03

Consolidated Financial Statements

Consolidated Income Statement

of the CLAAS Group for the fiscal year from October 1, 2020 to September 30, 2021

in € '000	Note	2021	2020
Net sales	(7)	4,797,758	4,042,338
Cost of sales		-3,737,447	-3,222,614
Gross profit on sales		**1,060,311**	**819,724**
Selling expenses		-269,784	-254,295
General and administrative expenses		-204,519	-187,637
Research and development expenses	(8)	-251,929	-226,216
Other operating income	(10)	97,219	93,996
Other operating expenses	(10)	-64,386	-89,226
Operating income		**366,912**	**156,346**
Income from investments accounted for using the equity method, net	(11)	22,362	18,613
Income from other investments, net	(11)	-259	92
Financial result	(12)	-31,911	-16,934
thereof: interest and similar expenses		(-27,751)	(-27,442)
Income before taxes		**357,104**	**158,117**
Income taxes	(13)	-84,466	-50,987
Net income		**272,638**	**107,130**
thereof: attributable to shareholders of CLAAS KGaA mbH		272,118	106,579
thereof: attributable to minority interests		520	551

Consolidated Statement of Comprehensive Income

of the CLAAS Group for the fiscal year from October 1, 2020 to September 30, 2021

in € '000	Note	2021	2020
Net income		**272,638**	**107,130**
Items to be reclassified subsequently to profit or loss			
Net unrealized gains/losses from currency translation		18,259	-50,446
Net unrealized gains/losses from derivative financial instruments	(34)	-15,290	21,682
Items never to be reclassified to profit or loss			
Remeasurements of defined benefit pension plans	(29)	17,888	8,497
Other comprehensive income, after taxes		**20,857**	**-20,267**
Comprehensive income		**293,495**	**86,863**
thereof: attributable to shareholders of CLAAS KGaA mbH		292,975	86,312
thereof: attributable to minority interests		520	551

Consolidated Balance Sheet

of the CLAAS Group as of September 30, 2021

in € '000	Note	Sept. 30, 2021	Sept. 30, 2020
Assets			
Intangible assets	(14)	313,520	289,223
Property, plant and equipment	(15)	612,218	561,588
Right-of-use assets	(16)	82,552	88,134
Investments accounted for using the equity method	(17)	160,766	156,770
Other investments		5,731	5,246
Deferred tax assets	(13)	145,693	122,228
Other financial assets	(20)	46,429	47,105
Other non-financial assets	(21)	22,324	23,562
Non-current assets		**1,389,233**	**1,293,856**
Inventories	(18)	926,492	905,754
Trade receivables	(19)	441,296	373,769
Other financial assets	(20)	156,342	160,605
Other non-financial assets	(21)	94,921	80,842
Securities	(22)	698,774	383,551
Cash and cash equivalents	(23)	539,059	524,105
Current assets		**2,856,884**	**2,428,626**
Total assets		**4,246,117**	**3,722,482**
Equity and liabilities			
Subscribed capital		78,000	78,000
Capital reserve		38,347	38,347
Other reserves		1,595,550	1,342,743
Equity before minority interests		**1,711,897**	**1,459,090**
Minority interests		5,219	4,997
Equity	(24)	**1,717,116**	**1,464,087**
Financial liabilities	(25)	523,701	679,635
Silent partnership	(26)	58,467	55,021
Deferred tax liabilities	(13)	4,099	2,514
Other financial liabilities	(27)	579	556
Pension provisions	(29)	327,595	344,169
Other provisions	(30)	80,640	48,348
Non-current liabilities		**995,081**	**1,130,243**
Financial liabilities	(25)	233,650	79,655
Trade payables		278,375	233,115
Other financial liabilities	(27)	45,518	22,074
Other non-financial liabilities	(28)	251,980	205,931
Income tax provisions	(30)	60,312	21,854
Other provisions	(30)	664,085	565,523
Current liabilities		**1,533,920**	**1,128,152**
Total equity and liabilities		**4,246,117**	**3,722,482**

Consolidated Statement of Cash Flows

of the CLAAS Group for the fiscal year from October 1, 2020 to September 30, 2021

in € ’000	Note	2021	2020
Net income		**272,638**	**107,130**
Amortization/impairment of intangible assets and depreciation/impairment of property, plant and equipment/right-of-use assets	(14), (15), (16)	147,911	147,838
Income from investments accounted for using the equity method, net, if non-cash		-22,250	-18,613
Change in non-current provisions		34,627	2,900
Change in deferred taxes		-20,934	12,959
Other non-cash expenses (+)/income (-)		8,599	2,588
Cash earnings		**420,591**	**254,802**
Change in current provisions		131,019	52,382
Income from the disposal of non-current assets and securities		-162	-3,673
Change in working capital		14,890	136,242
thereof: inventories		(-9,022)	(167,451)
thereof: trade receivables		(-63,451)	(-30,713)
thereof: trade payables		(43,127)	(131)
Other change in assets/equity and liabilities, if not investing or financing activities		14,207	38,708
Cash flows from operating activities	(36)	**580,545**	**478,461**
Payments for investments in			
Intangible assets and property, plant and equipment (net of development costs recognized as an asset)	(14), (15)	-138,085	-131,434
Shares of fully consolidated companies and investments		-800	-1,861
Borrowings		-20,913	-17,676
Receipts from disposals/divestments			
Intangible assets and property, plant and equipment		4,024	6,988
Shares of fully consolidated companies and investments		112	-
Borrowings		12,507	29,374
Additions to development costs recognized as an asset	(14)	-55,881	-55,728
Change in securities		-308,258	-206,255
Cash flows from investing activities		**-507,294**	**-376,592**
Proceeds from the increase in loans and the issuance of bonds		154,113	408,990
Repayment of bonds and loans		-158,737	-395,460
Repayment of lease liabilities		-26,303	-26,238
Proceeds from silent partnership		3,446	3,379
Change in liabilities to shareholders		-476	114
Payment to minority shareholders		-298	-106
Dividend payments	(24)	-40,020	-40,020
Cash flows from financing activities		**-68,275**	**-49,341**
Effect of foreign exchange rate changes on cash and cash equivalents		9,978	-19,690
Net change in cash and cash equivalents		**14,954**	**32,838**
Cash and cash equivalents at beginning of year	(23)	524,105	491,267
Cash and cash equivalents at end of year	(23)	**539,059**	**524,105**

Consolidated Statement of Changes in Equity

of the CLAAS Group as of September 30, 2021

			Other reserves						
			Retained earnings		Accumulated other comprehensive income				
in € '000	Subscribed capital	Capital reserves	Accumu-lated profit	Remea-surements of defined benefit pensions plans	Foreign currency translation	Derivative financial instruments	Equity before minority interests	Minority interests	Equity
Balance as of Oct. 1, 2019	**78,000**	**38,347**	**1,481,269**	**-102,891**	**-71,067**	**-10,779**	**1,412,879**	**4,447**	**1,417,326**
Net income	-	-	106,579	-	-	-	106,579	551	107,130
Other comprehensive income	-	-	-	8,497	-50,446	21,682	-20,267	-	-20,267
Comprehensive income	**-**	**-**	**106,579**	**8,497**	**-50,446**	**21,682**	**86,312**	**551**	**86,863**
Dividend payments	-	-	-40,020	-	-	-	-40,020	-106	-40,126
Consolidation adjustments	-	-	-81	-	-	-	-81	105	24
Balance as of Sept. 30, 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**

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, a family-owned company, is 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, 2020, to September 30, 2021.

The consolidated financial statements were prepared on November 24, 2021, by the Executive Board of CLAAS KGaA mbH. Approval of the consolidated financial statements by the Supervisory Board is planned for December 8, 2021, at the scheduled Supervisory Board meeting.

2. New Financial Reporting Standards

Amendments to existing accounting standards or new accounting standards published by the IASB by September 30, 2021, which are mandatory in the future, are not material for CLAAS.

3. Scope of Consolidation

The companies included in the scope of consolidation are all significant companies, including the structured entities that are directly or indirectly controlled by CLAAS KGaA mbH. 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., registered in 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. Associates 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. 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. The joint operations included in the consolidated financial statements as of the reporting date have no material impact on the consolidated financial statements and are accounted for using the equity method.

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

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

	Sept. 30, 2021	Sept. 30, 2020
Consolidated subsidiaries	**62**	**63**
thereof: domestic companies	(21)	(20)
thereof: foreign companies	(41)	(43)
Investments accounted for using the equity method	**13**	**14**
thereof: domestic companies	(6)	(6)
thereof: foreign companies	(7)	(8)

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 2021.

4. Consolidation Principles

The 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.

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 until the balance sheet date from the measurement of financial assets and liabilities are recognized as 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 price 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/€	
		2021	**2020**	**Sept. 30, 2021**	**Sept. 30, 2020**
British pound	GBP	0.87	0.88	0.86	0.91
Chinese renminbi	CNY	7.75	7.89	7.49	8.00
Indian rupee	INR	87.88	82.82	86.04	86.39
Polish zloty	PLN	4.55	4.40	4.60	4.53
Russian ruble	RUB	89.10	79.12	84.28	91.15
Hungarian forint	HUF	357.97	345.53	358.89	363.23
U.S. dollar	USD	1.19	1.13	1.16	1.17

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 assessed 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 of 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. They do not contain any 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 as profit or loss. IAS 38 continues to be used for intangible assets.

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 reporting period is 2.6% p.a. (prior year: 2.5% 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 were 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 between 0.1% and 1.0% p.a. The value in use is determined on the basis of discounting rates ranging from 4.4% p.a. to 8.0% p.a. (prior year: 3.6% p.a. to 12.3% 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 pro-rated 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, provided that these amounts can be determined reliably. No fair value could be determined for the other investments as of the reporting date. As a result, these were measured at cost less accumulated impairment losses. An impairment loss will be recognized as profit or loss on other investments if there are indicators for impairment.

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 passed in principle and whose validity is expected as of the date of settlement. Deferred tax assets will only be recognized if it is probable 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, as well as trade tax. Country-specific tax rates are used to calculate the deferred taxes of the foreign companies.

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

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 of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized as soon as CLAAS becomes a party to the contractual provisions for the financial instrument. As a rule, the day on which the financial instrument is concluded is key to from when on it is reported. 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.

The categories generally do not include derivative financial instruments designated as hedging instruments. However, derivatives with hedging relationships are classified “at fair value through profit or loss” in order to improve presentation. In accordance with 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. The 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 other than a forced transaction, involuntary liquidation, or distress sale. The fair value generally corresponds to the market value or the stock market price. If the market for a financial instrument is not active, fair value is established using a valuation technique (for example, a discounted cash flow analysis, which applies a discount rate equal to the current market interest rate).

The fair value of derivative financial instruments is calculated by discounting the estimated future cash flows at the current 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 as of each balance sheet date for impairment. In accordance with IFRS 9, a risk provision is calculated based on the expected credit loss model. Accordingly, the amount of the allowance recognized as a risk provision for expected credit losses depends on the extent to which the credit risk has increased since initial recognition. The estimate is made on the basis of ratings and risk indicators that are continuously updated. In case of an impairment, the resulting impairment loss is recognized through profit or loss.

As in the prior year, no impairment was recognized for financial assets, excluding 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 applied the simplified expected credit loss model approach pursuant to IFRS 9 for expected credit losses arising from trade receivables. Risk provisions for expected credit losses are recorded over the remaining term, irrespective of the credit quality. In addition to taking existing collateral into account, past information and forecasts of future economic conditions are included in the calculation of the expected loss.

CLAAS sells selected trade receivables to a structured company of the CLAAS Group or other financial institutions on a revolving or non-recurring basis. The structured company is an asset-backed securitization (ABS) company that refinances itself in 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. These receivables will continue to be carried on the balance sheet, provided that the risks and rewards associated with the receivables – particularly credit risks and default risks – remain in the CLAAS Group.

Securities

Securities primarily include investment funds as well as money market securities and Schuldscheindarlehen (German Private Placement) with remaining maturities of less than one year in most cases. At CLAAS, securities are classified as “measured at fair value through profit or loss.”

Recognition and subsequent measurement are carried out 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 statement of cash flows correspond to the same item in the balance sheet.

Derivative Financial Instruments and Hedge Accounting

The accounting and measurement of derivative financial instruments with hedging relationships continues to follow the rules of IAS 39 in compliance with the transition requirements of IFRS 9.

CLAAS uses derivative financial instruments to hedge financial risks from the operating business and the resulting refinancing requirements. These risks are generally interest rate, currency, and commodity risks. The hedging instruments primarily used are foreign exchange outrights and options.

At the time of acquisition and in subsequent periods, derivative financial instruments are recognized at fair value. Changes in present value are recognized as profit or loss in 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 as 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 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 this time. Only cash flow hedges existed 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 are reclassified into the income statement if the hedged transaction is recognized as profit or loss. The ineffective portion of such changes in value is recognized directly as profit or loss in other financial result for the period.

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 as profit or loss.

Liabilities

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

For CLAAS, contract liabilities represent 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 to the right-of-use asset, lease liabilities are recognized at the amount of the present value of the 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 recorded for defined benefit obligations from vested rights and current benefits on behalf of eligible active and former employees and their surviving dependents. Obligations relate primarily to retirement pensions, which are paid in part as basic and in part as supplementary benefits. 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. This is measured using the projected unit credit method. This method takes into account not only pensions and accrued vested rights known as of the balance sheet date, but also anticipated future salary and pension increases. The valuation assumptions vary according to the economic conditions of the country in which the pension plans are administered. In Germany, the life expectancy used to calculate the obligation is based on the 2018 G K. Heubeck mortality tables. Comparable bases are used in the 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 in the consolidated income statement. Net interest is included in the financial result.

Actuarial gains and losses on the remeasurement of the net pension liability or net assets are fully recognized in the fiscal year in which they occur. They are recognized directly in equity in other reserves. In subsequent periods, they will not be recognized as profit or loss.

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 matching the pension payments.

Other Provisions

Other provisions are recognized for the present legal or constructive obligations of the CLAAS Group that have arisen from a past event and are expected to result in an outflow of future economic benefits, and whose amount can be measured reliably.

Provisions for obligations arising from sales largely include warranty obligations. Provisions for warranties are recognized at the time of sale of the products in question or the rendering of the corresponding services. Assumptions must be made as to the type and scope of future warranty and policy cases as well as possible special inspections in order to determine the amount of the provisions. These estimates are largely based on historic expectations. Provisions are regularly adjusted in line with new information.

Provisions are measured at the best estimate of the amount required to settle the present obligation at the balance sheet date. Significant, non-current other provisions are discounted. Increases in provisions resulting from a pure addition of accrued interest are recognized as 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 the ordinary business operations, less sales deductions such as cash discounts and price reductions, are 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 cost of the sold merchandise, as well as the expenses for commission, outgoing freight and packaging, insurance, and production-related logistics costs.

Research and Development Costs

Development costs for internally generated future serial products are recognized as an asset, provided manufacture of the products will generate probable future economic benefits for CLAAS and the other criteria for the recognition of internally generated intangible assets are fulfilled.

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

Research costs, amortization and impairments of capitalized development costs, and development costs that cannot be capitalized are expensed 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 assets in general are recognized in profit or loss as other operating income over the periods necessary to match them with the related costs that they are intended to compensate. Grants related to assets are usually deducted in arriving at the carrying amount of the asset, and the grant is recognized as income over the life of a depreciable asset by way of a reduced depreciation expense.

Estimates and Management Judgements

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, as well as any contingent liabilities in the reporting period. These estimates and assumptions primarily relate to assessing the recoverability of assets; defining a uniform Group standard for the economic lives of property, plant and equipment; and recognizing and measuring provisions based on the current state of knowledge. In particular, assumptions regarding expected business development are based on circumstances at the time of preparation of the consolidated financial statements as well as the probable development of global markets and industries. The actual amounts may differ from the original estimates if external developments over which management has no control should 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	2021	2020
Germany	931,805	805,529
France	827,556	751,916
Rest of Western Europe	963,055	790,676
Central and Eastern Europe	1,136,171	905,807
Other countries	939,171	788,410
Net sales	**4,797,758**	**4,042,338**

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, 2021	Sept. 30, 2020
Due within 1 year	20,196	16,186
Due within 1 to 2 years	20,072	17,142
Due within 2 to 3 years	12,500	10,456
Due within 3 to 4 years	5,245	4,725
Due within 4 to 5 years	1,805	1,759
Total of future expected net sales from existing performance obligations	**59,818**	**50,268**

8. Research and Development Expenses

in € '000	2021	2020
Research and development costs (total)	-262,325	-237,377
Development costs recognized as an asset	53,248	52,622
Amortization/impairment of capitalized development costs recognized as an asset	-42,852	-41,461
Research and development expenses recognized in the income statement	**-251,929**	**-226,216**
R&D capitalization ratio (in %)	20.3	22.2

9. Personnel Expenses and Employees

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

in € '000	2021	2020
Direct and indirect renumeration	- 674,811	- 605,955
Social security contributions and employee benefit expenses	- 133,720	- 123,606
Pension expenses	- 11,314	- 12,672
Personnel expenses	**- 819,845**	**- 742,233**

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

	2021	2020
Direct employees	4,437	4,268
Indirect employees	6,525	6,368
Apprentices	682	684
Average number of employees	**11,644**	**11,320**

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

10. Other Operating Income and Expenses

Other Operating Income

in € '000	2021	2020
Reversal of provisions	43,543	39,055
Measurement of receivables	6,760	5,325
Grants and subsidies	4,394	3,924
Disposal of intangible assets and property, plant and equipment	2,277	3,716
Insurance compensation	2,148	1,596
Pass-through costs	1,279	1,399
Rental and leases	309	382
Miscellaneous income	36,509	38,599
Other operating income	**97,219**	**93,996**

Other Operating Expenses

in € '000	2021	2020
Personnel expenses	-9,453	-9,439
Measurement of receivables	-7,789	-11,344
Fees, charges, and insurance premiums	-5,532	-2,961
Impairment of property, plant and equipment	-1,637	-2,106
Disposal of intangible assets and property, plant and equipment	-1,316	-1,806
Miscellaneous expenses	-38,659	-61,570
Other operating expenses	**-64,386**	**-89,226**

11. Income from Investments, Net

in € '000	2021	2020
Income from investments accounted for using the equity method, net	22,362	18,613
Income from other investments, net	-259	92
Income from investments, net	**22,103**	**18,705**

12. Financial Result

in € '000	2021	2020
Interest expenses	-26,969	-27,858
thereof: profits transferred under a partial profit transfer agreement (CMG)	(-6,966)	(-4,145)
Accrued interest on non-current provisions	-2,781	-2,004
Interest expenses for leases	-756	-829
Capitalization of borrowing costs	2,755	3,249
Interest and similar expenses	**-27,751**	**-27,442**
Interest income	8,258	8,237
Income from securities and loans, net	7,133	-916
Interest income and income from securities, net	**-12,360**	**-20,121**
Other financial result	-19,551	3,187
Financial result	**-31,911**	**-16,934**

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 "profits transferred under a partial profit transfer agreement (CMG).

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

The other financial result can be broken down as follows:

in € '000	2021	2020
Foreign exchange gains and losses, net	-14,987	7,539
Miscellaneous financial income and expenses, net	-4,564	-4,352
Other financial result	**-19,551**	**3,187**

13. Income Taxes

in € '000	2021	2020
Current income taxes	-105,399	-38,028
Deferred income taxes	20,933	-12,959
Income taxes	**-84,466**	**-50,987**

The underlying income tax rates for foreign companies were between 9.0% and 32.0% (prior year: 9.0% and 33.3%).

Income taxes in the reporting period were €19.1 million lower than the theoretical tax expense that would have resulted from the application of the domestic Group tax rate of 29.0% on income before taxes.

The following table shows the reconciliation from theoretical to effective tax expense:

	2021		2020	
	in € '000	in %	in € '000	in %
Income before taxes	357,104		158,117	
Theoretical tax expense	**-103,560**	**29.0**	**-45,854**	**29.0**
Differences in foreign tax rates	10,815	-3.0	8,222	-5.2
Tax effects from prior years	-749	0.2	1,364	-0.9
Non-taxable income and non-deductible expenses	-4,676	1.3	-12,838	8.1
Accounting for investments accounted for using the equity method	6,485	-1.8	5,398	-3.4
Impact of tax losses	7,364	-2.1	-8,374	5.3
Other consolidation effects	897	-0.2	62	0.0
Miscellaneous	-1,042	0.3	1,033	-0.7
Effective tax expense	**-84,466**	**23.7**	**-50,987**	**32.2**

Deferred tax assets and liabilities are split across the following balance sheet items:

	Sept. 30, 2021		Sept. 30, 2020	
in € ’000	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	4,605	70,106	5,751	64,448
Property, plant and equipment	3,745	15,640	4,298	15,939
Inventories	53,704	1,464	46,655	2,821
Receivables and miscellaneous assets	13,482	14,273	13,963	13,568
Provisions	139,874	2,087	121,533	3,130
Liabilities	8,244	202	4,621	319
Loss carryforwards	57,598	-	75,582	-
Gross amount	**281,252**	**103,772**	**272,403**	**100,225**
Valuation allowances on tax loss carryforwards and similar items	-35,886	-	-52,464	-
Netting out	-99,673	-99,673	-97,711	-97,711
Carrying amount	**145,693**	**4,099**	**122,228**	**2,514**

The tax loss carryforwards, the majority of which are realizable without restriction, amounted to €222.3 million (prior year: €293.6 million). This includes an amount of €138.3 million (prior year: €212.3 million) on which a valuation allowance on deferred tax assets of €35.9 million (prior year: €52.5 million) has been recognized.

The utilization of tax loss carryforwards, on which deferred tax assets had not yet been recognized, resulted in a positive effect of €1.3 million (prior year: €0.3 million).

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

in € ’000	Sept. 30, 2021	Sept. 30, 2020
Derivative financial instruments	1,800	-4,445
Currency effects	-1,091	-1,524
Deferred taxes offset in accumulated other comprehensive income	**709**	**-5,969**
Remeasurements of defined benefit pensions plans	31,009	37,812
Deferred taxes in other reserves	**31,718**	**31,843**

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	Development costs recognized as an asset	Total
Cost					
Balance as of Oct. 1, 2019	**78,193**	**70,636**	**13,672**	**286,742**	**449,243**
Currency translation	-333	-166	-	-1,131	-1,630
Additions	4,295	-	12,441	55,728	72,464
Disposals	-1,668	-	-	-30,317	-31,985
Reclassifications	4,877	-	-4,745	-	132
Balance as of Sept. 30, 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**
Accumulated amortization and impairment losses					
Balance as of Oct. 1, 2019	**58,492**	**55,758**	**-**	**67,588**	**181,838**
Currency translation	-252	-	-	-193	-445
Additions (amortization)	8,034	-	-	41,461	49,495
Disposals	-1,570	-	-	-30,317	-31,887
Balance as of Sept. 30, 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**
Carrying amounts					
Balance as of Sept. 30, 2020	**20,660**	**14,712**	**21,368**	**232,483**	**289,223**
Balance as of Sept. 30, 2021	**24,373**	**14,740**	**28,763**	**245,644**	**313,520**

Development costs in the amount of €55.9 million (prior year: €55.7 million) were capitalized. This includes capitalized borrowing costs of €2.6 million (prior year: €3.1 million). The necessary impairment tests on the capitalized development costs resulted in a necessary impairment. The impairment loss for the fiscal year amounts to €4.0 million (prior year: €0.0 million).

15. Property, Plant and Equipment

in € '000	Land, land rights and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
Cost					
Balance as of Oct. 1, 2019	**482,932**	**545,684**	**268,311**	**70,486**	**1,367,413**
Currency translation	- 14,962	- 14,553	- 4,306	- 2,733	- 36,554
Additions	23,189	16,603	20,175	54,731	114,698
Disposals	- 7,961	- 12,391	- 12,590	- 13	- 32,955
Reclassifications	11,164	12,450	22,879	- 46,625	- 132
Balance as of Sept. 30, 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**
Accumulated depreciation and impairment losses					
Balance as of Oct. 1, 2019	**214,187**	**414,206**	**196,258**	**961**	**825,612**
Currency translation	- 6,631	- 12,416	- 3,140	- 43	- 22,230
Additions (depreciation)	11,597	37,321	20,402	-	69,320
Additions (impairment)	223	341	892	1,158	2,614
Disposals	- 2,225	- 11,907	- 10,302	-	- 24,434
Balance as of Sept. 30, 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**
Carrying amounts					
Balance as of Sept. 30, 2020	**277,211**	**120,248**	**90,359**	**73,770**	**561,588**
Balance as of Sept. 30, 2021	**305,905**	**126,281**	**89,558**	**90,474**	**612,218**

Additions to the cost of assets under construction included €0.1 million (prior year: €0.1 million) in capitalized borrowing costs. 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, land rights and buildings	Vehicles	Internal transport vehicles	Other	Total
Cost					
Balance as of Oct. 1, 2019	**66,311**	**15,238**	**6,000**	**11,944**	**99,493**
Currency translation	-80	-18	-	-	-98
Additions	6,794	4,861	2,001	1,411	15,067
Disposals	-83	-1,382	-400	-96	-1,961
Balance as of Sept. 30, 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**
Accumulated depreciation					
Balance as of Oct. 1, 2019	**-**	**-**	**-**	**-**	**-**
Currency translation	-191	-73	-	-6	-270
Additions (depreciation)	11,479	7,541	2,001	5,388	26,409
Disposals	-83	-1,195	-400	-94	-1,772
Balance as of Sept. 30, 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**
Carrying amounts					
Balance as of Sept. 30, 2020	**61,737**	**12,426**	**6,000**	**7,971**	**88,134**
Balance as of Sept. 30, 2021	**55,273**	**18,052**	**6,000**	**3,227**	**82,552**

For the most part, the 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 €13.1 million.

17. Investments Accounted for Using the Equity Method

The following table shows the summarized financial data on associates and joint ventures accounted for using the equity method that are immaterial for the CLAAS Group, both individually and in total:

	Associates		Joint ventures	
in € '000	**2021**	**2020**	**2021**	**2020**
At equity result	5,473	4,672	16,889	13,941
Carrying amount of investments accounted for using the equity method	38,741	35,176	122,025	121,594

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, 2021	Sept. 30, 2020
Raw materials, consumables, and supplies	180,287	180,204
Work in progress	96,698	84,436
Finished goods and merchandise	649,507	641,114
Inventories	**926,492**	**905,754**

The decrease in write-downs of inventories amounting to €2.6 million (prior year: decrease of €7.1 million) was recognized in the income statement in the reporting year and recorded under expenses in the cost of sales. As in the prior year, inventories were not pledged as security for liabilities.

19. Trade Receivables

in € '000	Sept. 30, 2021	Sept. 30, 2020
Gross carrying amount	**482,965**	**414,591**
Impairment	-41,669	-40,822
Net carrying amount	**441,296**	**373,769**

The impairment of trade receivables developed as follows:

in € '000	2021	2020
Impairment at Oct. 1	**40,822**	**38,198**
Utilization	-1,365	-1,587
Reversal of/addition to impairment loss, net	750	5,808
Currency translation	1,462	-1,597
Impairment at Sept. 30	**41,669**	**40,822**

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

in € '000	Sept. 30, 2021	Sept. 30, 2020
Neither past due nor individually impaired	370,706	318,395
Not individually impaired but past due as per the following time frames:		
up to 30 days	35,960	30,244
31 to 60 days	13,007	11,777
61 to 90 days	8,445	5,671
more than 90 days	11,610	5,457
Trade receivables adjusted individually for impairment	1,568	2,225
Trade receivables	**441,296**	**373,769**

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 €159.8 million (prior year: €175.1 million).

In some cases, the CLAAS Group retains the share of the sold receivables as part of these sales which is potentially balanced out under certain circumstances by future credits or netting. The resulting assets amounted to €56.3 million as of the balance sheet date (prior year: €66.6 million).

As part of these sales, the CLAAS Group recognized assets of €12.5 million (prior year: €12.4 million) as of the reporting date for the partially retained provisions for risk of default. The financial liabilities associated with the sales amounted to €17.7 million (prior year: €11.5 million).

20. Other Financial Assets

in € '000	Current	Non-current	Sept. 30, 2021	Current	Non-current	Sept. 30, 2020
Borrowings	-	12,078	12,078	-	7,675	7,675
Receivables from investments	10,704	4,665	15,369	5,559	4,565	10,124
Derivative financial instruments	22,465	9,511	31,976	21,051	19,872	40,923
Creditors with a debit balance	7,080	-	7,080	4,356	-	4,356
Loan receivables	789	-	789	802	-	802
Miscellaneous	115,304	20,175	135,479	128,837	14,993	143,830
Other financial assets	**156,342**	**46,429**	**202,771**	**160,605**	**47,105**	**207,710**

21. Other Non-financial Assets

in € '000	Current	Non-current	Sept. 30, 2021	Current	Non-current	Sept. 30, 2020
Tax assets	11,556	3,521	15,077	5,667	3,152	8,819
Deferred income	21,571	1,288	22,859	15,181	-	15,181
Other taxes	42,452	-	42,452	37,109	-	37,109
Surplus related to funded benefit obligations	-	13,143	13,143	-	5,662	5,662
Payments made on account	15,285	-	15,285	19,661	-	19,661
Miscellaneous	4,057	4,372	8,429	3,224	14,748	17,972
Other non-financial assets	**94,921**	**22,324**	**117,245**	**80,842**	**23,562**	**104,404**

22. Securities

Out of total securities of €698.8 million (prior year: €383.6 million), €104.7 million (prior year: €97.4 million) was attributable to investment funds. The remaining volume relates to money market securities and the Schuldscheindarlehen (German Private Placement), most often with a remaining maturity of less than one year.

Of the current securities held at the beginning of the fiscal year, securities with historical costs of €286.2 million were disposed of during the fiscal year (prior year: €80.0 million).

Securities totaling €10.7 million (prior year: €10.1 million) are pledged as collateral in order to meet the legal requirements of the German Partial Retirement Act (AltTZG).

23. Cash and Cash Equivalents

Cash and cash equivalents in a volume of €22.3 million are restricted (prior year: €12.7 million), of which €17.7 million (prior year: €11.5 million) is attributable to proceeds from trade receivables transferred under the ABS program that are not freely disposable and are to be transferred to other contracting parties.

24. Equity

Amounts reported as subscribed capital and capital reserves 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 3 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 and indirect members of the Claas family. The capital reserves exclusively contain other contributions from shareholders.

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

The dividend distributed to shareholders in fiscal year 2021 amounted to €40.0 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-to-assets 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, 2021	Current	Non-current	Sept. 30, 2020
Bonds (U.S. Private Placement)	163,878	94,877	258,755	-	255,384	255,384
Liabilities to banks	26,619	10,853	37,472	36,344	4,656	41,000
Schuldscheindarlehen (German Private Placement)	-	300,000	300,000	-	300,000	300,000
Shareholder loans	4,119	41,991	46,110	4,594	41,991	46,585
Lease liabilities	39,034	75,980	115,014	38,717	77,604	116,321
Financial liabilities	**233,650**	**523,701**	**757,351**	**79,655**	**679,635**	**759,290**

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

	Nominal volume	Carrying amount Sept. 30, 2021	Coupon in % p.a.	Due
Bond (U.S. Private Placement) 2012	USD 190,000,000	€163,878,000	3.98	08/2022
Bond (U.S. Private Placement) 2012	USD 110,000,000	€94,877,000	4.08	11/2022
Schuldscheindarlehen (German Private Placement) 2015	€50,000,000	€50,000,000	1.75	08/2024
Schuldscheindarlehen (German Private Placement) 2020	€215,000,000	€215,000,000	0.6 or 0.6±6M-Euribor (min. 0)	08/2027
Schuldscheindarlehen (German Private Placement) 2020	€35,000,000	€35,000,000	0.75	08/2029

Interest on liabilities to banks denominated in various currencies is charged at rates of between 0.25% p.a. and 4.6% p.a. Of these liabilities, €1.3 million are secured (prior year: €1.5 million). The liabilities to banks are attributable in part to very current liabilities in connection with 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 0.45% p.a. and 1.16% p.a. The following table shows the due dates of the lease liabilities as of the balance sheet date:

in € '000	Sept. 30, 2021	Sept. 30, 2020
Due within 1 year	39,034	38,717
Due within 1 to 5 years	58,527	58,195
Due after more than 5 years	17,453	19,409
Lease liabilities	**115,014**	**116,321**

Future lease payments are offset by expected income from minimum lease payments from non-cancelable sub-lease agreements for CLAAS machinery in the amount of €35.6 million.

In addition, the CLAAS Group had access to credit facilities from banks as well as a flexible syndicated loan totaling €686.5 million as of the balance sheet date for general financing purposes, €649.0 million of which was not utilized.

26. Silent Partnership

The silent partnership of the employee participation company CMG is compensated on the basis of performance and is considered subordinated in the event of liability. Pursuant to IFRS, any repayable capital transferred is classified as a financial liability. With regard to the silent partnership, the fair value cannot be reliably determined, for which reason the carrying amount is reported in this case.

In return for its subordinated capital contribution, CMG receives compensation that is based on the performance of the CLAAS Group. CMG also shares in any Group losses. A total of €8.0 million of the silent partnership can be terminated without cause as of September 30, 2022, additional termination-without-cause rights for a further €26.6 million apply between fiscal years 2023 and 2026.

27. Other Financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2021	Current	Non-current	Sept. 30, 2020
Derivative financial instruments	20,721	-	20,721	3,874	-	3,874
Accrued interest	2,464	-	2,464	2,671	-	2,671
Miscellaneous	22,333	579	22,912	15,529	556	16,085
Other financial liabilities	**45,518**	**579**	**46,097**	**22,074**	**556**	**22,630**

28. Other Non-financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2021	Current	Non-current	Sept. 30, 2020
Contract liabilities	112,070	-	112,070	71,376	-	71,376
Deferred income	75,892	-	75,892	67,508	-	67,508
Other taxes	56,185	-	56,185	59,322	-	59,322
Social security	7,478	-	7,478	7,078	-	7,078
Miscellaneous	355	-	355	647	-	647
Other non-financial liabilities	**251,980**	**-**	**251,980**	**205,931**	**-**	**205,931**

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 dependents 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, 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

in € '000/Sept. 30, 2020	Defined benefit obligations (DBO)	Fair value of the plan assets	Net obligation
Germany	305,201	486	304,715
France	35,747	-	35,747
United Kingdom	73,885	79,547	- 5,662
Other countries	3,707	-	3,707
Carrying amount	**418,540**	**80,033**	**338,507**
thereof: pension provisions			344,169
thereof: other non-financial assets			5,662

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

in € '000	2021	2020
Present value of the defined benefit obligations as of Oct. 1	**418,540**	**433,982**
Current service cost	9,537	10,742
Interest cost	3,863	3,404
Actuarial gains and losses	- 18,869	- 17,255
Past service cost, curtailments and settlements	- 86	- 186
Currency translation	4,307	- 1,841
Pension payments	- 11,020	- 10,538
Miscellaneous	201	232
Present value of the defined benefit obligations as of Sept. 30	**406,473**	**418,540**

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	2021	2020
Fair value of the plan assets as of Oct. 1	**80,033**	**84,633**
Interest income	1,199	1,461
Income/expenses from plan assets excluding amounts already included in interest	5,836	- 4,286
Employer contributions	2,063	2,116
Employee contributions	201	232
Currency translation	4,658	- 2,196
Pension payments from plan assets	- 1,969	- 1,927
Fair value of the plan assets as of Sept. 30	**92,021**	**80,033**

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

in € '000	2021	2020
Current service cost	-9,537	-10,742
Past service cost	86	186
Interest cost	-3,863	-3,404
Interest income	1,199	1,461
Defined benefit plan components recognized in the income statement	**-12,115**	**-12,499**
Income/expenses from plan assets excluding amounts already included in interest	5,836	-4,286
Actuarial gains and losses	18,869	17,255
Defined benefit plan components recognized directly in equity	**24,705**	**12,969**

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

Total income from plan assets amounted to €7.0 million in fiscal year 2021 (prior year: cost of €2.8 million).

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

	Sept. 30, 2021		Sept. 30, 2020	
in %	Germany	Other	Germany	Other
Discount rate	0.95	1.59	0.80	1.26
Rate of salary increase	2.50	2.80	2.50	2.49
Rate of pension increase	1.75	-	1.75	-

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

	Sept. 30, 2021		Sept. 30, 2020	
	in € '000	in %	in € '000	in %
Equity instruments	28,441	30.9	24,616	30.7
Bonds	61,240	66.6	53,023	66.3
Cash and cash equivalents	1,853	2.0	1,908	2.4
Miscellaneous	487	0.5	486	0.6
Plan assets	**92,021**	**100.0**	**80,033**	**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 largely 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 the risk drivers on both the investment and obligation sides. The allocation of assets is kept within specific investment ranges with respect to the type of investment and geographical market. In the year under review and in the prior year, the main focus of investment was on United Kingdom securities.

Were the other assumptions to remain unchanged, 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 €20.0 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 €19.2 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, provided that the other assumptions remain unchanged. The impact of a possible change in the rate of salary increase, on the other hand, would be insignificant.

The weighted average maturity of the defined benefit obligations was 19.6 years as of September 30, 2021 (prior year: 19.0 years).

In fiscal year 2022, pension payments in the amount of €9.8 million are anticipated. The employer contributions to plan assets are expected to amount to €2.1 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 cost of the defined contribution plans can be broken down as follows:

in € '000	2021	2020
Defined contribution plans	3,381	2,994
National plans	30,190	28,599
Total cost of defined contribution plans	**33,571**	**31,593**

30. Income Tax Provisions and Other Provisions

in € '000	Income tax provisions	Other provisions: Personnel obligations	Other provisions: Sales obligations	Other provisions: Miscellaneous obligations	Total other provisions	Total
Balance as of Oct. 1, 2020	**21,854**	**164,653**	**374,226**	**74,992**	**613,871**	**635,725**
Utilization	-7,524	-123,920	-218,901	-12,112	-354,933	-362,457
Reversals	-1,199	-2,784	-32,110	-8,303	-43,197	-44,396
Additions	46,650	166,125	330,414	26,702	523,241	569,891
Interest/change in interest rate	-	96	19	1	116	116
Currency translation	531	649	2,705	2,273	5,627	6,158
Balance as of Sept. 30, 2021	**60,312**	**204,819**	**456,353**	**83,553**	**744,725**	**805,037**
thereof: non-current	-	30,311	24,738	25,591	80,640	80,640
thereof: current	60,312	174,508	431,615	57,962	664,085	724,397

Income tax provisions include current tax obligations.

Personnel obligations mainly comprise provisions for part-time retirement programs, outstanding vacation time, anniversaries, and annual bonuses. Obligations arising from sales primarily relate to provisions for warranty claims, sales bonuses and rebates, and other sales-generating measures.

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, 2021	Sept. 30, 2020
Obligations to purchase items of property, plant and equipment	22,143	25,527
Bills of exchange, guarantees, etc.	18,644	23,748

As of September 30, 2021, future financial obligations of €12.1 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, 2021	Sept. 30, 2020
Financial assets measured at fair value through profit or loss	738,329	431,218
Financial assets measured at fair value through other comprehensive income	2,707	1,907
Financial assets measured at amortized cost	1,111,006	1,032,697
Financial liabilities measured at fair value through profit or loss	20,721	3,874
Financial liabilities measured at amortized cost	1,004,556	949,862

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

The values differ for financial liabilities: The carrying amounts of financial liabilities totaled €757.4 million (prior year: €759.3 million), while the fair value was €772.1 million (prior year: €774.0 million). The entire amount was attributable to Level 2 of the fair value hierarchy.

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. There were no transfers between the individual categories.

The individual measurement levels are defined as follows in IFRS 13:

- Level 1 Measurement based on quoted prices in active markets for identical financial instruments
- Level 2 Measurement based on inputs other than quoted prices 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

	Sept. 30, 2021			Sept. 30, 2020		
in € '000	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Securities	698,774	-	-	383,551	-	-
Derivative financial instruments	-	31,976	-	-	40,923	-
Other investments	-	-	10,286	-	-	8,651
Financial assets at fair value	**698,774**	**31,976**	**10,286**	**383,551**	**40,923**	**8,651**
Derivative financial instruments	-	20,721	-	-	3,874	-
Financial liabilities at fair value	**-**	**20,721**	**-**	**-**	**3,874**	**-**

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	**2021**	**2020**
Financial assets and financial liabilities measured at fair value through profit or loss	-2,233	4,074
Financial assets measured at amortized cost	3,967	331
Financial liabilities measured at amortized cost	-27,403	-22,510
Net gains or losses on financial instruments	**-25,669**	**-18,105**

The net gains or losses on financial assets or financial liabilities measured at fair value through profit or loss arise solely 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, gains, or losses from the sale of the loan or receivable, and gains or losses from the reversal of previously recognized impairment losses on debt 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.

	Sept. 30, 2021		Sept. 30, 2020	
in € '000	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Forward exchange transactions	30,179	14,770	32,974	2,650
thereof: cash flow hedges	(26,655)	(11,716)	(31,872)	(707)
Foreign currency options	1,797	5,951	7,845	1,224
thereof: cash flow hedges	(723)	(-)	(4,886)	(-)
Miscellaneous	-	-	104	-
thereof: cash flow hedges	(-)	(-)	(-)	(-)
Derivative financial instruments	**31,976**	**20,721**	**40,923**	**3,874**
thereof: non-current	9,511	-	19,872	-
thereof: current	22,465	20,721	21,051	3,874

The cash flows from interest rate and currency risks from non-current financial liabilities hedged by cash flow hedges are due in 2022 and recognized in 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 €9.5 million (prior year: €-2.7 million).

The ineffective portion from cash flow hedges, which was recognized as profit or loss in foreign exchange gains and losses, net, amounted to €1.7 million (prior year: €0.3 million).

35. Financial Risk Management Principles of 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 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.

All 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, control and steer 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 the locally supervised 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 used and the reliability of the internal control systems are regularly checked by means of internal and external reviews.

CLAAS pursues strict risk management. Derivative financial instruments are used exclusively for risk management purposes, i.e., to limit and steer risk related to business operations. The execution on the one hand and control, and posting of transactions on the other hand are physically and organizationally strictly segregated. Levels of discretion in trading in terms of both amount and characteristics are defined in internal guidelines. In the finance area, risk positions are continuously evaluated and analyzed by means of suitable systems. The analysis includes simulations and scenario calculations. The competent executive bodies are informed regularly of risk exposure. Certain finance management transactions must be approved by the Group Executive Board and / or the Shareholders' Committee.

Credit Risk

CLAAS is exposed to credit risk resulting from its business operations and finance activities. This risk entails the danger of unexpected economic loss in the event that a counterparty does not fulfill its 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 principles for managing credit risk across the Group. CLAAS internally reviews and rates the credit quality of all customers with credit needs exceeding certain limits. In addition to financial reports submitted by the customer, the data for review and classification of credit quality is based on information from external credit rating agencies, previous default experience on the part of CLAAS, and experience resulting from the long-standing business partnership with the customer.

The maximum risk of default on trade receivables is derived from the carrying amounts recognized in the balance sheet. The risk of default is covered by write-downs. No single client was responsible for a material share of the total trade receivables of the CLAAS Group.

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. There were no major losses recorded in either fiscal year 2021 or the prior year.

The CLAAS Group is exposed to credit risks in connection with investments in cash and cash equivalents and securities based on the risk of the obligor or issuer not meeting its payment obligations. In order to minimize this risk, issuers and obligors are carefully selected. These must have at least a BBB rating pursuant to the Standard & Poor's categories. 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 corresponds to the positive market values of the instrument. The impact of counterparty risks on the market value is quantified using the credit value adjustment. Nearly all counterparties are internationally operating banks. The credit quality of the counterparties is continuously reviewed on the basis of rating agency credit ratings and the market prices for credit default insurance. Moreover, the risk of default is limited by a strategy of broad diversification.

Risks can also arise from issued financial guarantees. As of September 30, 2021, the maximum risk in the event of utilization amounted to €1.6 million (prior year: €1.1 million). The fair value was calculated as of the date of addition using the expected value method, taking into account credit risk reductions (liquidation proceeds) and risks that could arise on the basis of 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. In doing so, liquidity management places top priority on the absolute necessity of ensuring solvency at all times. Liquidity management also aims for a comfortable and cost-efficient liquidity position that will allow the Group to react adequately to opportunities in a dynamic market environment. To meet these goals, value is placed on maintaining sufficient financing commitments (see Note 25) and cash and cash equivalents as well as on the ABS program (see Note 19) and international cash management. Liquidity trends are monitored intensively on an ongoing basis in the form of daily, weekly, and monthly analyses and reports with an increasing level of detail; future liquidity requirements are projected on a regular basis as part of the financial planning process. This process consists of a rolling three-month forecast, an annual forecast, and a five-year forecast. In addition, the situation with regard to financing conditions for CLAAS on the financial markets is monitored on an ongoing basis to enable any refinancing risk to 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, 2021	2022	2023	2024	2025	2026	thereafter	Total
Financial liabilities	266,412	137,021	75,039	14,089	10,854	316,436	819,851
Silent partnership	7,984	5,614	9,356	5,754	5,913	23,846	58,467
Trade payables	278,375	-	-	-	-	-	278,375
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**

in € '000/Sept. 30, 2020	2021	2022	2023	2024	2025	thereafter	Total
Financial liabilities	103,741	225,032	116,933	67,203	13,446	318,245	844,600
Silent partnership	5,707	5,240	5,693	9,544	5,837	23,000	55,021
Trade payables	233,115	-	-	-	-	-	233,115
Derivative financial instruments	3,880	-	-	-	-	-	3,880
Miscellaneous	15,529	556	-	-	-	-	16,085
Payments due	**361,972**	**230,828**	**122,626**	**76,747**	**19,283**	**341,245**	**1,152,701**

Currency Risks

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 the operating business, currency risk mainly arises when net sales are realized in a currency different from that of the associated costs (transaction risk). To effectively counter the effect of exchange rate fluctuations, CLAAS pursues central currency management under the purview of the Group Treasury department.

To calculate the total risk exposure, the estimated operating inflows and outflows are recorded centrally for each currency on a fiscal-year basis. 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 protect the CLAAS Group from negative market developments while enabling the Group to participate in 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 the Group Treasury department through the conclusion of financial derivative contracts. The hedging strategy implemented is monitored continuously by the Group Treasury department and adapted as needed. Group management and the competent executive body receive regular reports informing them of the current status of the currency risk position.

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 in the presentation pursuant to IFRS 7. Any conclusions made on the basis of the information presented here therefore relate exclusively to derivative financial instruments. The values stated 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 analysis made here of the market value risk inherent in currency derivatives, internal risk management and the information provided regularly to the competent executive bodies are based above all on meaningful scenario analyses of the total risk position, which take account of both the underlying items and the hedge portfolio. Foreign currency loans are generally hedged using forward transactions.

	Sept. 30, 2021		Sept. 30, 2020	
in € ’000	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
Actual fair value	**15,657**	**-4,417**	**36,057**	**890**
Fair value in the event of an exchange rate increase of 10%	**30,667**	**22,072**	**43,875**	**25,466**
U.S. dollar	8,596	14,493	19,432	19,567
British pound	11,642	7,544	11,081	4,593
Polish zloty	8,057	3,175	5,806	1,349
Russian ruble	2,712	-3,285	8,097	-1,480
Chinese renminbi	1,290	672	1,409	1,482
Hungarian forint	-1,630	-4,278	-1,950	-2,772
Miscellaneous	-	3,751	-	2,727
Fair value in the event of an exchange rate decrease of 10%	**6,420**	**-44,822**	**32,987**	**-29,521**
U.S. dollar	29,669	-27,116	40,162	-18,419
British pound	-11,695	-11,701	-6,274	-5,667
Polish zloty	-3,941	-4,081	-2,511	-2,060
Russian ruble	-6,180	2,503	1,894	1,918
Chinese renminbi	-2,840	-2,217	-955	-2,432
Hungarian forint	1,407	1,478	671	657
Miscellaneous	-	-3,688	-	-3,518

Furthermore, the conversion of the net assets of foreign subsidiaries located outside the euro zone and their income and expenses (translation risk) also entail currency risks. Based on efficiency and materiality considerations these risks are generally not hedged.

Interest Rate Risk

CLAAS is generally exposed to interest rate risk on assets and liabilities. Such risk may arise on financial instruments such as bonds or liabilities to banks or due to the effects of interest rate changes on operating and strategic liquidity. Transactions relating to initial funding and capital investment, as well as the subsequent management of the positions in line with targets such as maturity date and the length of time for which interest rates are fixed, are undertaken centrally for the entire CLAAS Group by the Group Treasury department in coordination with the competent executive bodies. Interest rate derivatives are used to manage risk. These positions are recognized at their fair values and continuously monitored on a fair value basis. The resulting risk is measured by means of value at risk analyses, among other instruments.

Value at risk is measured using Monte Carlo simulation, assuming a confidence level of 99.0% and a holding period of ten days. The resulting figure represents the loss in fair value of the portfolio of all interest-sensitive instruments, with a probability of only 1.0% that the figure obtained will be exceeded after ten days. Foreign exchange derivatives are not included, as any interest-related changes 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 €1.6 million (prior year: €2.4 million).

Commodity Price Risk

CLAAS is subject to the risk of changes in commodity prices arising from the procurement of input materials. To a minor extent, derivative financial instruments are used to hedge the risk of changes in the price of industrial metals and natural rubber. The resulting risk is thus insignificant.

36. Disclosures on the Consolidated Statement of Cash Flows

The consolidated statement of cash flows comprises cash flows from operating activities as well as investing and financing activities. Effects of changes in the scope of consolidation on cash and cash equivalents are shown separately in cash flows from investing activities. The impact of exchange rate fluctuations on cash and cash equivalents is eliminated from individual cash flows and stated separately.

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

in € '000	2021	2020
Interest paid	23,622	26,152
Interest received	7,736	7,594
Dividends received	19,554	2,668
Income taxes paid	68,736	39,732

Liabilities from financial liabilities developed as follows:

in € '000	2021	2020
Financial liabilities as of Oct. 1	**759,290**	**777,171**
Cash inflows/outflows	-31,404	-12,594
Currency translation	1,906	-1,178
Measurement of bonds in foreign currencies	3,370	-19,845
Non-cash changes leasing	24,189	15,736
Financial liabilities as of Sept. 30	**757,351**	**759,290**

37. Related Party Disclosures

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

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

	Associates		Joint ventures	
in € '000	**2021**	**2020**	**2021**	**2020**
Income	33,106	29,849	208,136	132,827
Expenses	6,455	4,103	248,893	215,976
Receivables	8,654	8,960	35,220	31,320
Liabilities	62	90	17,532	15,225

The receivables and liabilities mainly relate to trade receivables and trade payables.

The members of the Claas family granted loans totaling €46.1 million in the reporting year (prior year: €46.6 million); of this amount, €4.1 million (prior year: €4.6 million) is 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 2021 (prior year: €1.5 million).

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

in € '000	**2021**	**2020**
Current remuneration	5,770	4,436
Provisions for retirement benefits	85	68
Total Group Executive Board remuneration	**5,855**	**4,504**

Retirement benefits were paid to former members of the Executive Board of CLAAS KGaA mbH / the Group Executive Board in the amount of €0.7 million (prior year: €0.8 million). Obligations for current pensions and vested rights of former members of the Executive Board of CLAAS KGaA mbH / the Group Executive Board totaled €13.0 million as of the balance sheet date (prior year: €15.5 million).

38. Auditor's Fees

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

in € '000	2021	2020
Audit services	633	632
Other assurance services	31	42
Tax consulting services	158	154
Other services	11	5
Auditor's fees	**833**	**833**

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

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

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

- 365FarmNet Group KGaA mbH & Co KG, Harsewinkel
- CLAAS Anlagemanagement GmbH, 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

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, 2021, or that are subject to disclosure requirements.

41. List of Shareholdings

No.	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	17
3	CHW Fonds, Munich		
4	CLAAS Anlagemanagement GmbH, Harsewinkel	100.0	1
5	CLAAS Bordesholm GmbH, Bordesholm	82.4	17
6	CLAAS Braunschweig GmbH, Schwülper	100.0	17
7	CLAAS Central Asia Investment GmbH, Harsewinkel	100.0	1
8	CLAAS E-Systems GmbH, Dissen am Teutoburger Wald	100.0	1
9	CLAAS Global Sales GmbH, Harsewinkel	100.0	1
10	CLAAS Industrietechnik GmbH, Paderborn	100.0	1
11	CLAAS Material Handling GmbH, Harsewinkel	100.0	1
12	CLAAS Osteuropa Investitions GmbH, Harsewinkel	100.0	1
13	CLAAS Saulgau GmbH, Bad Saulgau	100.0	1
14	CLAAS Selbstfahrende Erntemaschinen GmbH, Harsewinkel	100.0	1
15	CLAAS Service and Parts GmbH, Harsewinkel	100.0	1
16	CLAAS Thüringen GmbH, Schwabhausen	90.0	17
17	CLAAS Vertriebsgesellschaft mbH, Harsewinkel	100.0	1
18	CLAAS Weser Ems GmbH, Molbergen	100.0	17
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	41
24	CLAAS Agricultural Machinery (Shandong) Co. Ltd., Gaomi/China	100.0	36
25	CLAAS Agricultural Machinery Private Limited, New Delhi/India	100.0	9/15
26	CLAAS Agricultural Machinery Trading (Beijing) Co. Ltd., Beijing/China	100.0	30
27	CLAAS América Latina Representação Ltda., Porto Alegre/Brazil	100.0	1/9
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	53
32	CLAAS Financial Services Inc., Wilmington/Delaware/USA	100.0	45
33	CLAAS France Holding S.A.S., Vélizy/France	100.0	1
34	CLAAS France S.A.S., Ymeray/France	100.0	33
35	CLAAS Global Sales Americas Inc., Wilmington/Delaware/USA	100.0	9
36	CLAAS Greater China Holding Ltd., Hong Kong/China	100.0	1
37	CLAAS Holdings Ltd., Saxham/United Kingdom	100.0	1
38	CLAAS Hungária Kft., Törökszentmiklós/Hungary	100.0	1
39	CLAAS Ibérica S.A., Madrid/Spain	100.0	1
40	CLAAS India Private Ltd., Faridabad/India	100.0	1
41	CLAAS Italia S.p.A., Vercelli/Italy	100.0	1
42	CLAAS Manns Ltd., Saxham/United Kingdom	100.0	53
43	CLAAS Middle East – FZE, Dubai/United Arab Emirates	100.0	9
44	CLAAS North America Holdings Inc., Omaha/Nebraska/USA	100.0	1
45	CLAAS of America Inc., Omaha/Nebraska/USA	100.0	44
46	CLAAS Omaha Inc., Omaha/Nebraska/USA	100.0	44
47	CLAAS Polska sp. z o.o., Poznań/Poland	100.0	1
48	CLAAS Regional Center Central Europe GmbH, Spillern/Austria	100.0	1

	Company and registered office	Shareholding in %	Held through no.
	Foreign companies		
49	CLAAS Regional Center South East Asia Ltd., Bangkok/Thailand	100.0	1
50	CLAAS Regional Center South East Europe S.R.L., Afumaţi/Romania	100.0	1
51	CLAAS Réseau Agricole S.A.S., Ymeray/France	100.0	52
52	CLAAS Tractor S.A.S., Vélizy/France	100.0	33
53	CLAAS U.K. Ltd., Saxham/United Kingdom	100.0	37
54	CLAAS Western Ltd., Saxham/United Kingdom	100.0	53
55	Mercator Purchasing S.A., Luxembourg/Luxembourg		
56	Nebraska Harvest Center Inc., Wilmington/Delaware/USA	100.0	44
57	OOO CLAAS Vostok, Moscow/Russia	100.0	1
58	OOO CLAAS, Krasnodar/Russia	99.0	12
59	S@T-INFO S.A.S., Chalon-sur-Saône/France	100.0	33
60	TOV CLAAS Ukraina, Kiev/Ukraine	100.0	1
61	Usines CLAAS France S.A.S., Metz-Woippy/France	100.0	33
62	365 FarmNet France S.A.S., Ymeray/France	100.0	33
II. Associates accounted for using the equity method			
63	CLAAS Financial Services LLC., San Francisco/California/USA	49.0	45/32
64	G.J.'s Harvest Centre Inc., Ontario/Canada	34.5	29
65	Mecklenburger Landtechnik GmbH, Prüzen/Germany	25.1	17
66	Schmahl Landtechnik Upahl GmbH & Co., Upahl/Germany	45.0	17
67	Schmahl Landtechnik Upahl Verwaltungs GmbH, Upahl/Germany	45.0	17
68	SM3 CLAAS S.A.S., Fleury/France	42.0	51
69	Worch Landtechnik GmbH, Schora/Germany	39.0	17
III. Joint ventures and joint operations accounted for using the equity method			
70	CLAAS Financial Services Ltd., Basingstoke/United Kingdom	49.0	53
71	CLAAS Financial Services S.A.S., Puteaux/Paris/France	49.0	1
72	Fricke Landtechnik GmbH, Demmin/Germany	25.1	17
73	G.I.M.A. S.A.S., Beauvais/France	50.0	52
74	TechnikCenter Grimma GmbH, Mutzschen/Germany	30.0	17
75	Uz CLAAS Agro MChJ, Tashkent/Uzbekistan	49.0	7

	IV. Other significant shareholdings		Subscribed capital	Shareholding in %	Held through no.
76	AGRAVIS Technik Hessen-Pfalz GmbH, Fritzlar/Germany	EUR	700,000	10.0	17
77	AgXeed Holding B.V., Venray/Netherlands	EUR	183	3.7	4
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	17
80	CLAAS Nordostbayern GmbH & Co. KG, Altenstadt an der Waldnaab/Germany	EUR	750,000	10.0	17
81	CLAAS Südostbayern GmbH, Töging am Inn/Germany	EUR	700,000	10.0	17
82	CLAAS Württemberg GmbH, Langenau/Germany	EUR	800,000	10.0	17
83	CS Parts Logistics GmbH, Bremen/Germany	EUR	1,550,000	50.0	15
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	4
87	Landtechnik Steigra GmbH, Steigra/Germany	EUR	615,000	15.1	17
88	LTZ Chemnitz GmbH, Hartmannsdorf/Germany	EUR	750,000	10.0	17
89	MD-Betriebs-GmbH, Munich/Germany	EUR	25,000	10.0	17
90	NOB-Betriebs-GmbH, Altenstadt an der Waldnaab/Germany	EUR	25,000	10.0	17
91	Pellenc Languedoc Roussillon S.A.S., Lézignan-Corbières/France	EUR	1,000,000	35.0	51
92	Tingley Implements Inc., Lloydminster/Canada	CAD	1,092,000	10.0	45

Management Statement on the Preparation of the Consolidated Financial Statements

These consolidated financial statements for the fiscal year ended September 30, 2021, and the Group management report were prepared by the Executive Board of CLAAS KGaA mbH on November 24, 2021. 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 of the German Commercial Code (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 comply with 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.

Harsewinkel, November 24, 2021
Executive Board of the CLAAS Group

Thomas Böck

Dr. Martin von Hoyningen-Huene

Hans Lampert

Jan-Hendrik Mohr

Christian Radons

Independent Auditor's Report

To CLAAS Kommanditgesellschaft auf Aktien mbH

Opinions
We have audited the consolidated financial statements of CLAAS Kommanditgesellschaft auf Aktien mbH, Harsewinkel, and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from 1 October 2020 to 30 September 2021, and the consolidated statement of financial position as at 30 September 2021, consolidated statement of cash flows, consolidated statement of changes in equity for the fiscal year from 1 October 2020 to 30 September 2021, and notes to the consolidated financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the group management report of CLAAS Kommanditgesellschaft auf Aktien mbH for the financial year from 1 October 2020 to 30 September 2021. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance in section "Employees" subsection "Women in leadership positions" that is part of the group management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 30 September 2021 and of its financial performance for the fiscal year from 1 October 2020 to 30 September 2021, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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

Pursuant to Sec. 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 of 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 Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 statement on corporate governance according to Sec. 289f (4) HGB (information on proportion of women) in section "Employees" subsection "Women in leadership positions" in 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.

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

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

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

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

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 of 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 § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 [audit] opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

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

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

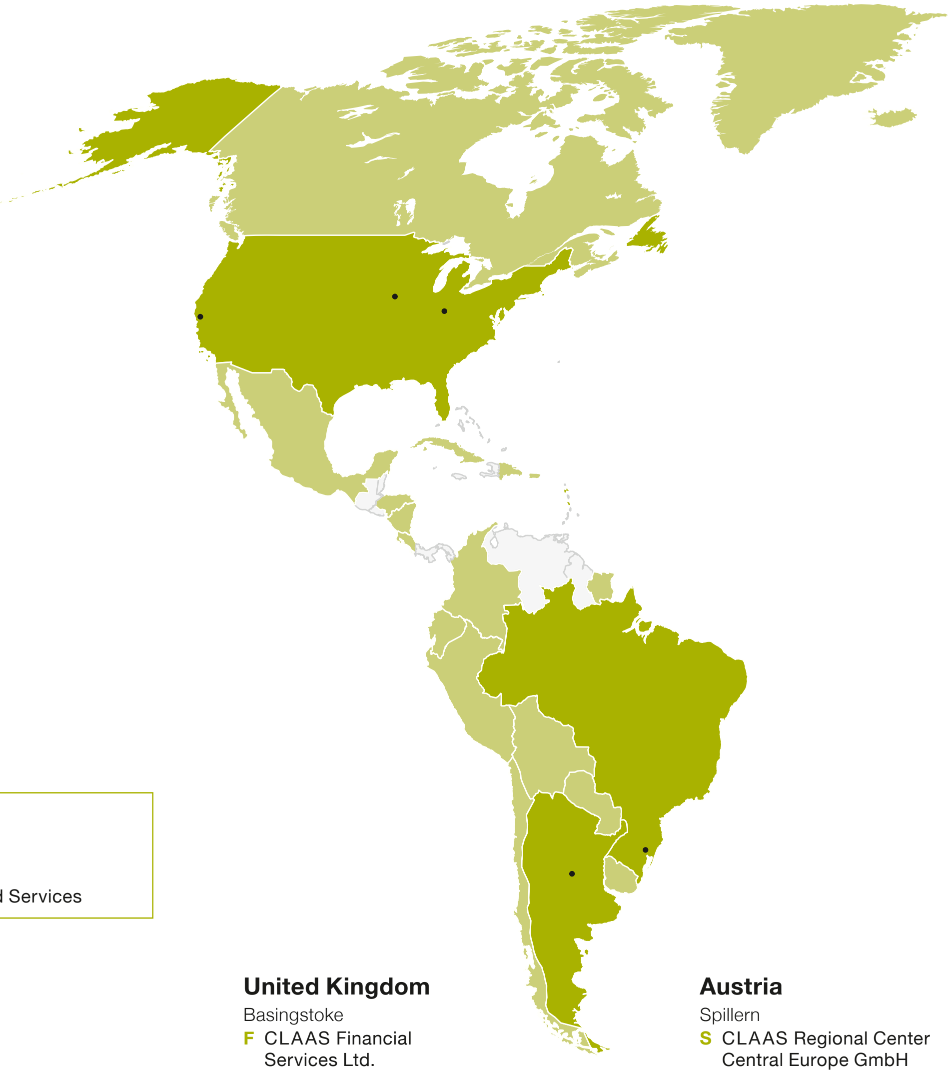
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hanover, 24 November 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

(Dr. Janze)	(Heinrichson)
German Public Auditor	German Public Auditor

Locations



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Countries

35

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

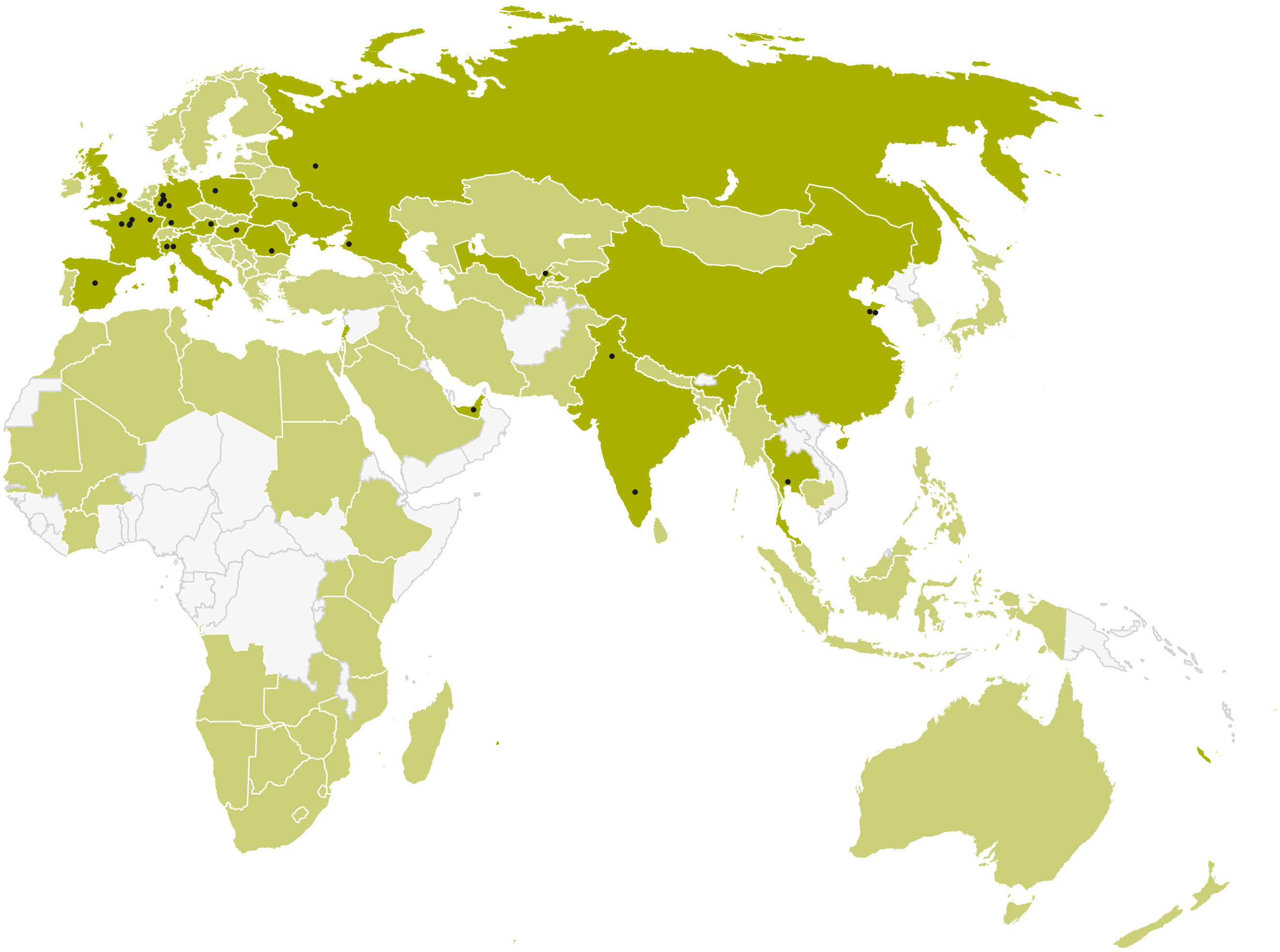
Le Mans
P CLAAS Tractor S.A.S.

Metz-Woippy
P Usines CLAAS France S.A.S.

Paris
F CLAAS Financial Services S.A.S.

Vélizy
P CLAAS Tractor S.A.S.

Ymeray
S CLAAS France S.A.S.
S CLAAS Réseau Agricole S.A.S.



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

Hungary

Törökszentmiklós
P CLAAS Hungária Kft.

Romania

Afumați
S CLAAS Regional Center South East Europe S.R.L.

Uzbekistan

Taschkent
P Uz CLAAS Agro MChJ

Ukraine

Kiew
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 = Capital expenditure for intangible assets (excluding goodwill) + capital expenditure for property, plant and equipment

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

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

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

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

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

Liquid assets = 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

Ten-year Overview

in € million	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Financial performance										
Net sales	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	3,435.6
Research and development costs[1]	262.3	237.4	243.6	233.4	217.6	221.4	203.0	212.3	197.0	181.2
EBITDA	532.1	333.4	280.3	372.7	335.7	251.9	310.5	327.9	420.5	426.1
EBIT	384.9	185.6	164.0	256.8	215.2	129.0	196.8	194.4	334.7	347.6
Income before taxes	357.1	158.1	135.7	225.7	184.5	93.5	157.7	155.1	295.3	315.6
Net income	272.6	107.1	96.3	152.0	115.4	37.6	105.7	113.1	212.3	232.7
Return on sales (in %)	7.4	3.9	3.5	5.8	4.9	2.6	4.1	4.1	7.7	9.2
Return on equity (in %)	15.9	7.3	6.8	10.9	8.9	3.2	8.6	9.6	17.3	21.3
Foreign sales (in %)	80.6	80.1	79.5	78.5	79.1	78.6	77.2	77.2	78.1	77.3
Cash flow/investments/amortization, depreciation and impairment										
Cash flow from operating activities	580.5	478.4	45.9	85.0	345.0	246.0	156.5	50.4	247.6	115.1
Free cash flow	381.5	308.1	-138.2	-83.9	209.6	118.5	38.8	-136.9	82.1	-84.2
Capital expenditure[2]	194.0	187.2	183.3	160.3	130.7	122.2	128.3	173.2	172.4	163.1
Amortization/depreciation and impairment[3]	121.0	121.4	128.8	112.7	116.2	102.8	111.3	133.3	83.3	78.4
Asset/capital structure										
Non-current assets	1,389.2	1,293.9	1,183.0	1,066.8	995.6	1,002.0	993.0	942.5	820.4	707.3
thereof: development costs recognized as an asset	245.6	232.5	219.2	194.3	183.2	174.9	160.9	141.8	116.1	96.9
thereof: property, plant and equipment	612.2	561.6	541.8	501.5	476.2	480.5	480.7	486.2	460.0	404.3
Current assets	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	1,913.1
thereof: inventories	926.5	905.8	1,103.5	959.7	683.9	733.0	873.1	934.9	729.7	682.1
thereof: liquid assets	1,237.9	907.7	669.7	803.4	937.7	842.4	851.3	699.2	863.7	767.2
Equity	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	1,094.8
Equity-to-assets ratio (in %)	40.4	39.3	40.1	40.5	40.0	37.0	36.8	38.0	41.9	41.8
Non-current liabilities	995.1	1,130.2	837.7	958.4	938.8	1,060.2	981.1	656.1	700.0	593.5
Current liabilities	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	932.1
Total assets	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	2,620.4
Net liquidity	480.5	148.4	19.2	197.9	320.3	124.0	46.7	82.7	387.4	333.6
Working capital	992.6	994.7	1,170.0	1,012.5	839.5	892.3	1,007.2	998.1	843.6	822.7
Equity and non-current liabilities to non-current assets (in %)	195.2	200.5	190.6	220.7	224.2	221.6	222.8	195.2	234.9	238.7
Employees										
Number of employees as of the balance sheet date[4]	11,957	11,395	11,448	11,132	10,961	11,300	11,535	11,407	9,697	9,077
Personnel expenses	819.8	742.2	730.3	693.0	673.5	653.3	650.6	627.0	594.0	548.1

[1] Before capitalized and amortized development costs.
[2] Including development costs recognized as an asset, excluding goodwill.
[3] Of intangible assets (excluding goodwill) and property, plant and equipment.
[4] Including apprentices.