underlying items and the hedge portfolio into account. Loans denominated in foreign currencies are generally hedged using forward exchange transactions.

in € '000	Sept. 30, 2022		Sept. 30, 2021	
	Equity	Profit or loss	Equity	Profit or loss
Actual fair value	14,958	-615	15,657	-4,417
Fair value in the event of an exchange rate increase of 10%	49,248	25,717	30,667	22,072
U.S. dollar	21,425	19,593	8,596	14,493
British pound	17,162	4,983	11,642	7,544
Polish zloty	13,503	623	8,057	3,175
Russian ruble	-	-1,911	2,712	-3,285
Chinese renminbi	1,918	-	1,290	672
Hungarian forint	-4,760	-1,390	-1,630	-4,278
Miscellaneous	-	3,819	-	3,751
Fair value in the event of an exchange rate decrease of 10%	-14,268	-28,501	6,420	-44,822
U.S. dollar	1,021	-29,377	29,669	-27,116
British pound	-7,719	-4,232	-11,695	-11,701
Polish zloty	-4,918	-483	-3,941	-4,081
Russian ruble	-	7,501	-6,180	2,503
Chinese renminbi	-3,125	-	-2,840	-2,217
Hungarian forint	473	189	1,407	1,478
Miscellaneous	-	-2,099	-	-3,688

Currency risk also arises from the translation of the net assets, income, and expenses of foreign subsidiaries outside of the

eurozone. The CLAAS Group generally does not hedge against these risks for reasons of efficiency and materiality.

Interest Rate Risk

CLAAS is generally exposed to interest rate risk in relation to its assets and liabilities. Interest rate risk may arise on financial instruments such as bonds or liabilities to banks or due to the effects of interest rate changes on liquidity. At the CLAAS Group, Group Treasury holds central responsibility for initial funding and capital investment, as well as for the subsequent management of instruments in line with targets such as maturity and fixed-interest periods. Interest rate derivatives are used to manage risk. These instruments are measured at fair value and subject to continuous fair-value monitoring. The resulting risk is measured by means of value-at-risk analyses and other instruments.

Value at risk is calculated according to a Monte Carlo simulation with a confidence interval of 99.0% and an assumed holding

period of ten days. The resulting figure represents the loss in the fair value of the portfolio of all interest-sensitive instruments, with a probability of only 1.0% that said figure will be exceeded after ten days. Foreign exchange derivatives are not included, as any interest-rate fluctuations they may be exposed to are insignificant. As of the balance sheet date, the value at risk of all interest-sensitive financial instruments amounted to €3.1 million (prior year: €1.6 million).

Commodity Price Risk

CLAAS is exposed to the risk of changes in commodity prices arising from the procurement of input materials. Derivative financial instruments are used to a small extent, particularly to hedge the risk of changes in the price of industrial metals and natural rubber, although the resulting risk is insignificant.

36. Disclosures on the Consolidated Statement of Cash Flows

The consolidated statement of cash flows comprises cash flows from operating activities, investing activities, and financing activities. Effects of changes in the basis of consolidation on cash and cash equivalents are shown separately in cash flows from investing activities.

The effect of exchange rate changes on cash and cash equivalents is eliminated from individual cash flows and reported separately.

The following cash flows are reported under cash flows from operating activities:

in € '000	2022	2021
Interest paid	26,219	23,622
Dividends received	9,655	19,554
Interest received	8,808	7,736

Since fiscal year 2022, income taxes paid have been reported separately within the statement of cash flows.

Liabilities from financial liabilities developed as follows:

in € '000	2022	2021
Financial liabilities as of Oct. 1	757,351	759,290
Cash inflows/outflows	-177,309	-31,404
Currency translation	3,916	1,906
Foreign currency valuation from bonds	305	3,370
Non-cash changes from leases	27,487	24,189
Financial liabilities as of Sept. 30	611,750	757,351

37. Related Party Disclosures

Related parties are associates and joint ventures accounted for using the equity method as well as persons able to exercise significant influence on the CLAAS Group. The latter include the members of the Group Executive Board, the Supervisory Board, and the Shareholders' Committee, as well as the Claas families.

The following table shows the extent of the business relationships of the CLAAS Group with related parties:

in € '000	Associates		Joint ventures	
	2022	2021	2022	2021
Income	41,542	33,106	190,655	208,136
Expenses	1,841	6,455	70,260	248,893
Receivables	8,578	8,654	24,359	35,220
Liabilities	352	62	713	17,532

Most receivables and liabilities are trade receivables and trade payables.

Members of the Claas families granted loans totaling €41.3 million in the fiscal year (prior year: €46.1 million), €2.5 million (prior year: €4.1 million) of which are due within one year.

The CLAAS Group did not conclude any other material transactions with related parties.

All transactions with related parties were conducted on an arm's length basis.

The remuneration paid to members of the Supervisory Board and the Shareholders' Committee totaled €1.5 million in fiscal year 2022 (prior year: €1.5 million).

The following remuneration was paid to members of the Group Executive Board:

in € '000	2022	2021
Current remuneration	4,181	5,770
Provisions for retirement benefits	62	85
Total Group Executive Board remuneration	4,243	5,855

Retirement benefits were paid to former members of the Executive Board of CLAAS KGaA mbH/the Group Executive Board in the amount of €0.6 million (prior year: €0.7 million). Obligations for current pensions and vested pension rights of former members of the Executive Board of CLAAS KGaA mbH/the Group Executive Board totaled €9.5 million as of the balance sheet date (prior year: €13.0 million).

38. Auditor's Fees

The following fees were recognized as an expense for the services provided in the fiscal year by the auditor of the consolidated financial statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft:

in € '000	2022	2021
Audit services	741	633
Other assurance services	20	31
Tax consulting services	32	158
Other services	17	11
Auditor's fees	810	833

Audit services include fees for auditing the financial statements of CLAAS KGaA mbH, the consolidated financial statements, and the financial statements of the domestic subsidiaries.

39. Application of Section 264 (3) and Section 264b of the German Commercial Code (HGB)

The following domestic subsidiaries made partial use of the exemption option pursuant to Section 264 (3) and Section 264b HGB:

- 365FarmNet Group KGaA mbH & Co KG, Harsewinkel
- CLAAS E-Systems GmbH, Dissen am Teutoburger Wald
- CLAAS Global Sales GmbH, Harsewinkel
- CLAAS Industrietechnik GmbH, Paderborn
- CLAAS Material Handling GmbH, Harsewinkel
- CLAAS Saulgau GmbH, Bad Saulgau
- CLAAS Selbstfahrende Erntemaschinen GmbH, Harsewinkel
- CLAAS Service and Parts GmbH, Harsewinkel
- CLAAS Vertriebsgesellschaft mbH, Harsewinkel
- Seed Green Innovations GmbH, Harsewinkel

40. Events after the Balance Sheet Date

There were no events or developments after the end of the fiscal year that could have led to material changes in the presentation or the measurement of individual assets or liabilities as of September 30, 2022, or that are subject to disclosure requirements.

41. List of Shareholdings

Company and registered office		Shareholding in %	Held through no.
I. Affiliated companies included in the scope of consolidation			
No. Domestic companies			
1	CLAAS Kommanditgesellschaft auf Aktien mbH, Harsewinkel		
2	BLT Brandenburger Landtechnik GmbH, Liebenthal	50.6	16
3	CHW Fonds, Munich		
4	CLAAS Bordesholm GmbH, Bordesholm	82.4	16
5	CLAAS Braunschweig GmbH, Schwülper	100.0	16
6	CLAAS Central Asia Investment GmbH, Harsewinkel	100.0	1
7	CLAAS E-Systems GmbH, Dissen am Teutoburger Wald	100.0	1
8	CLAAS Global Sales GmbH, Harsewinkel	100.0	1
9	CLAAS Industrietechnik GmbH, Paderborn	100.0	1
10	CLAAS Material Handling GmbH, Harsewinkel	100.0	1
11	CLAAS Osteuropa Investitions GmbH, Harsewinkel	100.0	1
12	CLAAS Saulgau GmbH, Bad Saulgau	100.0	1
13	CLAAS Selbstfahrende Erntemaschinen GmbH, Harsewinkel	100.0	1
14	CLAAS Service and Parts GmbH, Harsewinkel	100.0	1
15	CLAAS Thüringen GmbH, Schwabhausen	100.0	16
16	CLAAS Vertriebsgesellschaft mbH, Harsewinkel	100.0	1
17	CLAAS Weser Ems GmbH, Molbergen	90.0	16
18	Seed Green Innovations GmbH, Harsewinkel	100.0	1
19	365FarmNet GmbH, Berlin	100.0	20
20	365FarmNet Group KGaA mbH & Co KG, Harsewinkel	100.0	1/21
21	365FarmNet Verwaltungs GmbH, Gütersloh	100.0	1
Foreign companies			
22	Canada West Harvest Centre Inc., Kelowna/Canada	100.0	29
23	CLAAS Agricoltura S.R.L., Milan/Italy	100.0	40
24	CLAAS Agricultural Machinery (Shandong) Co. Ltd., Gaomi/China	100.0	35
25	CLAAS Agricultural Machinery Private Limited, New Delhi/India	100.0	8/14
26	CLAAS Agricultural Machinery Trading (Beijing) Co. Ltd., Beijing/China	100.0	30
27	CLAAS América Latina Representação Ltda., Porto Alegre/Brazil	100.0	1/8
28	CLAAS Argentina S.A., Sunchales/Argentina	100.0	1
29	CLAAS Canada Holdings Inc., Kelowna/Canada	100.0	1
30	CLAAS East Asia Holding Ltd., Hong Kong/China	100.0	1
31	CLAAS Eastern Ltd., Saxham/United Kingdom	100.0	52
32	CLAAS France Holding S.A.S., Vélizy-Villacoublay/France	100.0	1
33	CLAAS France S.A.S., Ymeray/Paris/France	100.0	32
34	CLAAS Global Sales Americas Inc., Wilmington/Delaware/USA	100.0	8
35	CLAAS Greater China Holding Ltd., Hong Kong/China	100.0	1
36	CLAAS Holdings Ltd., Saxham/United Kingdom	100.0	1
37	CLAAS Hungária Kft., Törökszentmiklós/Hungary	100.0	1
38	CLAAS Ibérica S.A., Madrid/Spain	100.0	1
39	CLAAS India Private Ltd., Faridabad/India	100.0	1
40	CLAAS Italia S.p.A., Vercelli/Italy	100.0	1
41	CLAAS Manns Ltd., Saxham/United Kingdom	100.0	52
42	CLAAS Middle East – FZE, Dubai/United Arab Emirates	100.0	8
43	CLAAS North America Holdings Inc., Omaha/Nebraska/USA	100.0	1
44	CLAAS of America Inc., Omaha/Nebraska/USA	100.0	43
45	CLAAS Omaha Inc., Omaha/Nebraska/USA	100.0	43
46	CLAAS Polska sp. z o.o., Poznań/Poland	100.0	1
47	CLAAS Regional Center Central Europe GmbH, Spillern/Austria	100.0	1
48	CLAAS Regional Center South East Asia Ltd., Bangkok/Thailand	100.0	1
49	CLAAS Regional Center South East Europe S.R.L., Afumați/Romania	100.0	1

Notes to the Consolidated Financial Statements

Company and registered office		Shareholding in %	Held through no.
Foreign companies			
50	CLAAS Réseau Agricole S.A.S., Ymeray/Paris/France	100.0	51
51	CLAAS Tractor S.A.S., Vélizy-Villacoublay/France	100.0	32
52	CLAAS U.K. Ltd., Saxham/United Kingdom	100.0	36
53	CLAAS Western Ltd., Saxham/United Kingdom	100.0	52
54	Mercator Purchasing S.A., Luxembourg/Luxembourg		
55	Nebraska Harvest Center Inc., Wilmington/Delaware/USA	100.0	43
56	OOO CLAAS Vostok, Moscow/Russia	100.0	1
57	OOO CLAAS, Krasnodar/Russia	99.0	11
58	S@T-INFO S.A.S., Fragnes/France	100.0	32
59	TOV CLAAS Ukraina, Kiev/Ukraine	100.0	1
60	Usines CLAAS France S.A.S., Metz-Woippy/France	100.0	32
61	365FarmNet France S.A.S., Ymeray/Paris/France	100.0	32

II. Associates

62	CLAAS Financial Services LLC., San Francisco/California/USA	49.0	44
63	G.J.'s Harvest Centre Inc., Ontario/Canada	34.5	29
64	Mecklenburger Landtechnik GmbH, Prützen/Germany	25.1	16
65	Schmahl Landtechnik Upahl GmbH & Co., Upahl/Germany	45.0	16
66	Schmahl Landtechnik Upahl Verwaltungen GmbH, Upahl/Germany	45.0	16
67	Serv Class S.R.L., Braila/Romania	20.0	49
68	SM3 CLAAS S.A.S., Fleury/France	42.0	50
69	Worch Landtechnik GmbH, Schora/Germany	39.0	16

III. Joint ventures and joint operations

70	CLAAS Financial Services Ltd., Basingstoke/United Kingdom	49.0	52
71	CLAAS Financial Services S.A.S., Puteaux/Paris/France	49.0	1
72	Fricke Landtechnik GmbH, Demmin/Germany	25.1	16
73	G.I.M.A. S.A.S., Beauvais/France	50.0	51
74	TechnikCenter Grimma GmbH, Mutzschen/Germany	30.0	16
75	Uz CLAAS Agro MChJ, Tashkent/Uzbekistan	49.0	6

IV. Other significant shareholdings

		Subscribed capital	Shareholding in %	Held through no.
76	AgXeed Holding B.V., Venray/Netherlands	EUR 222	12.4	18
77	AgXeed B.V., Venray/Netherlands	EUR 120	12.4	76
78	BayWa AG Centre Ltd., Crossfield/Alberta/Canada	CAD 555,557	10.0	29
79	CLAAS Main-Donau GmbH & Co. KG, Gollhofen/Germany	EUR 1,200,000	10.0	16
80	CLAAS Nordostbayern GmbH & Co. KG, Altenstadt an der Waldnaab/Germany	EUR 750,000	10.0	16
81	CLAAS Südostbayern GmbH, Töging am Inn/Germany	EUR 700,000	10.0	16
82	CLAAS Württemberg GmbH, Langenau/Germany	EUR 800,000	10.0	16
83	CS Parts Logistics GmbH, Bremen/Germany	EUR 1,550,000	50.0	14
84	DESICO S.A., Florentino Ameghino/Buenos Aires/Argentina	ARS 13,333	10.0	28
85	Deutsches Forschungszentrum für Künstliche Intelligenz GmbH, Kaiserslautern/Germany	EUR 1,248,000	4.2	1
86	E-FARM GmbH, Hamburg/Germany	EUR 34,628	11.8	18
87	Landtechnik Steigra GmbH, Steigra/Germany	EUR 615,000	15.1	16
88	LTZ Chemnitz GmbH, Hartmannsdorf/Germany	EUR 750,000	10.0	16
89	MD-Betriebs-GmbH, Munich/Germany	EUR 25,000	10.0	16
90	NOB-Betriebs-GmbH, Altenstadt an der Waldnaab/Germany	EUR 25,000	10.0	16
91	Pellenc Languedoc Roussillon S.A.S., Lézignan-Corbières/France	EUR 1,000,000	35.0	50
92	Serv Class Irigatii S.R.L., Braila/Romania	RON 1,000	16.0	67
93	Tingley Implements Inc., Lloydminster/Canada	CAD 1,092,000	10.0	44

Management Statement on the Preparation of the Consolidated Financial Statements

These consolidated financial statements for the fiscal year ended September 30, 2022, and the Group management report were prepared by the Executive Board of CLAAS KGaA mbH on November 24, 2022. The accuracy and completeness of the information contained in the financial statements and the Group management report are the responsibility of the Company's management. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as applicable in the European Union (EU). Prior-year figures were determined in accordance with the same principles. The consolidated financial statements are supplemented by the Group management report and additional disclosures in accordance with Section 315e HGB.

Systems of internal control, uniform Group accounting policies, and continuous employee training ensure that the consolidated financial statements and the Group management report are prepared in compliance with generally accepted accounting principles and statutory requirements. Compliance with the guidelines set forth in the risk management manual, which are applicable to the Group as a whole, as well as the reliability and effectiveness of the control systems are examined by our internal auditing unit on an ongoing basis. After careful examination of the current risk position, we have discovered no specific risks that could threaten the continued existence of the CLAAS Group as a going concern.

Harsewinkel, November 24, 2022
Executive Board of the CLAAS Group



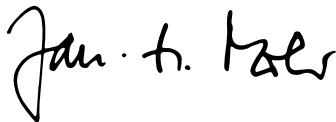
Thomas Böck



Henner Böttcher



Dr. Martin von Hoyningen-Huene



Jan-Hendrik Mohr



Christian Radons

Independent Auditor's Report

To CLAAS Kommanditgesellschaft auf Aktien mbH,
Harsewinkel

Opinions

We have audited the consolidated financial statements of CLAAS Kommanditgesellschaft auf Aktien mbH, Harsewinkel, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of September 30, 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the fiscal year from October 1, 2021, to September 30, 2022, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Group management report of CLAAS Kommanditgesellschaft auf Aktien mbH for the fiscal year from October 1, 2021, to September 30, 2022. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance in the "Women in leadership positions" subsection of the "Employees" section of the Group management report.

In our opinion, on the basis of the findings of the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, present fairly the assets, liabilities, and financial position of the Group as at September 30, 2022, and of its financial performance for the fiscal year from October 1, 2021, to September 30, 2022, and
- the accompanying Group management report as a whole provides an appropriate view of the Group's position. This Group management report is consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks associated with future development in all material

respects. Our opinion on the Group management report does not cover the statement on corporate governance referred to above.

Pursuant to Section 322 (3) 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 the Group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with Section 317 HGB and in compliance with German generally accepted auditing standards 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 opinions on the consolidated financial statements, and on the Group management report.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance according to Section 289f (4) HGB (information on proportion of female employees) in the "Women in leadership positions" subsection of the "Employees" section of the Group management report.

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

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

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

Responsibility of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements in compliance with the IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and for the fair presentation in the consolidated financial statements of the assets, liabilities, and financial position of the Group in accordance with these requirements. 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 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.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of 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 associated with future development, as well as to issue an auditor's report that includes our 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 Section 317 HGB and in compliance with German generally accepted auditing standards promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement when it exists. 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 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 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 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 opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates and related disclosures made by the executive directors.
- 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 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 IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion 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 forward-looking statements 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 forward-looking statements, and evaluate the proper derivation of the forward-looking statements from these assumptions. We do not express a separate audit opinion on the forward-looking statements and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the forward-looking statements.

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.

Hanover, November 24, 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

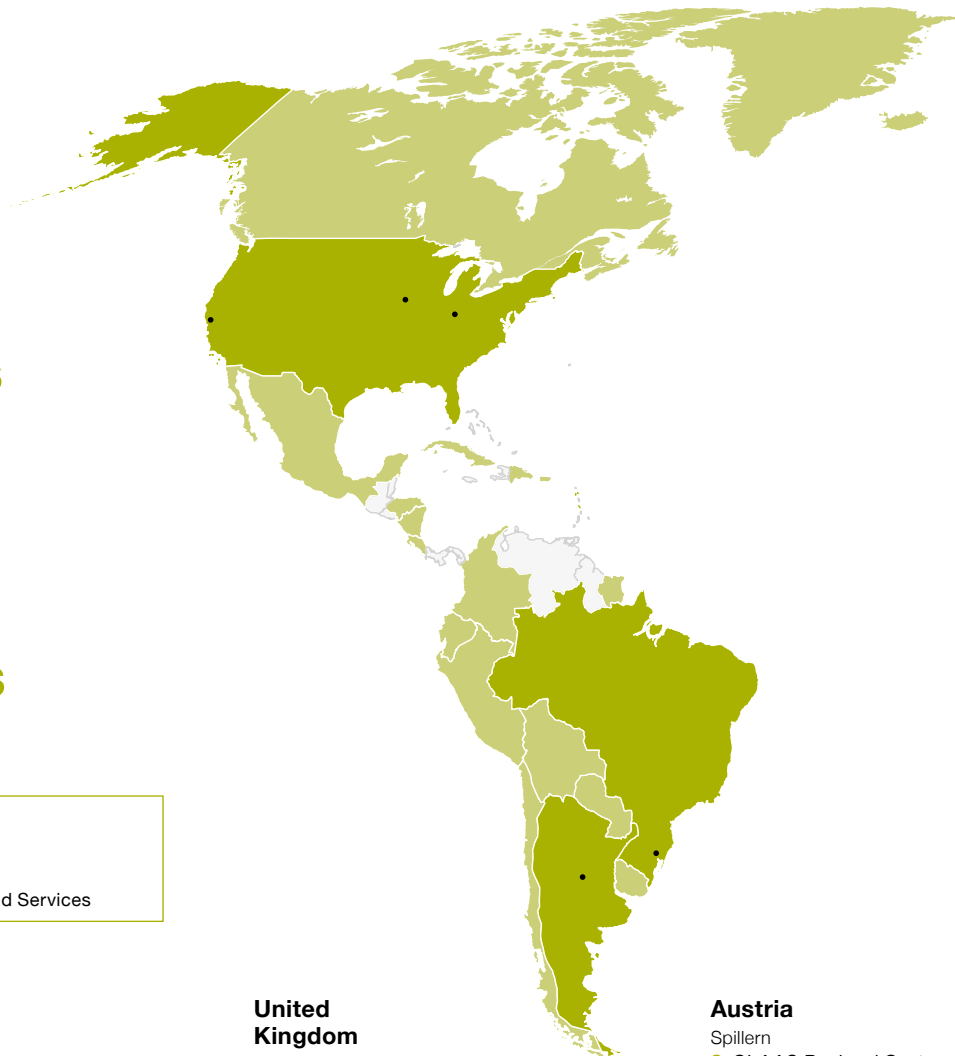
(Dr. Janze)
German Public Auditor

(Heinrichson)
German Public Auditor

Locations

20
Countries

36
Locations



- P Product Company
- S Sales Company
- F Financing Company
- H Holding – Management and Services

USA

- Columbus/Indiana
 - S CLAAS of America Inc.
- Omaha/Nebraska
 - S CLAAS of America Inc.
 - P CLAAS Omaha Inc.
- San Francisco/California
 - F CLAAS Financial Services LLC.

Argentina

- Sunchales
 - S CLAAS Argentina S.A.

Brazil

- Porto Alegre
 - S CLAAS América Latina Representação Ltda.

United Kingdom

- Basingstoke
 - F CLAAS Financial Services Ltd.
- Saxham
 - S CLAAS U.K. Ltd.

Spain

- Madrid
 - S CLAAS Ibérica S.A.

Italy

- Milan
 - S CLAAS Agricoltura S.R.L.
- Vercelli
 - S CLAAS Italia S.p.A.

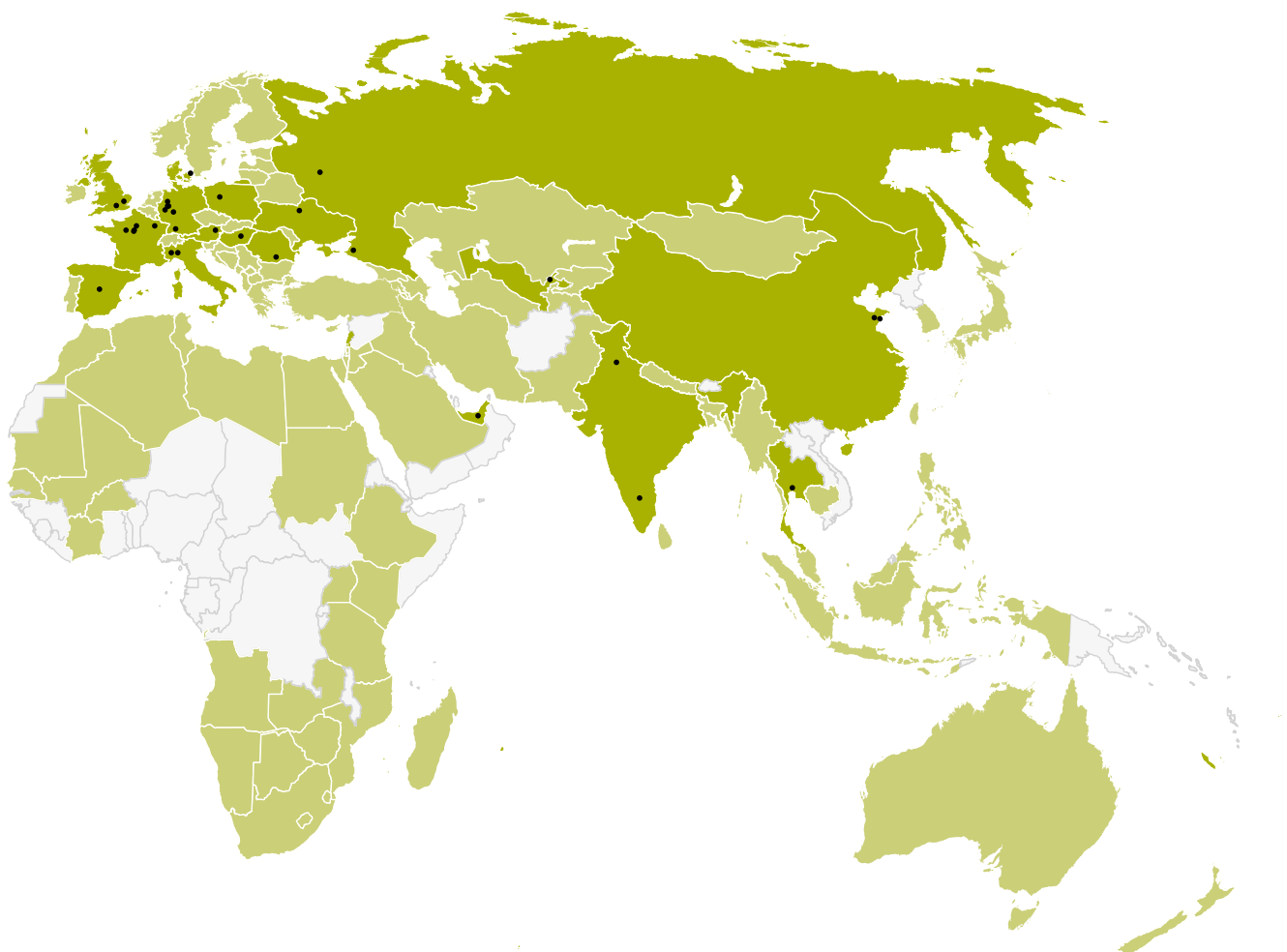
Austria

- Spillern
 - S CLAAS Regional Center Central Europe GmbH

France

- Le Mans
 - P CLAAS Tractor S.A.S.
- Metz-Woippy
 - P Usines CLAAS France S.A.S.
- Paris
 - F CLAAS Financial Services S.A.S.
- Vélizy-Villacoublay
 - P CLAAS Tractor S.A.S.
- Ymeray
 - S CLAAS France S.A.S.
 - S CLAAS Réseau Agricole S.A.S.

Locations

**Germany**

Bad Saulgau

P CLAAS Saulgau GmbH

Dissen a.T.W.

P CLAAS E-Systems GmbH

Hamm

S CLAAS Service and Parts GmbH

Harsewinkel

H CLAAS KGaA mbH**S** CLAAS Global Sales GmbH**S** CLAAS Material Handling GmbH**P** CLAAS Selbstfahrende Erntemaschinen GmbH**S** CLAAS Service and Parts GmbH

Herzebrock-Clarholz

S CLAAS Vertriebsgesellschaft mbH

Paderborn

P CLAAS Industrietechnik GmbH**Denmark**

Nivå

P CLAAS E-Systems GmbH**Hungary**

Törökszentmiklós

P CLAAS Hungária Kft.**Romania**

Afumați

S CLAAS Regional Center South East Europe S.R.L.**Uzbekistan**

Tashkent

P Uz CLAAS Agro MChJ**Ukraine**

Kiev

S TOV CLAAS Ukraina**Poland**

Poznań

S CLAAS Polska sp. z o.o.**India**

Bangalore

S CLAAS Agricultural Machinery Private Limited

Chandigarh

P CLAAS India Private Ltd.**Russia**

Krasnodar

P OOO CLAAS

Moscow

S OOO CLAAS Vostok**United Arab Emirates**

Dubai

S CLAAS Middle East – FZE**Thailand**

Bangkok

S CLAAS Regional Center South East Asia Ltd.**China**

Gaomi

P CLAAS Agricultural Machinery (Shandong) Co. Ltd.

Qingdao

S CLAAS Agricultural Machinery Trading (Beijing) Co. Ltd.

Definitions

Capital expenditure = Investments in intangible assets (excluding goodwill) + investments in property, plant and equipment

$$\text{Coverage of non-current assets (in \%)} = \frac{\text{Equity + non-current liabilities}}{\text{Non-current assets}} \times 100$$

EBIT = Net income + income taxes + interest and similar expenses

EBITDA = EBIT +/- depreciation/amortization and impairment/write-ups of intangible assets; property, plant and equipment; right-of-use assets; investments; and borrowings

$$\text{Equity ratio (in \%)} = \frac{\text{Equity}}{\text{Total assets}} \times 100$$

Free Cash flow = Cash flows from operating activities - net capital expenditure in intangible assets; property, plant and equipment; borrowings and shares of fully consolidated companies and investments

Liquidity = Cash and cash equivalents + current securities

$$\text{Return on equity (in \%)} = \frac{\text{Net income}}{\text{Equity}} \times 100$$

$$\text{Return on sales (in \%)} = \frac{\text{Income before taxes}}{\text{Net sales}} \times 100$$

Working capital = Inventories +/- trade receivables/payables
- payments received on account + payments made on account

Definitions

Ten-year Overview

Ten-year Overview

in € million	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Financial performance										
Net sales	4,925.5	4,797.8	4,042.3	3,898.0	3,889.2	3,761.0	3,631.6	3,838.5	3,823.0	3,824.6
Research and development costs ¹	279.1	262.3	237.4	243.6	233.4	217.6	221.4	203.0	212.3	197.0
EBITDA	435.7	532.1	333.4	280.3	372.7	335.7	251.9	310.5	327.9	420.5
EBIT	189.7	384.9	185.6	164.0	256.8	215.2	129.0	196.8	194.4	334.7
Income before taxes	166.3	357.1	158.1	135.7	225.7	184.5	93.5	157.7	155.1	295.3
Net income	88.1	272.6	107.1	96.3	152.0	115.4	37.6	105.7	113.1	212.3
Return on sales (in %)	3.4	7.4	3.9	3.5	5.8	4.9	2.6	4.1	4.1	7.7
Return on equity (in %)	4.8	15.9	7.3	6.8	10.9	8.9	3.2	8.6	9.6	17.3
Foreign sales (in %)	80.3	80.6	80.1	79.5	78.5	79.1	78.6	77.2	77.2	78.1
Cash flow/investments/depreciation and amortization										
Cash flow from operating activities	225.5	580.5	478.4	45.9	85.0	345.0	246.0	156.5	50.4	247.6
Free cash flow	22.2	381.5	308.1	-138.2	-83.9	209.6	118.5	38.8	-136.9	82.1
Capital expenditure ²	200.6	194.0	187.2	183.3	160.3	130.7	122.2	128.3	173.2	172.4
Depreciation and amortization/impairment ³	220.4	121.0	121.4	128.8	112.7	116.2	102.8	111.3	133.3	83.3
Asset/capital structure										
Non-current assets	1,362.2	1,389.2	1,293.9	1,183.0	1,066.8	995.6	1,002.0	993.0	942.5	820.4
thereof: capitalized development costs	251.4	245.6	232.5	219.2	194.3	183.2	174.9	160.9	141.8	116.1
thereof: property, plant and equipment	613.8	612.2	561.6	541.8	501.5	476.2	480.5	480.7	486.2	460.0
Current assets	3,204.0	2,856.9	2,428.6	2,348.9	2,382.9	2,237.1	2,135.2	2,350.2	2,170.6	2,105.5
thereof: inventories	1,348.8	926.5	905.8	1,103.5	959.7	683.9	733.0	873.1	934.9	729.7
thereof: liquidity	1,041.8	1,237.9	907.7	669.7	803.4	937.7	842.4	851.3	699.2	863.7
Equity	1,847.9	1,717.1	1,464.1	1,417.3	1,395.5	1,293.8	1,160.7	1,231.0	1,183.2	1,226.7
Equity ratio (in %)	40.5	40.4	39.3	40.1	40.5	40.0	37.0	36.8	38.0	41.9
Non-current liabilities	790.7	995.1	1,130.2	837.7	958.4	938.8	1,060.2	981.1	656.1	700.0
Current liabilities	1,927.6	1,533.9	1,128.2	1,276.9	1,095.8	1,000.2	916.3	1,131.1	1,273.8	999.2
Total assets	4,566.1	4,246.1	3,722.5	3,531.9	3,449.7	3,232.8	3,137.2	3,343.2	3,113.1	2,925.9
Net liquidity	430.0	480.5	148.4	19.2	197.9	320.3	124.0	46.7	82.7	387.4
Working capital	1,109.4	992.6	994.7	1,170.0	1,012.5	839.5	892.3	1,007.2	998.1	843.6
Coverage of non-current assets (in %)	193.7	195.2	200.5	190.6	220.7	224.2	221.6	222.8	195.2	234.9
Employees										
Number of employees as of the balance sheet date ⁴	12,116	11,957	11,395	11,448	11,132	10,961	11,300	11,535	11,407	9,697
Personnel expenses	891.5	819.8	742.2	730.3	693.0	673.5	653.3	650.6	627.0	594.0

¹ Before capitalized, amortized, and impaired development costs.

² Including capitalized development costs, excluding goodwill.

³ Of intangible assets (excluding goodwill) and property, plant and equipment.

⁴ Including apprentices.

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