20240412111680

# VOITH PAPER FABRICS HOLDING AB

Org nr 556567-7563

ÅRSREDOVISNING OCH REVISIONSBERÄTTELSE

för räkenskapsåret **2022-10-01 - 2023-09-30**

**Fastställelseintyg**

Undertecknad styrelseledamot i Voith Paper Fabrics Holding AB intygar härmed
dels att denna kopia av årsredovisningen överensstämmer med originalet,
dels att resultat- och balansräkning fastställts på ordinarie årsstämma
den 27/2 2024. Stämman beslöt tillika godkänna styrelsen förslag till
resultatdisposition.

Högsjö den 29/2 2024

Jan Forsberg

20240412111681

# VOITH PAPER FABRICS HOLDING AB

**Högsjö** **Org nr 556567-7563**

## ÅRSREDOVISNING

Styrelsen för Voith Paper Fabrics Holding AB, med säte i Vingåker, har härmed upprättat årsredovisning för räkenskapsåret 2022-10-01 - 2023-09-30

## FÖRVALTNINGSBERÄTTELSE

### Allmänt om verksamheten

Bolaget är moderbolag i en koncern med de helägda dotterbolagen Voith Paper Fabrics Högsjö AB, Voith Paper Fabrics A/S och BTG Instruments AB.
Bolagets verksamhet består i att bedriva förvaltning av aktier för dotterbolagen Voith Paper Fabrics Högsjö AB och BTG Instrument AB.
Voith Paper Fabrics Högsjö AB verksamhet består i tillverkning och försäljning av maskinbeklädnad, vals och maskinservice samt försäljning av maskinreservdelar till pappers- och cellulosaindustrin.
BTG Instruments AB utvecklar, tillverkar och marknadsför avancerade process- och reglerutrustning som används inom massa- och pappersindustrin.

### Väsentliga händelser inom koncernen under räkenskapssåret

Efterfrågan på produkter inom maskinbeklädnad låg kvar på samma nivå som föregående år. Kapaciteten justerade upp 5% första delen av året för att under slutet av året justeras tillbaka. Verksamheten bedrevs under året med en marginal på 12,3 % vilket var en förbättring med 1,9% Orsaken till den förbättrade marginalen är den försvagade Svenska kronan samt lägre kostnader för insatsvaror och energi.

Den verksamhet som bedriver valsservice har haft ett stabilt år med en 18 % omsättnings-ökning. För denna verksamhetsgren har marginalen varit 14,9% vilket var en försämring med 2,7%. Försämringen av vinstmarginalen berodde främst på en sortimentsförskjutning.

Verksamheten som säljer utrustning och service har haft en omsättningsökning med 16,7%, främst beroende på ökad provision för moderbolagets försäljning i Sverige. Rörelseesultatet landade på 5,2 MSEK vilket var en kraftig förbättring jämfört med fjolåret.

Verksamheten I BTG Instruments AB har präglats av fortsatt stor efterfrågan från den kinesiska marknaden. Detta har i sin tur gjort att produktions och leveransvolymer varit på samma nivå som föregående år.
BTG Instruments AB har även under året fått två stora order till Kina med leverans i Januari under nästkommande räkenskapsår.

### Utveckling av företagets verksamhet, resultat och ställning

| | 22/23 | 21/22 | 20/21 | 19/20 | 18/19 |
|---|---|---|---|---|---|
| Resultat efter finansposter | -16.533 | 25.069 | 37.567 | 1.300 | -803 |
| Balansomslutning | 837.140 | 823.996 | 833.996 | 818.996 | 296.562 |
| Soliditet | 69,40% | 52,4% | 45,3% | 39,9% | 38,5% |

# VOITH PAPER FABRICS HOLDING AB

**Högsjö** **Org nr 556567-7563**

20240412111682

## Förväntad framtida utveckling samt väsentliga risker och osäkerhetsfaktorer inom koncernen

Låg orderingång under 2022/2023 medför troligtvis en produktionsminskning under 2023/2024.

På något längre sikt ser framtidsutsikterna goda ut. Fortsatt utveckling av produktsortimentet och fokus på effektivitetsförbättringar innebär att det finns bra förutsättningar för volymtillväxt.

Företagsledningen ser inga väsentliga risker. En osäkerhetsfaktor är alltid utvecklingen av den svenska kronan då den övervägande delen av vår försäljning grundar sig på utländsk valuta.

Ytterligare en osäkerhetsfaktor är prisutvecklingen på råmaterial, transporter samt energi som är fortsatt oförutsägbara. Den minskade aktiviteten hos våra kunder gör det svårt att kompensera med ökade priser.

Den verksamhet som bedrivs i bolaget kräver särskilt tillstånd för sin miljöpåverkan. Största miljöaspekterna är energikonsumtionen samt ingående material som är petroleum-baserade. Av produktionsspillet går 70 % till förbränning med energiåtervinning och ca. 30 % till återvinning. Energiförbrukningen har legat i fokus under lång tid och har efter en kraftig minskning börjat plana ut. Se utvecklingen de fem senaste åren nedan.

## Förslag till vinstdisposition

Till årsstämmans förfogande finns följande vinstmedel:

| | |
|---|---|
| Balanserad vinst | 550.432.047 |
| Årets resultat | 30.711.191 |
| Summa balanserad vinst - SEK | **581.143.238** |

Styrelsen föreslår att balanserad vinst överföres i ny räkning.

20240412111683

# VOITH PAPER FABRICS HOLDING AB

**Högsjö** **Org nr 556567-7563**

## Förändring av eget kapital

| | Bundet eget kapital | | Fritt eget kapital | | |
|---|---|---|---|---|---|
| **Eget Kapital kSEK** | **Aktie kapital** | **Reserv-fond** | **Balanserad vinst** | **Årets resultat** | **Totalt eget kapital** |
| **2021/2022** | | | | | |
| Belopp vid årets ingång | 100 | 2 | 327.448 | 50.306 | 377.856 |
| Överföring till balanserad vinst | | | 50.306 | -50.306 | 0 |
| Aktieägartillskott | | | | | 0 |
| Årets resultat | | | | 53.875 | 53.875 |
| **Belopp vid årets utgång** | **100** | **2** | **377.754** | **53.875** | **431.731** |

| | Bundet eget kapital | | Fritt eget kapital | | |
|---|---|---|---|---|---|
| **Eget Kapital kSEK** | **Aktie kapital** | **Reserv-fond** | **Balanserad vinst** | **Årets resultat** | **Totalt eget kapital** |
| **2022/2023** | | | | | |
| Belopp vid årets ingång | 100 | 2 | 377.754 | 53.875 | 431.731 |
| Överföring till balanserad vinst | | | 53.875 | -53.875 | 0 |
| Aktieägartillskott | | | | 118.803 | 118.803 |
| Årets resultat | | | | 30.711 | 30.711 |
| **Belopp vid årets utgång** | **100** | **2** | **431.629** | **149.514** | **581.245** |

Vad beträffar resultat och ställning i övrigt, hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.

# VOITH PAPER FABRICS HOLDING AB

**Högsjö** Org nr 556567-7563

20240412111684

| **RESULTATRÄKNING** | | **221001-230930** | 211001-220930 |
|---|---|---|---|
| | | **kSEK** | kSEK |
| **Rörelsens intäkter** | | | |
| Övriga rörelseintäkter | | **-** | - |
| **Summa rörelsens intäkter** | | **-** | - |
| **Rörelsens kostnader** | | | |
| Övriga externa kostnader | Not 1 | **-58** | -46 |
| Personalkostnader | Not 2 | **-** | - |
| **Summa rörelsens kostnader** | | **-58** | -46 |
| **Rörelsens resultat** | | **-58** | -46 |
| **Resultat från finansiella poster** | | | |
| Resultat från andelar i koncernföretag | Not 3 | **0** | 30.000 |
| Övriga ränteintäkter och liknande resultatposter | Not 4 | **53** | - |
| Räntekostnader och liknande resultatposter | Not 5 | **-16.528** | -4.885 |
| **Resultat efter finansiella poster** | | **-16.533** | 25.069 |
| Bokslutsdispositioner | Not 6 | **55.200** | 35.000 |
| Skatt på årets resultat | Not 7 | **-7.956** | -6.194 |
| **ÅRETS RESULTAT** | | **30.711** | 53.875 |

# VOITH PAPER FABRICS HOLDING AB

**Högsjö** **Org nr 556567-7563**

20240412111685

| **BALANSRÄKNING PER** | | **2023-09-30** | **2022-09-30** |
|---|---|---|---|
| **ANLÄGGNINGSTILLGÅNGAR** | | | |
| **Finansiella anläggningstillgångar** | | | |
| Andelar i koncernföretag | Not 8 | **773.247** | 773.247 |
| Långfristiga fordringar hos koncernföretag | Not 9 | **55.949** | 50.749 |
| **Summa finansiella anläggningstillgångar** | | **829.196** | 823.996 |
| **SUMMA ANLÄGGNINGSTILLGÅNGAR** | | **829.196** | 823.996 |
| **OMSÄTTNINGTILLGÅNGAR** | | | |
| **Kortfristiga fordringar** | | | |
| Skattefordran | | **1.658** | 0 |
| Övriga fordringar | | **6.286** | |
| **Summa kortfristiga fordringar** | | **7.944** | 0 |
| **SUMMA OMSÄTTNINGSTILLGÅNGAR** | | **7.944** | 0 |
| **SUMMA TILLGÅNGAR** | | **837.140** | 823.996 |

# VOITH PAPER FABRICS HOLDING AB
**Högsjö** **Org nr 556567-7563**

20240412111685

| BALANSRÄKNING PER | | 2023-09-30 kSEK | 2022-09-30 kSEK |
|---|---|---|---|
| **EGET KAPITAL OCH SKULDER** | | | |
| **Eget kapital** | | | |
| **Bundet eget kapital** | | | |
| Aktiekapital (1000 st aktier) | | **100** | 100 |
| Reservfond | | **2** | 2 |
| **Fritt eget kapital** | | | |
| Balanserad vinst | | **550.432** | 377.754 |
| Årets resultat | | **30.711** | 53.875 |
| **Summa eget kapital** | | **581.245** | 431.731 |
| **Långfristiga skulder** | | | |
| Skulder till koncernföretag | Not 10 | **241.703** | 386.067 |
| **Summa långfristiga skulder** | | **241.703** | 386.067 |
| **Kortfristiga skulder** | | | |
| Aktuell skatteskuld | | **14.149** | 6.155 |
| Upplupna kostnader och förutbetalda intäkter | Not 11 | **43** | 43 |
| **Summa kortfristiga skulder** | | **14.192** | 6.198 |
| **SUMMA EGET KAPITAL OCH SKULDER** | | **837.140** | 823.996 |

# VOITH PAPER FABRICS HOLDING AB

**Högsjö** **Org nr 556567-7563**

20240412116877

## Redovisningsprinciper

Årsredovisningen har upprättats i enlighet med årsredovisningslagen och Bokföringsnämndens allmäna råd BFNAR 2012:1 årsredovisning och koncernredovisning (K3)

## Definition nyckeltal

Soliditet (Justerat eget kapital / Balansomslutning)
Tillgångar och skulder upptas till anskaffningsvärdet respektive nominellt värde om ej annat framgår

## Koncernförhållanden

Med koncernföretag avses samtliga företag som ingår i en och samma företagsgrupp där moderbolaget är ett svenskt aktiebolag, handelsbolag eller ett utländskt företag, dvs inte enbart moderbolag och dotterföretag utan även t ex systerföretag.

Voith Paper Fabrics Holding AB är ett helägt dotterbolag till Voith GmbH & Co. KGaA, Postfach 20 00, DE-89510 Heidenheim, Tyskland, vilka upprättar koncernredovisning för hela koncernen.
Bolaget har med stöd av ÅRL 7:2 inte självt upprättat någon koncernredovisning.
Årsredovisningen för Voith GmbH & Co. KGaA kan erhållas från Voith Paper Fabrics Holding AB, Bruksvägen 6, 640 10 HÖGSJÖ.

## Utländsk valuta

Monetära poster i utländsk valuta räknas om till balansdagens kurs. Icke-monetära poster räknas inte om utan redovisas till kursen vid anskaffningstillfället.

## Andelar i dotterföretag, intresseföretag och gemensamt styrda företag

Andelar i dotterföretag, intresseföretag och gemensamt styrda företag redovisas till anskaffningsvärde minskat med ackumulerade nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till förvärvet.

## Koncernbidrag och aktieägartillskott

Koncernbidrag som erhållits/lämnats redovisas som en bokslutsdisposition i resultaträkningen.
Det erhållna/lämnade koncernbidraget har påverkat företagets aktuella skatt.

## Skatt

Skatt på årets resultat i resultaträkningen består av aktuell skatt och uppskjuten skatt.
Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats.
Uppskjuten skatt är inkomstskatt för skattpliktigt resultat avseende framtida räkenskapsår till följd av tidigare transaktioner eller händelser.
Uppskjuten skatteskuld redovisas för alla skattepliktiga temporära skillnader, dock särredovisas inte uppskjuten skatt hänförlig till obeskattade reserver eftersom obeskattade reserver redovisas som en egen post i balansräkningen.
Uppskjuten skattefordran redovisas för avdragsgilla temporära skillnader och för möjligheten att i framtiden använda skattemässiga underskottsavdrag.
Värderingen baseras på hur det redovisade värdet för motsvarande tillgång eller skuld förväntas återvinnas respektive regleras. Beloppen baseras på de skattesatser och skatteregler som är beslutade före balansdagen och har inte nuvärdeberäknats.

# VOITH PAPER FABRICS HOLDING AB

**Högsjö** **Org nr 556567-7563**

20240412111688

## Noter till årsredovisningen

**Not 1**
**Inköp från Koncernföretag**
Av årets totala inköpskostnader avser 0 % (0 %) andra koncernföretag.

**Not 2**
**Personal**
Företaget har inga personalkostnader.

| **Not 3**<br>**Resultat från andelar i koncernföretag** | **221001 - 230930**<br>**kSEK** | **211001 - 220930**<br>**kSEK** |
|---|---|---|
| Erhållen utdelning | 0 | 30.000 |
| | **0** | **30.000** |

**Not 4**
**Övriga ränteintäkter och liknande resultatposter**
Av övriga ränteintäkter och liknande resultatposter utgör KSEK 5 intäkter från andra koncernföretag

**Not 5**
Av räntekostnader och liknande resultatposter utgör kSEK 16.528 (kSEK 4.885) kostnader från andra koncernföretag.

| **Not 6**<br>**Bokslutsdisposition** | **221001 - 230930**<br>**kSEK** | **201001 - 210930**<br>**kSEK** |
|---|---|---|
| Erhållet koncernbidrag | 55.200 | 35.000 |
| | **55.200** | **35.000** |

| **Not 7**<br>**Skatt på årets resultat** | **221001 - 230930**<br>**kSEK** | **201001 - 210930**<br>**kSEK** |
|---|---|---|
| Aktuell skattekostnad | 7.956 | 6.194 |
| Förändring av uppskjuten skatt | - | - |
| | **7.956** | **6.194** |

**Avstämning av effektiv skatt**

| | | | | |
|---|---|---|---|---|
| Resultat före skatt | | 38.667 | | 60.069 |
| Skatt enligt gällande skattesats | 20,6% | 7.965 | 20,6% | 12.374 |
| Ej skattepliktiga intäkter | 0,03% | -10 | 10,3% | -6.180 |
| Redovisad effektiv skatt | 20,6% | **7.956** | 10,3% | **6.194** |

Bolaget har vid räkenskapsårets utgång inga skattemässiga underskottsavdrag

# VOITH PAPER FABRICS HOLDING AB
**Högsjö** **Org nr 556567-7563**

20240412111689

**Not 8**

**Andelar i koncernföretag**

| | Org.nr | Säte | Innehavets omfattning i % | Bokfört värde 2023-09-30 | Bokfört värde 2022-09-30 |
|---|---|---|---|---|---|
| Voith Paper Fabrics Högsjö AB | 556001-1842 | Vingåker | 100 | 253.847 | 253.847 |
| BTG Instruments AB | 556045-8308 | Säffle | 100 | 519.400 | 519.400 |
| | | | | **773.247** | **773.247** |

| **Anskaffningsvärde** | **2023-09-30 kSEK** | **2022-09-30 kSEK** |
|---|---|---|
| Ingående balans | 773.247 | 773.247 |
| Köp av aktier | - | - |
| Försäljningar/Utrangeringar | - | - |
| Utgående balans | **773.247** | **773.247** |

| **Not 9** **Fordran hos koncernbolag** | **2023-09-30 kSEK** | **2022-09-30 kSEK** |
|---|---|---|
| Ingående balans | 50.749 | 60.749 |
| Amortering | -50.000 | -75.000 |
| Erhållet koncernbidrag | 55.200 | 65.000 |
| Utgående balans | **55.949** | **50.749** |

| **Not 10** **Långfristiga skulder** | **2023-09-30 kSEK** | **2022-09-30 kSEK** |
|---|---|---|
| Skulder till koncernföretag > 5 år | 241.703 | 386.067 |

| **Not 11** **Upplupna kostnader och förutbetalda intäkter** | **2022-09-30 kSEK** | **2021-09-30 kSEK** |
|---|---|---|
| Revisionskostnader | 57 | 43 |
| | **57** | **43** |

**Not 12**

**Väsentliga händelser efter räkenskapsårets slut**

BTG Instruments har efter räkenskapsårets slut förvärvat det kanadensiska bolaget FITNIR Analyzers Inc. FITNIR är specialiserad på mätning av massaegenskaper och kommer bidra till företagets tillväxt och expansion.

# VOITH PAPER FABRICS HOLDING AB

**Högsjö** **Org nr 556567-7563**

20240513007351

Högsjö den 13/2 - 2024

Jan Haraldsson

Stephan Bee

Jan Forsberg

Vår revisionsberättelse har lämnats i Karlskoga den 20 februari 2024

KPMG AB

Magnus Gustafsson
Auktoriserad revisor

20240412111691

# Revisionsberättelse

Till bolagsstämman i Voith Paper Fabrics Holding AB, org. nr 556567-7563

## Rapport om årsredovisningen

### Uttalanden

Vi har utfört en revision av årsredovisningen för Voith Paper Fabrics Holding AB för räkenskapsåret 2022-10-01—2023-09-30.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Voith Paper Fabrics Holding ABs finansiella ställning per den 30 september 2023 och av dess finansiella resultat för räkenskapsåret enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

### Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Voith Paper Fabrics Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

### Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

## Rapport om andra krav enligt lagar och andra författningar

### Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Voith Paper Fabrics Holding AB för räkenskapsåret 2022-10-01—2023-09-30 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

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## Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Voith Paper Fabrics Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

## Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

## Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Karlskoga den 20 februari 2024

KPMG AB

Magnus Gustafsson
Auktoriserad revisor

20240412111694

KPMG

# Consolidated financial statements as of September 30, 2023, and group management report

**TRANSLATON – AUDIT REPORT**

Voith GmbH & Co. KGaA
Heidenheim an der Brenz, Germany

KPMG AG
Wirtschaftsprüfungsgesellschaft

The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

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# Consolidated Financial Statements

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# Consolidated statement of income

## for the period from October 1, 2022 to September 30, 2023

| in € thousands | Note | 2022/23 | 2021/22 |
|---|---|---|---|
| Sales | (1) | 5,505,687 | 4,881,346 |
| Changes in inventories and other own work capitalized | (2) | 6,984 | 81,580 |
| **Total output** | | **5,512,671** | **4,962,926** |
| Other operating income | (3) | 358,328 | 482,820 |
| Cost of materials | (4) | -2,548,699 | -2,404,314 |
| Personnel expenses | (5) | -1,774,417 | -1,581,749 |
| Depreciation and amortization | | -201,983 | -179,968 |
| Impairment losses on trade receivables and contract assets, net | (14) | -44,040 | -15,403 |
| Other operating expenses | (6) | -1,120,368 | -1,128,793 |
| **Operational result** | | **181,492** | **135,519** |
| Share of profit/loss from companies accounted for using the equity method | | -693 | -3,622 |
| Interest income | (7) | 48,101 | 12,299 |
| Interest expenses | (7) | -72,344 | -49,006 |
| Other financial result | (7) | 10 | 21,164 |
| **Result before taxes** | | **156,566** | **116,354** |
| Income taxes | (8) | -83,910 | -86,704 |
| **Net result** | | **72,656** | **29,650** |
| · Net result attributable to shareholders of the parent company | | 72,625 | 19,190 |
| · Net result attributable to holders of non-controlling interests | | 31 | 10,460 |

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# Consolidated statement of comprehensive income

## for the period from October 1, 2022 to September 30, 2023

| in € thousands | 2022/23 | 2021/22 |
|---|---|---|
| **Net result** | **72,656** | **29,650** |
| Components of other comprehensive income that will not be recycled through profit or loss in later accounting periods: | | |
| Remeasurement of defined benefit plans | 12,505 | 262,736 |
| Taxes on components of other comprehensive income that will not be recycled through profit or loss in later accounting periods | 1,243 | -977 |
| Components of other comprehensive income that will be recycled through profit or loss in later accounting periods: | | |
| Gains/losses on financial assets and marketable securities | 746 | -3,075 |
| Gains/losses on cash flow hedges | 204 | 14,822 |
| Gains/losses on currency translation | -114,823 | 144,248 |
| Gains/losses on net investment in foreign operations | -2,935 | 12,345 |
| Taxes on components of other comprehensive income that will be recycled through profit or loss in later accounting periods | 211 | -7,216 |
| **Other comprehensive income** | **-102,849** | **422,883** |
| **Total comprehensive income** | **-30,193** | **452,533** |
| · Total comprehensive income attributable to shareholders of the parent company | -24,297 | 440,876 |
| · Total comprehensive income attributable to holders of non-controlling interests | -5,896 | 11,657 |
| | **-30,193** | **452,533** |

Further information can be found in section 19.

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# Consolidated balance sheet

as at September 30, 2023

## Assets

| in € thousands | | Note | 2023-09-30 | 2022-09-30 |
|---|---|---|---|---|
| **A.** | **Non-current assets** | | | |
| I. | Intangible assets | (9) | 1,116,384 | 1,159,589 |
| II. | Property, plant and equipment | (10) | 1,059,758 | 1,081,034 |
| III. | Investments accounted for using the equity method | (11) | 43,857 | 43,583 |
| IV. | Securities | (16) | 10,509 | 10,985 |
| V. | Other financial assets | (16) | 168,866 | 184,581 |
| VI. | Other financial receivables | (15) | 72,989 | 73,224 |
| VII. | Other assets | (15) | 40,469 | 41,633 |
| VIII. | Deferred tax assets | (8) | 94,126 | 98,167 |
| **Total non-current assets** | | | **2,606,958** | **2,692,796** |
| **B.** | **Current assets** | | | |
| I. | Inventories | (12) | 829,690 | 878,631 |
| II. | Trade receivables | (13) | 870,175 | 882,037 |
| III. | Contract assets | (14) | 660,317 | 715,432 |
| IV. | Securities | (16) | 60,071 | 58,595 |
| V. | Current income tax assets | | 66,311 | 51,006 |
| VI. | Other financial receivables | (15) | 95,920 | 102,322 |
| VII. | Other assets | (15) | 126,032 | 153,538 |
| VIII. | Cash and cash equivalents | (17) | 412,842 | 411,892 |
| | | | **3,121,358** | **3,253,453** |
| IX. | Assets held for sale | (18) | 0 | 9,704 |
| **Total current assets** | | | **3,121,358** | **3,263,157** |
| **Total assets** | | | **5,728,316** | **5,955,953** |

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## Equity and liabilities

| in € thousands | | Note | 2023-09-30 | 2022-09-30 |
|---|---|---|---|---|
| **A.** | **Equity** | | | |
| I. | Issued capital | | 120,000 | 120,000 |
| II. | Revenue reserves | | 1,231,278 | 1,178,451 |
| III. | Other reserves | | -124,362 | -13,782 |
| IV. | Profit participation rights | | 6,600 | 6,600 |
| **Equity attributable to shareholders of the parent company** | | | **1,233,516** | **1,291,269** |
| V. | Profit participation rights | | 96,800 | 96,800 |
| VI. | Other interests | | 36,506 | 48,011 |
| **Equity attributable to non-controlling interests** | | | **133,306** | **144,811** |
| **Total equity** | | (19) | **1,366,822** | **1,436,080** |
| **B.** | **Non-current liabilities** | | | |
| I. | Provisions for pensions and similar obligations | (20) | 525,263 | 545,223 |
| II. | Other provisions | (21) | 114,873 | 116,499 |
| III. | Income tax liabilities | | 1,600 | 313 |
| IV. | Bank loans and other interest-bearing liabilities | (22) | 833,537 | 839,009 |
| V. | Other financial liabilities | (24) | 27,050 | 38,421 |
| VI. | Other liabilities | (24) | 45,220 | 44,315 |
| VII. | Deferred tax liabilities | (8) | 84,715 | 98,501 |
| **Total non-current liabilities** | | | **1,632,258** | **1,682,281** |
| **C.** | **Current liabilities** | | | |
| I. | Provisions for pensions and similar obligations | (20) | 33,161 | 32,867 |
| II. | Other provisions | (21) | 339,530 | 325,425 |
| III. | Income tax liabilities | | 51,238 | 52,011 |
| IV. | Bank loans and other interest-bearing liabilities | (22) | 225,814 | 262,119 |
| V. | Trade payables | (23) | 651,637 | 729,446 |
| VI. | Contract liabilities | (14) | 989,943 | 1,008,444 |
| VII. | Other financial liabilities | (24) | 291,357 | 280,385 |
| VIII. | Other liabilities | (24) | 146,556 | 146,895 |
| **Total current liabilities** | | | **2,729,236** | **2,837,592** |
| **Total equity and liabilities** | | | **5,728,316** | **5,955,953** |

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# Consolidated statement of changes in equity

| | Equity attributable to shareholders of the parent company | | | | | |
|---|---|---|---|---|---|---|
| in € thousands | Issued capital | Revenue reserves | Financial assets and marketable securities | Cash flow hedges | Currency translation | |
| **2022-10-01** | **120,000** | **1,178,451** | **-50,363** | **14,510** | **41,799** | |
| Net result | | 72,625 | | | | |
| Other comprehensive income | | 13,658 | 590 | 148 | -108,806 | |
| **Total comprehensive income** | **0** | **86,283** | **590** | **148** | **-108,806** | |
| Allocation of profit participation rights | | -5,590 | | | | |
| Share of net result attributable to profit participation rights | | | | | | |
| Dividends | | -20,000 | | | | |
| Non-controlling interests – put options | | -6,503 | | | | |
| Reclassifications | | | | | -20,477 | |
| Other adjustments | | -1,363 | | | | |
| **2023-09-30** | **120,000** | **1,231,278** | **-49,773** | **14,658** | **-87,484** | |

| | Equity attributable to shareholders of the parent company | | | | | |
|---|---|---|---|---|---|---|
| in € thousands | Issued capital | Revenue reserves | Financial assets and marketable securities | Cash flow hedges | Currency translation | |
| **2021-10-01** | **120,000** | **925,988** | **-47,593** | **-290** | **-101,429** | |
| Net result | | 19,190 | | | | |
| Other comprehensive income | | 254,083 | -2,770 | 14,800 | 143,228 | |
| **Total comprehensive income** | **0** | **273,273** | **-2,770** | **14,800** | **143,228** | |
| Allocation of profit participation rights | | -5,590 | | | | |
| Share of net result attributable to profit participation rights | | | | | | |
| Dividends | | -20,000 | | | | |
| Non-controlling interests – put options | | 3,823 | | | | |
| Other adjustments | | 957 | | | | |
| **2022-09-30** | **120,000** | **1,178,451** | **-50,363** | **14,510** | **41,799** | |

Further information can be found in section 19.

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| | | | | Equity attributable to non-controlling interests | | | |
|---|---|---|---|---|---|---|---|
| | Net investment in foreign operations | Profit participation rights | Total | Profit participation rights | Other interests | Total | Total equity |
| **-19,728** | **6,600** | **1,291,269** | **96,800** | **48,011** | **144,811** | **1,436,080** |
| | | 72,625 | | 31 | 31 | 72,656 |
| -2,512 | | -96,922 | | -5,927 | -5,927 | -102,849 |
| **-2,512** | **0** | **-24,297** | **0** | **-5,896** | **-5,896** | **-30,193** |
| | 363 | -5,227 | 5,227 | | 5,227 | 0 |
| | -363 | -363 | -5,227 | | -5,227 | -5,590 |
| | | -20,000 | | -5,550 | -5,550 | -25,550 |
| | | -6,503 | | -46 | -46 | -6,549 |
| 20,477 | | 0 | | | | 0 |
| | | -1,363 | | -13 | -13 | -1,376 |
| **-1,763** | **6,600** | **1,233,516** | **96,800** | **36,506** | **133,306** | **1,366,822** |

| | | | | Equity attributable to non-controlling interests | | | |
|---|---|---|---|---|---|---|---|
| | Net investment in foreign operations | Profit participation rights | Total | Profit participation rights | Other interests | Total | Total equity |
| **-32,073** | **6,600** | **871,203** | **96,800** | **46,774** | **143,574** | **1,014,777** |
| | | 19,190 | | 10,460 | 10,460 | 29,650 |
| 12,345 | | 421,686 | | 1,197 | 1,197 | 422,883 |
| **12,345** | **0** | **440,876** | **0** | **11,657** | **11,657** | **452,533** |
| | 363 | -5,227 | 5,227 | | 5,227 | 0 |
| | -363 | -363 | -5,227 | | -5,227 | -5,590 |
| | | -20,000 | | -5,904 | -5,904 | -25,904 |
| | | 3,823 | | -4,524 | -4,524 | -701 |
| | | 957 | | 8 | 8 | 965 |
| **-19,728** | **6,600** | **1,291,269** | **96,800** | **48,011** | **144,811** | **1,436,080** |

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# Consolidated cash flow statement

| in € thousands | 2022/23 | 2021/22 |
|---|---|---|
| Result before taxes | 156,566 | 116,354 |
| Depreciation and amortization | 207,535 | 174,451 |
| Interest expenses/income | 24,243 | 36,707 |
| Other non-cash items | 4,470 | -2,612 |
| Gains/losses from the disposal of property, plant and equipment and intangible assets | -462 | -9,067 |
| Gains/losses from investments | -15,147 | -5,049 |
| Changes in provisions and accruals | 42,798 | -10,212 |
| Change in net working capital | 19,162 | -134,500 |
| Interest paid | -48,666 | -19,308 |
| Interest received | 17,773 | 7,963 |
| Dividends received | 6,662 | 6,190 |
| Taxes paid | -108,826 | -68,357 |
| ***Cash flow from operating activities*** | **306,108** | **92,560** |
| Investments in property, plant and equipment and intangible assets | -131,163 | -116,244 |
| Proceeds from the disposal of property, plant and equipment and intangible assets | 22,033 | 22,276 |
| Investments in financial assets | -14,147 | -138,771 |
| Acquisitions of consolidated subsidiaries minus cash and cash equivalents[1)] | -42,692 | -192,095 |
| Proceeds from the disposal of financial assets | 31,406 | 26,891 |
| Proceeds from the disposal of securities | 152,895 | 208,847 |
| Payments for the acquisition of securities | -158,692 | -212,133 |
| **Cash flow from investing activities** | **-140,360** | **-401,229** |
| Dividends paid | -32,313 | -32,248 |
| Acquisition of non-controlling interests[2)] | -5,550 | -15,334 |
| New bank loans and overdrafts | 73,792 | 328,791 |
| Repayment of bank loans and overdrafts | -118,649 | -69,491 |
| Changes in other interest-bearing financial receivables and liabilities | -47,173 | -40,372 |
| **Cash flow from financing activities** | **-129,893** | **171,346** |
| **Total cash flow** | **35,855** | **-137,323** |
| Exchange rate movements and valuation changes | -34,905 | 38,050 |
| Cash and cash equivalents at the beginning of the period | 411,892 | 511,165 |
| **Cash and cash equivalents at the end of the period** | **412,842** | **411,892** |

1) Further information can be found in "Business combinations in the 2021/22 fiscal year and in the 2022/23 fiscal year" in the notes to the consolidated financial statements.
2) Further information can be found in "Classification of non-controlling interests of third-party shareholders in limited partnerships based on termination rights of holders of non-controlling interests and put options – a) Put options" in the notes to the consolidated financial statements.

Further information can be found in the section entitled "Notes to the consolidated cash flow statement".

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# Notes to the consolidated financial statements for the 2022/23 fiscal year

## General information

Voith GmbH & Co. KGaA (Voith), which has its headquarters at St. Pöltener Str. 43, Heidenheim an der Brenz, is registered at the commercial register in Ulm, Germany (HRB 735450) and is the parent company of the Voith Group. The Board of Management of Voith Management GmbH (commercial register number HRB 735126) is responsible for the strategy and operative management of the Voith Group. Voith Management GmbH is the personally liable shareholder (general partner) of, and responsible for, the management of the business of Voith GmbH & Co. KGaA.

Voith GmbH & Co. KGaA prepares its own consolidated financial statements as at September 30, 2023, in accordance with IFRS as endorsed by the EU, and a Group management report. JMV SE & Co. KG, as parent of the largest group of companies requiring consolidation, prepares consolidated financial statements as at September 30, 2023, in accordance with IFRS as endorsed by the EU, and a Group management report for the largest consolidated group of companies. Both sets of consolidated financial statements are published in the German company register. The Board of Management of Voith Management GmbH authorized the consolidated financial statements for presentation to the Supervisory Board on November 29, 2023.

The preparation of the consolidated financial statements for the 2022/23 fiscal year in accordance with IFRS as endorsed by the EU, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) was undertaken on a voluntary basis because Voith does not participate in capital markets as defined by EU Regulation (EC) No. 1606/2002. In preparing these consolidated financial statements, Voith has applied all pronouncements which are mandatory for listed companies issued by the International Accounting Standards Board (IASB) as well as the additional requirements of German commercial law pursuant to Sec. 315e HGB (German Commercial Code). The consolidated financial statements have been prepared in euros. Except where explicitly stated otherwise, all amounts are stated in thousands of euros (€ thousand). Minor rounding differences may occur.

The Voith Group is divided into three segments: Hydro, Paper and Turbo. Details of the business activities pursued by the Group's segments are provided in the explanatory notes on segment reporting.

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## Consolidated group

In addition to those entities acting as holding companies, the consolidated financial statements also include all the Group's manufacturing, service and sales companies both in Germany and in other countries as at September 30 of each fiscal year. The financial statements of the subsidiaries are prepared for the same period as their parents' financial statements, using consistent accounting policies.

Subsidiary companies are consolidated in full from the date on which the Group obtains control. They are no longer included in the consolidation as soon as the parent company ceases to have control. For five companies (previous year: five), control over companies included in the consolidation is obtained due to the fact that the Group has a majority of voting rights in the relevant decision-making bodies.

The following companies are included in the consolidated financial statements:

| | 2023-09-30 | 2022-09-30 |
|---|---|---|
| Voith GmbH & Co. KGaA and its fully consolidated subsidiaries: | | |
| · Germany | 23 | 25 |
| · Other countries | 135 | 133 |
| | **158** | **158** |
| Associates and joint ventures: | | |
| · Germany | 4 | 4 |
| · Other countries | 6 | 5 |
| | **10** | **9** |

**The following significant companies are included in the consolidated financial statements:**

| | |
|---|---|
| VZ | Voith GmbH & Co. KGaA, Heidenheim an der Brenz, Germany |
| VZB | J.M. Voith SE & Co. KG, Heidenheim an der Brenz, Germany |
| VZUS-VO | Voith US Inc., Appleton (WI), USA |
| VHH | Voith Hydro GmbH & Co. KG, Heidenheim an der Brenz, Germany |
| VHY | Voith Hydro Inc., York (PA), USA |
| VHP | Voith Hydro Ltda, São Paulo (SP), Brazil |
| VHPO | Voith Hydro GmbH & Co. KG, St. Pölten, Austria |
| VHM | Voith Hydro Inc., Brossard (QC), Canada |
| VHS | Voith Hydro Shanghai Ltd., Shanghai, China |
| VHFK | Voith Fuji Hydro K.K., Kawasaki-shi, Kanagawa, Japan |
| VHN | Voith Hydro Private Limited, New Delhi, India |

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| | |
|---|---|
| VPP | Voith Paper Máquinas e Equipamentos Ltda., São Paulo (SP), Brazil |
| VPIT | Voith IHI Paper Technology Co., Ltd., Tokyo, Japan |
| VPC | Voith Paper (China) Co., Ltd., Kunshan, Jiangsu, China |
| VPFI | Voith Paper Fabrics Ipoh Sdn. Bhd., Chemor, Perak Darul Ridzuan, Malaysia |
| VPTA | Voith Paper S.A., Ibarra (Guipúzcoa), Spain |
| VPTI | Toscotec S.p.A., Marlia (LU), Italy |
| VPBE | BTG Eclépens S.A., Eclépens, Switzerland |
| | |
| VTKT | Shanghai Voith Schaku KTK Coupler Technology Co., Ltd., Shanghai, China |
| VTCN | Voith Turbo Power Transmission (Shanghai) Co., Ltd., Shanghai, China |
| VTPA | Voith Turbo Ltda., São Paulo (SP), Brazil |
| VTGB | Voith Turbo Limited, Croydon, United Kingdom |
| VTAU | Voith Turbo Pty. Ltd., Smithfield (N.S.W.), Australia |
| VTIV | Voith Turbo S.r.l., Reggio Emilia, Italy |
| VTEM | ELIN Motoren GmbH, Preding/Weiz, Austria |
| VTYD | ARGO-HYTOS GmbH, Kraichtal-Menzingen, Germany |
| VTRB | Voith Turbo Transmission CZ s.r.o., Brno, Czech Republic |

An exhaustive list of the companies and other investments included in the consolidated financial statements can be found in the consolidated financial statements. The consolidated financial statements of Voith GmbH & Co. KGaA are filed with the German company register pursuant to Sec. 264b No. 4 HGB and Sec. 264 (3) No. 5 HGB.

Non-controlling interests are held in the following significant subsidiary companies:

**Voith Hydro Holding GmbH & Co. KG, Heidenheim an der Brenz, Germany**

| | 2023-09-30 | 2022-09-30 |
|---|---|---|
| Non-controlling shareholdings, in % | 35 | 35 |

The voting share capital held by Voith Hydro GmbH & Co. KG is equal to the percentage of share capital held.

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The following table shows the financial data of significant subsidiary companies with non-controlling shareholders (the figures are those of the Voith Hydro Holding GmbH & Co. KG segment):

## Voith Hydro Holding GmbH & Co. KG, Heidenheim an der Brenz, Germany

| in € thousands | 2023-09-30 | 2022-09-30 |
|---|---|---|
| Sales | 1,191,479 | 1,052,240 |
| Net result | -46,265 | -36,159 |
| Net result attributable to non-controlling interests | -16,503 | -14,860 |
| Other comprehensive income | -30,445 | 72,593 |
| Total comprehensive income | -76,710 | 36,434 |
| Total comprehensive income attributable to non-controlling interests | -26,092 | 11,199 |
| Current assets | 1,072,892 | 1,091,895 |
| Non-current assets | 241,449 | 273,435 |
| Current liabilities | 1,164,144 | 1,107,038 |
| Non-current liabilities | 100,830 | 126,839 |
| Net assets | 49,367 | 131,453 |
| Net assets attributable to the non-controlling interests | 7,262 | 33,431 |
| Cash flow from operating activities | -3,007 | 48,952 |
| Cash flow from investing activities | -14,552 | -3,689 |
| Cash flow from financing activities | 32,493 | -48,392 |
| **Total cash flow** | **14,934** | **-3,129** |
| Net foreign exchange difference | -3,019 | 2,541 |
| Net increase/decrease in cash and cash equivalents | 11,915 | -588 |

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## Business combinations in the 2021/22 fiscal year

### ARGO-HYTOS

On August 2, 2022, Voith acquired 79.5% of the shares in ARGO-HYTOS Group AG and its 19 subsidiaries (Argo-Hytos). Voith gained control through the acquisition of the majority of shares and voting rights. Based in Baar, Switzerland, this company develops and produces components for hydraulics and system solutions with a focus on the off-highway sector (agricultural machinery, construction equipment and vehicles).

As a components and system supplier, Argo-Hytos serves customers in the field of mobile working machinery and of general mechanical engineering. The family business with more than 1,600 employees has more than 70 years' experience in fluid and motion control and filtration technology in mobile and industrial hydraulics. Argo-Hytos has become an innovation leader particularly in the area of mobile hydraulics. It owns a number of patents and, in many cases, has set new standards in its industry. With production companies in Germany, the Czech Republic, Poland, India and China, as well as numerous own international distribution and assembly companies, the Argo-Hytos Group has operations worldwide.

Under the terms of the business combination, Voith agreed to acquire the remaining 20.5% of the shares at a later date, with the non-controlling shareholder having fixed exercise periods within which he is able to sell his shares to Voith (put option). Over and above this, Voith has the right to acquire the non-controlling interest within fixed exercise periods (call option). The accounting treatment of the put option gives rise to an obligation of €46.2 million that was reported in non-current financial liabilities. The amount of this obligation was determined using discounted earnings indicators on the basis of the contractually agreed terms, an assumption as to the expected exercise date and an interest rate of 8.9%.

The company and its 19 subsidiaries have been fully consolidated since August 1, 2022, and are allocated to the Group Division Turbo.

The business combination was presented using the anticipated acquisition method in combination with the full goodwill method.

The difference between the purchase price and the acquired net assets revalued to their respective fair values amounting to €84.2 million has been reported as goodwill, and represents the future economic benefit of acquired assets that cannot be identified individually and reported separately. The goodwill is not tax-deductible.

Since August 1, 2022, Argo-Hytos contributed an additional €36.5 million to the Group's sales in the 2021/22 fiscal year. The share in net result for the same period amounted to €1.5 million (this figure includes depreciation and amortization of the assets identified within the scope of the purchase price allocation of €1.9 million).

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If Argo-Hytos had been included in the Group for the whole 2021/22 fiscal year, it would have generated additional sales of €186.1 million and a net result of €10.8 million.

| in € thousands | Acquisition date fair value |
|---|---|
| Intangible assets | 72,682 |
| Property, plant and equipment | 55,985 |
| Inventories | 55,140 |
| Receivables and other assets | 47,189 |
| Cash and cash equivalents | 22,012 |
| Pension obligations | -5,283 |
| Other liabilities and accruals | -46,373 |
| Bank loans | -17,185 |
| Option – financial liability | -46,222 |
| Deferred tax liabilities | -13,436 |
| **Net fair value of equity** | **124,509** |
| Goodwill | -84,232 |
| **Purchase price of the interests acquired** | **208,741** |
| Cash and cash equivalents | -22,012 |
| **Cash outflows** | **186,729** |

The purchase price of the interests acquired was paid by means of the outflow of cash and cash equivalents (€204.2 million) and the taking out of a loan (€4.5 million).

There are no significant differences between the gross value and the fair value of the receivables.

**Suzlon Generators Ltd.**
At the beginning of April 2022, Voith acquired the remaining 75% of the shares in the Indian company Suzlon Generators Ltd. Before the share purchase, the company was operated jointly with the Indian partner Suzlon Energy and accounted for as an associate.

Suzlon Generators specializes in the manufacture of generators for onshore wind turbines. With the acquisition, Voith is expanding its expertise in the wind generator business.

The remeasurement of the 25% shareholding in Suzlon Generators previously accounted for using the equity method gave rise to a gain of €1.6 million that was recognized in the Group's statement of income in the item "Share of profit/loss from companies accounted for using the equity method".

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The remeasured 25% shareholding and the purchase price for the 75% shareholding acquired in the 2021/22 fiscal year are listed in the table shown below.

The company has been fully consolidated since April 1, 2022, and is allocated to our Group Division Turbo. Until March 31, 2022, the 25% shareholding was accounted for using the equity method.

The difference between the purchase price and the acquired net assets revalued to their respective fair values amounting to €4.1 million has been reported as goodwill, and represents the future economic benefit of acquired assets that cannot be identified individually and reported separately.

Since April 1, 2022, Suzlon Generators Ltd. contributed an additional €5.8 million to the Group's sales in the 2021/22 fiscal year. The share in net result for the same period amounted to €-0.2 million.

If the company had been included in the Group for the whole 2021/22 fiscal year, it would have generated additional sales of €13.3 million and a net result of €-1.8 million.

| in € thousands | Acquisition date fair value |
|---|---|
| Property, plant and equipment | 4,321 |
| Receivables | 1,469 |
| Other assets | 1,870 |
| Cash and cash equivalents | 670 |
| Other liabilities and accruals | -3,705 |
| Deferred tax liabilities | -651 |
| **Net fair value** | **3,974** |
| Goodwill | 4,074 |
| **Fair value of the 100% shareholding held by Voith** | **8,048** |
| thereof: fair value of the 25% shareholding already held | 2,012 |
| **Purchase price of the 75% shareholding newly acquired** | **6,036** |
| Cash and cash equivalents | -670 |
| **Cash outflows** | **5,366** |

## Business combinations in the 2022/23 fiscal year

### IGW Rail

At the beginning of October 2022, Voith acquired 100% of the shares and voting rights of IGW Rail and thus gained control of the company. Based in Brno, Czech Republic, this is a high-tech company with worldwide operations at four production locations and around 500 employees; it has specialized in customized gear unit and coupling solutions for the rail vehicle industry.

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With IGW Rail's product and service portfolio, Voith is further expanding its range of offerings and is strengthening its position as global provider of rail vehicle components.

The acquired units have been fully consolidated since October 1, 2022, and are allocated to the Group Division Turbo.

The difference between the purchase price and the acquired net assets revalued to their respective fair values amounting to €1.7 million has been reported as goodwill, and represents the future economic benefit of acquired assets that cannot be identified individually and reported separately.

Since October 1, 2022, IGW Rail contributed an additional €51.0 million to the Group's sales. The share in net result for the same period amounted to €-0.9 million (this figure includes depreciation and amortization of the assets identified within the scope of the purchase price allocation of €0.9 million).

| in € thousands | Acquisition date fair value |
|---|---|
| Intangible assets | 2,787 |
| Property, plant and equipment | 21,988 |
| Inventories | 23,250 |
| Receivables and other assets | 18,169 |
| Cash and cash equivalents | 6,206 |
| Pension obligations | -137 |
| Other liabilities and accruals | -20,923 |
| Bank loans | -3,273 |
| Deferred tax liabilities | -915 |
| **Fair value of the net assets** | **47,152** |
| Goodwill | 1,746 |
| **Purchase price of the interests acquired** | **48,898** |
| Cash and cash equivalents | -6,206 |
| **Cash outflows** | **42,692** |

The purchase price was €48.9 million and was paid in cash. Incidental acquisition cost totaled €1.3 million and was recognized in other operating expenses at €0.8 million in the current fiscal year (in the previous year at €0.5 million).

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## Basis of consolidation

Acquisition accounting is performed using the acquisition method in accordance with IFRS 3. Accordingly, the consideration transferred to the seller plus any non-controlling interests and the fair value of the previously held equity interests in the acquiree are offset against the fair value of the acquired assets and liabilities as at the acquisition date. Any excess of cost over carrying amount is recognized as goodwill. Any excess of carrying amount over cost is recognized in profit or loss.

Any contingent consideration is recognized at acquisition date fair value. Subsequent changes to the fair value of the contingent consideration, which represents an asset or liability, are recognized either in profit or loss or in other comprehensive income in accordance with IFRS 9. If the contingent consideration is classified as equity, it is not remeasured and its subsequent settlement is accounted for within equity.

In the case of business combinations achieved in stages that give rise to control over an entity, or in the case of disposals of shares which result in a loss of control, the previously held or remaining equity interests are remeasured at fair value through profit or loss.

A change in the parent's ownership interest in a subsidiary that does not result in a loss of control is accounted for as an equity transaction. Accordingly, business combinations achieved in stages where the Group already has control or disposals of shares without a loss of control have been recognized directly in equity without affecting the result for the period from the 2009/10 fiscal year onwards.

Companies in which Voith GmbH & Co. KGaA has the power to directly or indirectly exercise a significant influence on financial and operating policy decisions (associates) are accounted for using the equity method, as are joint ventures over which common control is exercised together with other companies. Changes in the share of the associate/joint venture's equity that are not recognized in profit or loss are likewise recognized directly in equity in the consolidated financial statements. The same accounting policies are used to determine Voith's share in equity of all companies accounted for using the equity method.

Receivables and liabilities between the consolidated companies are eliminated on consolidation. Intercompany profits in inventories and non-current assets are eliminated in the consolidated statement of income. Intercompany sales and other intercompany income are netted against the corresponding expense. Deferred tax is recognized for consolidation transactions.

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## Foreign currency translation

The consolidated financial statements are presented in euros, which is Voith GmbH & Co. KGaA's functional currency. Financial statements prepared by subsidiaries that use a different functional currency are translated as follows:

The equity of foreign companies included in the consolidated financial statements is translated at historical rates. All other items on the balance sheet are generally translated to the presentation currency at the rates applicable as at the reporting date. Goodwill arising from business combinations before transition to IFRS reporting is an exception to this rule. This goodwill continues to be translated at historical exchange rates.

In the statement of income, income and expenses are translated at average exchange rates. Retained earnings and losses are translated using the relevant historical exchange rate.

Differences arising from currency translation are netted with other reserves.

Foreign currency transactions in local financial statements are translated at the historical exchange rates. At fiscal year-end the resulting monetary items are measured at the closing rate, and any exchange rate gains or losses are recorded as foreign exchange gains or losses under other operating income/expenses.

Exchange rate gains or losses resulting from long-term loans and liability balances, both between Group companies and on external balances, as well as valuation effects arising from their associated hedging instruments, are reported within financial results in the statement of income.

Currency translation differences arising from loans denominated in foreign currencies (where these are used to hedge a net investment in foreign operations) are recognized in other comprehensive income until the underlying net investment is disposed of. These currency translation differences give rise to deferred tax items that are also recognized under other comprehensive income.

## Accounting policies

Consistent accounting policies are used to prepare the separate financial statements for the companies included in the consolidated financial statements. Significant accounting policies are described below.

### Sales

In accordance with IFRS 15, revenue is recognized upon transfer of control of the goods or services to the customer. The amount of revenue is determined on the basis of the transaction price, taking account

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of variable consideration. The latter is only included in determining the transaction prices if it is highly probable that there will be no subsequent sales reversals. The "most likely amount" method is generally chosen for estimating such variable consideration. The performance obligations identified are realized both over time and at a point in time.

Specifically with construction contracts for customer-specific plant and equipment at Voith Paper and Voith Hydro, revenue is recognized over time if the transaction meets the criteria of IFRS 15.35. Such contracts are consequently recognized in accordance with the percentage-of-completion (PoC) method. The percentage of completion per contract to be recognized is calculated as the ratio of the actual costs incurred to the anticipated total costs of the project ("cost-to-cost method"). If the outcome of a construction contract cannot be estimated reliably, it is not possible to calculate contract revenue and costs based on the percentage of completion. In such cases, revenue is recognized at the amount of costs incurred for the construction contract to date, with the contract costs being recognized immediately and in full in the period in which they are incurred. Expected losses on such contracts are based on recognizable risks. In the case of contracts that are presented using the PoC method, there is essentially only one performance obligation. In addition, revenue is recognized over time in the case of service contracts and customer-specific products from the Group Divisions Turbo and Paper. In the latter case, the criterion of no alternative use will, in some instances, only be met at a later point in time, therefore recognition over time is not performed until this criterion is met.

For all other products, revenue is recognized at the point in time at which the customer obtains control. This is generally the case when merchandise has been delivered or services performed and the risk of ownership has been transferred to the customer. If, in the case of consignment warehouse agreements, control has already been transferred upon warehousing at the customer's premises, revenue is recognized at this point in time.

Voith uses the practical expedients pursuant to IFRS 15.129 and does not adjust transaction prices for significant financing components, as the period between transfer of the goods or provision of the service and payment by the customer is less than one year. Furthermore, the costs of obtaining a contract are not capitalized and amortized over the life of the contract as the amortization period would be less than one year. In the case of contracts with a term of less than one year, the transaction prices for obligations not yet fulfilled are not disclosed in accordance with the practical expedients of IFRS 15.

**Other income and expenses**
Interest expenses and income are recorded as they arise (using the effective interest method, i.e., the effective interest rate at which the estimated future cash flows from the asset are discounted to the financial asset's net book value over the expected term to maturity of the financial instrument).

Dividend income is recognized when the Group's right to receive the payment is established.

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Operating expenses are recognized as expenditure at the time when a service is used and other sales-related expenses are recognized as incurred. Taxes on income are calculated in accordance with tax law in the countries in which the Group operates.

For all measurement categories recognized in accordance with IFRS 9, net gains or losses as defined in IFRS 7 result from the measurement or disposal of financial instruments. At Voith, such income and expense items mainly consist of foreign exchange gains and losses, impairments, and gains/losses from the sale of financial instruments. Neither current interest income and expenses nor dividend income are included.

### Intangible assets

Intangible assets acquired for monetary consideration are recognized at acquisition cost and amortized on a straight-line basis over their estimated useful lives. Amortization is recognized on a straight-line basis over the following useful lives:

| Useful life | |
|---|---|
| Brands | 25 years |
| Customer relationships | 5 to 17 years |
| Technology | 5 to 19 years |
| Development costs | 1 to 5 years |

Internally generated intangible assets are capitalized as development costs based on their production costs, provided that manufacture of these assets meets the recognition criteria stated in IAS 38 and, in particular, that the generation of future economic benefits is probable. The production costs include all costs which are directly attributable to the development process and a proportionate share of overheads. These assets are amortized using the straight-line method from the date of completion, i.e., the start of production, over a defined period which is usually between three and five years. If the requirements for capitalization are not satisfied, expenses are recognized in profit or loss in the fiscal year in which they were incurred.

Impairment losses are recorded in accordance with IAS 36 if the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's value in use, the present value of expected future cash flows from the use of the asset and the fair value less costs to sell. Should the reasons for impairment losses recognized in previous periods no longer apply, these impairment losses are reversed.

The reversal posted through profit or loss is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in previous years.

Impairment losses are generally shown in the statement of income under depreciation and amortization. Reversals of impairment losses are reported under other operating income. Borrowing costs that are directly attributable to intangible assets are capitalized as part of the cost of those assets.

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Goodwill is tested for impairment at least annually. For impairment testing, goodwill is assigned to essentially three groups of cash-generating units. In line with the management's internal reporting practices, these are identified on the basis of the Group's operating activities. Voith has therefore defined the segments Hydro, Paper and Turbo as relevant groups of cash-generating units. Goodwill recognized on acquisition of some ventures that to date have been treated as their own cash-generating units will be tested for impairment on a stand-alone basis at the level of the respective unit. The units Ray Sono AG and FlowLink Systems Private Ltd. come into this category. As of October 1, 2022, Pilotfish Networks AB has been allocated to the Voith Turbo cash-generating unit. It is at this level that the goodwill of this unit is tested for impairment. At the time of the reclassification, there was no indication of a need to record impairment of goodwill.

The Voith Group generally determines whether goodwill is impaired by reference to the fair value less costs to sell. This is based on the discounted cash flow projections taken from the latest business planning prepared by management. The planning assumptions are adjusted to reflect the current information available. Key assumptions on which calculations of fair value are based include assumptions about the trend in orders received and sales, growth rates, extrapolated cash flow forecasts beyond the planning horizon, and discount rates. Due account is taken of reasonable assumptions regarding macroeconomic trends and historical developments. Based on the value in use measurement of these assets there was no indication of a need to record an impairment loss on goodwill at the cash-generating units Hydro, Paper and Turbo or FlowLink Systems Private Ltd. The need for impairment of €3.2 million was, however, identified at Ray Sono AG and is disclosed in depreciation and amortization in the statement of income.

For the purposes of the impairment tests the following assumptions were made concerning the cash-generating units:

**Voith Hydro:**
After an extraordinarily good level of orders received in 2022/23, Voith Hydro anticipates a return to a level seen in previous years. Despite the high volume of orders on hand, a perceptible decline in sales is to be expected. Improved contractual arrangements with regard to price increases and expansion of the service business should lead to a rise in net result. With regard to an order for a customer in Angola that is not included in orders on hand, reference is made to the information on this contained in section II.4.1 of the management report.

**Voith Paper:**
A stable development in orders received is to be expected in 2023/24. The Group Division Paper anticipates a slight decline in sales. The net result should rise as a result of efficiency gains, lower warranty-related costs and a change in the sales mix.

**Voith Turbo:**
A stable development in orders received and sales is to be expected. A perceptible increase in EBIT is envisaged based on results of an efficiency program.

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**Ray Sono AG:**
A constant rise in orders received and sales is planned. The objective is for EBIT to rise as a result of improved pricing to end customers and a reduction in purchased services.

**FlowLink Systems Private Ltd.:**
A slight decrease in orders received and sales is to be expected in 2023/24 but the intention is to reach other markets through diversification. EBIT is impacted by high personnel costs and investments.

The cash flow forecast is based on the detailed finance budget for the coming two years and a qualified top-down projection for years three to five. Cash flows for periods after the fifth fiscal year are extrapolated at a constant growth rate of approximately 1% (Ray Sono AG: 2%). These growth rates do not exceed the average long-term growth rates of the business segment in which the corresponding cash-generating unit operates.

The discount rates are arrived at by determining the weighted average cost of capital, which is based on the financing costs of comparable competitors for each of the cash-generating units. The discount rates used reflect the specific equity risk associated with the respective cash-generating units.

| | 2022/23 | | 2021/22 | |
|---|---|---|---|---|
| | Discount rate | | Discount rate | |
| in % | after taxes | before taxes | after taxes | before taxes |
| Voith Hydro | 7.4 | 9.6 | 5.3 | 6.9 |
| Voith Paper | 7.3 | 9.9 | 6.3 | 8.6 |
| Voith Turbo | 7.9 | 10.6 | 6.6 | 9.2 |
| Ray Sono | 7.8 | 11.0 | 6.3 | 8.3 |
| FlowLink | 7.5 | 10.1 | 6.3 | 8.6 |

The potential changes in the discount rate of +1 percentage point and in the anticipated future cash flow of -5% assumed by the management for the segments Voith Paper, Voith Turbo and Voith Hydro as well as FlowLink Systems Private Ltd., do not give rise to any impairment. In this scenario, Ray Sono would be subject to a further impairment loss of €14 million.

The brands acquired in the 2019/20 fiscal year as part of the acquisition of BTG and Toscotec were classified as intangible assets with an indefinite useful life. Since then, the brands have been subject to impairment testing at least once a year. In the 2022/23 fiscal year, impairment testing was performed as at March 31, 2023, using a discounted cash flow method. Since April 1, 2023, these brands have been qualified as intangible assets with a definite useful life and amortized on a straight-line basis. The residual useful life is 25 years.

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The carrying amount of the BTG brand as at March 31, 2023, is €42.8 million (€38.8 million as at the acquisition date) and the carrying amount of the brand Capstone is €2.9 million (€2.9 million as at the acquisition date). The changes since the acquisition date are exclusively attributable to exchange rate differences.

For the purpose of impairment testing, the BTG and Capstone brands were allocated to the "BTG" and "Capstone" cash-generating units. As part of impairment testing, the recoverable amount was determined by establishing the value in use on the basis of the present value of future cash flows based on 25-year financial planning. To determine the present values of future net cash inflows, an after-tax interest rate of 7.3% was used for BTG and Capstone (previous year: 6.3%). The discount factor (before taxes) for the future cash flows is 9.0% (previous year: 8.5%) for BTG and 9.7% (previous year: 8.0%) for Capstone, respectively, for the 2022/23 fiscal year.

As at March 31, 2023, the carrying amount of the Toscotec brand came to €24.7 million, unchanged from the acquisition date.

For the purpose of impairment testing, the Toscotec brand was allocated to the "Toscotec" cash-generating unit. As part of impairment testing, the recoverable amount was determined by establishing the value in use on the basis of the present value of future cash flows based on 25-year financial planning. To determine the present values of future net cash inflows, an after-tax interest rate of 7.3% was used for Toscotec. The discount factor (before taxes) for the future cash flows is 10.7% (previous year: 8.6%) for the 2022/23 fiscal year.

From its acquisition in the previous fiscal year and until March 31, 2023, the Argo-Hytos brand was classified as an intangible asset with an indefinite useful life and was correspondingly subject to impairment testing at least once a year. Since April 1, 2023, this brand has been qualified as an intangible asset with a definite useful life and amortized on a straight-line basis. The residual useful life is 25 years.

As at March 31, 2023, the carrying amount came to €33.3 million (€34.1 million at the acquisition date). The changes since the acquisition date are exclusively attributable to exchange rate differences.

For the purpose of impairment testing, the Argo-Hytos brand was allocated to the "Argo-Hytos" cash-generating unit. As part of impairment testing, the recoverable amount was determined by establishing the value in use on the basis of the present value of future cash flows based on 25-year financial planning. To determine the present values of future net cash inflows, an after-tax interest rate of 7.9% was used for Argo-Hytos (previous year: 6.6%). The discount factor (before taxes) for the future cash flows is 10.2% (previous year: 8.9%) for the 2022/23 fiscal year.

The impairment testing performed as at March 31, 2023, did not lead to any need to recognize impairment losses on the brands.

The potential changes in the discount rate of +1 percentage point and in the anticipated future cash flows of -5 percentage points assumed by management for all brands capitalized did not result in a need to record an impairment loss as at March 31, 2023.

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According to new estimates relating to the Voith Group's strategies and the most recent developments within the divisions concerned, the decision was made to classify the useful lives of the brands as definite instead of indefinite. The useful life is 25 years. The amortization of the brands is disclosed within depreciation and amortization in the consolidated statement of income. Amortization of the brands totaling €2.1 million was recorded and disclosed for the first time in the 2022/23 fiscal year. There was no indication of a need for recognizing impairment from April 1 to September 30, 2023. From the 2023/24 fiscal year onwards, amortization of the brands on the basis of the exchange rates for the 2022/23 fiscal year of €4.2 million will be deducted each year from the result before taxes. Deferred tax income arising from this effect will amount to €667 thousand.

The Voith Group aims to achieve growth with the acquired brands and although the brands will be preserved, customers will over time come to see them as Voith Group products. Synergies arising in the future will likewise promote this process.

**Property, plant and equipment**
Property, plant and equipment are stated at cost less depreciation and after deduction of any impairment losses. The production cost of internally produced property, plant and equipment includes all directly attributable production costs and an appropriate share of production overheads. Depreciation is recognized on a straight-line basis over the following useful lives:

| Useful life | |
|---|---|
| Buildings | 40 to 50 years |
| Plant and machinery | 4 to 15 years |
| Other equipment, furniture and fixtures | 4 to 12 years |

The carrying amount of property, plant and equipment capitalized is tested for impairment if unusual events or market developments give rise to indications of impairment. To this end, the carrying amount of an asset or cash-generating unit is compared with its recoverable amount, which is defined as the higher of fair value less costs to sell and value in use. Impairment losses are reversed if the fair value of a previously impaired asset subsequently increases again.

The reversal posted through profit or loss is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in previous years.

Impairment losses are generally shown in the statement of income under depreciation and amortization.

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Reversals of impairment losses are reported under other operating income. Repair and maintenance costs are recognized as expenses at the time when they are incurred. Any major renewals or improvements are capitalized. Borrowing costs that are directly attributable to property, plant and equipment are capitalized as part of the cost of those assets.

**Leases**

IFRS 16 defines a lease as a contract (or part of a contract) that conveys the right to use an identifiable asset (the underlying asset) for an agreed period of time in exchange for consideration. In this context, a contract is an agreement between two or more parties (lessor and lessee) that creates enforceable rights and obligations. In accordance with IFRS 16, the Voith Group, acting as lessee, generally recognizes all leases in the form of a right of use and a corresponding liability. The lease liability is recognized at the present value of future lease payments taking into account extension, termination and purchase options that are reasonably certain to be exercised. The right of use is calculated with the amount of the lease liability plus all lease payments made upon or prior to provision of the leased asset and initial direct costs and estimated costs for the disassembly, disposal or restoration of the leased asset, less all incentive payments received from the lessor. The right of use is amortized on a straight-line basis and the lease liability is accreted applying the effective interest method taking account of the incremental borrowing rate of the lessee and the lease payments. To determine its incremental borrowing rate, the Voith Group obtains interest rates from various external sources of finances and makes certain adjustments to take into account the terms of the lease and the type of asset. Lease payments are split into a principal component and interest payments. In the cash flow statement, the interest component is disclosed in the cash flow from operating activities, whereas the repayments of lease liabilities are shown as part of the cash flow from financing activities.

The Voith Group makes use of the simplifications contained in IFRS 16 for short-term and low-value leases (up to USD 5 thousand). Payments under such leases are recognized as expenses directly in the statement of income. The provisions of IFRS 16 on the accounting treatment of leases are not applied to leases for intangible assets. Similarly, leases within the Group are not accounted for in accordance with IFRS 16 so that for the segment reporting pursuant to IFRS 8 the lease payments under these lease arrangements will continue to be recorded in profit or loss over the term of the lease using the straight-line method. At every reporting date, the carrying amounts of rights of use under lease arrangements are assessed for any indication of impairment. If there are any such indications, an impairment test will be performed.

**Financial instruments**

A financial instrument is any contract that simultaneously gives rise to a financial asset of one party to the contract and a financial liability or equity instrument of the other party to the contract. Financial assets and liabilities are recorded for the first time on the trading date and recognized in the consolidated balance sheet when Voith is a contract party to a financial instrument.

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For the classification of financial instruments, the Group distinguishes between the following measurement categories: measured at amortized cost (AC), measured at fair value through other comprehensive income (FVOCI) and measured at fair value through profit or loss (FVTPL).

**Financial assets (debt instruments) – measured at amortized cost ("AC")**
The Group recognizes debt instruments at the date they are originated. Such assets are initially recognized either at fair value plus directly attributable transaction costs or, in the case of trade receivables, at the transaction price. Subsequent to initial recognition, they are measured at amortized cost (AC) to the extent that the objective of the business model is to hold the financial assets in order to realize the contractual cash flows. In this respect, the cash flow condition ("SPPI criterion") is met when the contractual terms of the financial asset give rise to cash flows at determined points in time that constitute solely payments of principal and interest (SPPI).

**Financial assets (equity instruments) – measured at fair value through other comprehensive income ("FVOCI")**
Generally speaking, equity instruments are to be measured at fair value through profit or loss upon initial recognition. During first-time recognition, it is possible to exercise an irrevocable option of classifying equity instruments as measured at fair value through other comprehensive income. Equity instruments may be classified as measured at fair value through other comprehensive income only if they are neither held for trading nor constitute contingent consideration as part of a business combination (OCI option). Voith exercised the OCI option for equity instruments held as a strategic investment in order to supplement the Group's business operations. These are measured at fair value through other comprehensive income. Furthermore, the Group holds financial assets to cover future pension obligations. These pension funds are not held for trading. Consequently, Voith also exercised the OCI option for these instruments, with the underlying financial assets being measured at fair value through other comprehensive income (FVOCI). There is no intention to generate short-term gains on disposal of any material amount from such instruments. For this reason, fluctuations in the measurement of investments and the financial assets used for securing pensions should not have any effect on the statement of income. Changes in the market value arising from subsequent measurement and accumulated gains/losses in the event of derecognition at a later date are posted directly in equity and are never reclassified with an effect on profit or loss.

**Financial assets (equity instruments) – measured at fair value through profit or loss ("FVTPL")**
Voith decided not to exercise the OCI option for financial assets that are not held as a strategic investment. These equity instruments are held with a view to generating income from the financial instruments. For this reason, gains and losses from the disposal of shares and fluctuations in the measurement of the investments are to be recorded in the statement of income.

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**Financial liabilities – measured at amortized cost ("AC")**
Non-derivative financial liabilities are measured on initial recognition at fair value less attributable transaction costs. Subsequent to initial recognition, the Group classifies them as other financial liabilities measured at amortized cost.

**Derivative financial instruments – measured at fair value through profit or loss ("FVTPL")**
All derivative financial instruments are recognized at fair value on the trading date. The derivative financial instruments are classified as held for trading and thus assigned to the measurement category "FVTPL" (measured at fair value through profit or loss) unless they are designated as being a hedging instrument and are effective as such.

**Fair value**
The fair value of investments for which an organized market exists is determined by the quoted market price at the reporting date. Where no active market exists, valuation techniques are used to determine the fair value. The techniques used by Voith for this purpose aim to reflect objective criteria as accurately as possible and to simulate an active market. This is done, for example, by analyzing discounted cash flows, referring to arm's length transactions between knowledgeable, willing and independent partners, and drawing on comparisons with the current fair value of other financial instruments which are identical in all significant aspects.

**Derivative financial instruments and hedging**
Voith uses a variety of financial derivatives – such as forward exchange contracts and interest rate swaps – to hedge underlying transactions. Essentially, the Group applies fair value hedge accounting of firm commitments to hedge operating business transactions. The Group continues to use the provisions of IAS 39 for the recognition of hedges.

At the inception of a hedge relationship, the Group formally designates and documents both the underlying transaction and the hedging instrument as well as the risk management objective and strategy for entering into the hedge. This documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value that is attributable to the hedged risk.

Such hedging relationships are considered to be highly effective in offsetting the risks of fair value changes. Currency hedges are used in line with the contracts in question (term, volume). Their effectiveness is assessed on an ongoing basis to determine whether they have been highly effective throughout the financial reporting periods for which the hedge was designated.

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Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

**Fair value hedges**
Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment that is attributable to a particular risk and could affect profit or loss for the period. In the case of fair value hedges, the carrying amount of a hedged item is adjusted by the profit or loss that is attributable to the hedged exposure, and the difference is reported in profit or loss. The derivative financial instrument is remeasured at its fair value and any gains or losses arising as a result are recognized in profit or loss.

For fair value hedges relating to hedged items carried at amortized cost, the adjustment to the carrying amount is amortized through profit or loss over the remaining term to maturity.

When an unrecognized firm commitment is designated as a hedged item, the subsequent accumulated change in the fair value of the firm commitment that is attributable to the hedged risk is recognized as an asset or liability and the corresponding gain or loss is recognized in the profit or loss for the period. Changes in the fair value of the hedging instrument are also recognized in the profit or loss for the period.

The Group discontinues fair value hedge accounting if the hedging instrument expires, is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting. Every adjustment to the carrying amount of a hedged financial instrument is released to income using the effective interest method. The reversal may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for hedging gains and losses.

**Cash flow hedges**
Hedging transactions are classified as cash flow hedges when the transactions hedge the risk of changes in cash flows which can be attributed to a risk affecting a recognized asset, a recognized liability or a planned transaction, and could affect profit or loss for the period. The effective portion of the gain or loss on a hedging instrument is recognized directly in equity, whereas the ineffective portion is recorded in the statement of income.

The amounts recorded in equity are reclassified to the statement of income in the period in which the hedged transaction affects the profit or loss for the period, e.g., in which the hedged financial income or expense is recorded or in which a planned sale or purchase is made. If the underlying hedged transaction is the acquisition of a non-financial asset or a non-financial liability, the amounts recorded in equity are included in the initial carrying amount of the non-financial asset or a non-financial liability.

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If the planned transaction is no longer expected to occur, the amounts recorded previously in equity are transferred to the profit or loss for the period. When the hedging instrument expires, is sold, terminated or is exercised without a hedging instrument being replaced or rolled over into another hedging instrument or when the Group ceases to designate a hedging instrument as such, the amounts previously recorded remain as a separate item in equity until the planned transaction occurs. If the planned transaction is no longer expected to occur, the amount is recognized in profit or loss.

**Embedded derivatives**
Pursuant to IFRS 9, embedded derivatives where the underlying is a financial asset covered by the standard are never accounted for separately. Instead, the hybrid financial instrument as a whole is assessed with regard to classification.

In the event of there being embedded derivatives for which separate recognition is required, such derivatives are classified as held for trading and thus assigned to the measurement category "FVTPL" (measured at fair value through profit or loss). Embedded financial derivatives with positive fair values are stated under other financial receivables; those with negative fair values are stated under bank loans and other interest-bearing liabilities or other financial liabilities.

**Inventories**
Raw materials and supplies, merchandise, work in progress and finished goods are all stated under inventories at the lower of cost and net realizable value. In addition to direct costs, cost includes an appropriate portion of necessary materials and production overheads as well as production-related depreciation that can be directly allocated to the production process. The average cost, or cost based on the first-in, first-out (FIFO) method, is capitalized in the balance sheet. Appropriate allowance is made for inventory risks associated with slow-moving stocks, reduced salability, etc. When the circumstances that previously caused inventories to be written down below cost no longer exist, the write-down is reversed.

**Contract assets and contract liabilities**
Contract assets constitute an entity's right to consideration in exchange for goods already transferred or services already performed. In the Voith Group, contract assets essentially consist of long-term projects at Voith Hydro and Voith Paper, which are recognized over time in accordance with IFRS 15.35. Contract assets are disclosed at the percentage of completion to be recognized less any customer payments already received.

The customer payments are contractually agreed and are generally dependent on project progress and/or predetermined milestones.

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If customer payments exceed the performance already completed, the resulting balance is disclosed under contract liabilities. Furthermore, contract liabilities include advances received from customers for products where revenue is recognized at a specific point in time.

**Receivables and other assets**
Receivables and other assets (with the exception of derivatives) are assigned to the measured at amortized cost ("AC") measurement category and are initially recognized either at fair value plus directly attributable transaction costs or, in the case of trade receivables, at the transaction price. Subsequent to initial recognition they are measured at amortized cost. They are regularly tested for impairment on an individual basis. Where objective evidence of a potential loss exists (for example, if the debtor is experiencing significant financial difficulty, if it is highly probable that insolvency proceedings will be opened against the debtor, if the debtor defaults on or is in arrears with interest or principal payments, if significant adverse changes in the technological, economic or legal environment of the contracting partner occur, if there is a significant or prolonged decline in the fair value of a financial instrument below its cost or if legal proceedings are opened), individual allowances are recorded using an allowance account to reflect these factors. Furthermore, the estimated aggregate credit losses are calculated using a forward-looking credit risk management system based on CDS spreads. In doing so, the receivables are segmented according to common default risk features. A decline in the volume of receivables brings about a corresponding decrease in such provisions and vice versa. Impaired receivables are derecognized when they are assessed as uncollectible. Interest-free or low-interest receivables due in more than one year are discounted.

**Cash and cash equivalents**
Cash and cash equivalents include cash in hand and checks, cash at banks and cash equivalents. Cash at banks includes both daily deposits and time deposits with fixed maturities of up to three months.

**Discontinued operations and non-current assets held for sale**
Non-current assets and disposal groups held for sale are classified as non-current assets held for sale or as liabilities directly associated with assets classified as held for sale, respectively, if their carrying amount is to be recovered through sale rather than through continuing use. This condition is regarded as met when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. In this case, management has decided to sell the asset and it is expected that the sale will take place within 12 months from the date of classification. Non-current assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. Assets held for sale are not subject to depreciation and amortization.

Discontinued operations are recognized as soon as any component of an entity with business activities and cash inflows and outflows that can be clearly distinguished from the rest of the entity for operational and accounting purposes is classified as held for sale or has already been disposed of, and such Group Division either (1) represents a separate major line of business or a geographical

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Group Division, and (2) is part of a single coordinated plan to dispose of a separate major line of business or geographical Group Division, or (3) is a subsidiary exclusively acquired with a view to resale. The net result of discontinued operations is reported separately from income and expenses from continuing operations in the consolidated statement of income. Figures shown for previous years are presented on a comparable basis. Cash inflows and outflows from discontinued and continuing operations are not presented separately in the consolidated cash flow statement, and figures shown for previous years in the cash flow statement are not restated. Figures disclosed in the notes to the consolidated financial statements for items in the consolidated statement of income relate to continuing operations. Information on discontinued activities is provided in the section "Disposals and discontinued operations". Sales and expenses generated within the Group have been eliminated in order to present the financial effect of the discontinued operations with the exception of sales and expenses which are expected to continue after the sale of the discontinued operations.

**Deferred and current taxes**

In accordance with IAS 12, deferred tax assets and liabilities are recognized for temporary differences (temporary concept). Deferred tax assets are also recognized for tax losses carried forward, interest carryforwards and tax credits insofar as it is reasonable to expect that they will be realized in the near future. Taxes that relate to items recognized under other comprehensive income are also themselves recognized in equity. Deferred taxes are calculated based on the tax rates enacted or substantively enacted by the reporting date that apply or are expected to apply in the countries concerned at the time of realization. Deferred tax assets on tax losses carried forward, interest carryforwards and tax credits that are not likely to be realized or that are not covered by deferred tax liabilities are either written down or not recognized at all. Deferred tax assets and deferred tax liabilities are presented on a net basis if the Group has a legal right to offset current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority. No deferred taxes are recognized in connection with the first-time recognition of goodwill or in the case of initial recording of an asset or a liability for transactions that do not constitute business combinations and do not have any effect on the reported or taxable earnings.

Current taxes are calculated and reported in accordance with the tax laws and regulations valid for each company.

**Profit participation rights**

Profit participation rights amounting to €103,400 thousand are reported as a separate component of the Group's equity, in accordance with IAS 32. Interest is not reported as interest expenses, but is treated in a similar manner to a dividend obligation.

**Provisions for pensions and similar obligations**

Provisions for pension obligations are measured based on actuarial valuation methods using the prescribed projected unit credit method for defined benefit plans as required by IAS 19. This method

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considers not only the pensions and future claims known at the end of the reporting year but also future anticipated increases in salaries and pensions. Defined benefit obligations are measured based on the proportion of future benefits accrued at the reporting date. Measurement includes assumptions about the future development of certain parameters that could affect the actual future benefit amount. The expenses for these benefit plans are divided into service cost and interest expenses on the net debt from the obligations and plan assets. Both expense items are recognized in the statement of income. Revaluations of the net debt recognized are disclosed under other comprehensive income net of deferred taxes.

**Other provisions**
Provisions are recognized for all discernible risks and uncertain obligations at the amount that is likely to be realized. These provisions are not netted against recourse claims. Provisions are recognized when the Group has a present obligation to a third party as a result of a past event and it is probable that an outflow of resources will be required whose amount can be estimated reliably. Provisions for warranty claims are based on historical claim trends and estimated future trends. Specific provisions are set up for known claims. Provisions for outstanding expenses, onerous contracts and other business-related obligations are measured based on services still to be rendered, usually at the amount of the costs to sell.

Provisions which do not lead to an outflow of resources in the following year are carried at the discounted settlement amount at the reporting date. The discount rate used is derived from market interest rates. The settlement amount also includes the estimated cost increases. If an amount set aside as a provision is expected to be refunded (through an insurance claim, for example), the refund amount is stated separately as an asset only if it is virtually certain. Income from refunds is not netted against expenses.

**Liabilities**
Current liabilities are stated at the amount needed to settle the obligation. Financial liabilities are measured at their amortized cost. Amortized cost corresponds to the cost of the financial liabilities adjusted for repayments, issue costs and the amortization of any debt discounts or debt premiums. Where liabilities are accounted for as hedged transactions, they are measured taking into account the market value of the hedged risk. Gains and losses are recognized in profit or loss.

Liabilities arising from leases are recognized at the present value of the minimum lease payments at the start of the lease and subsequently stated under financial liabilities at their amortized cost. Lease payments are split into an interest component and a principal component. The interest component of each payment is recognized as an expense in the statement of income.

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### Classification of non-controlling interests of third-party shareholders in limited partnerships based on termination rights of non-controlling shareholders and put options

In accordance with IAS 32, financial instruments that entitle the holder to repayment of the capital made available to the partnership must be classified as liabilities. In companies that operate as limited partnerships, partners have the right under German law to demand repayment of the capital they have made available to the partnership. This right cannot be excluded by the partnership agreement. This provision also extends to other comparable repayment rights of holders of non-controlling interests with a settlement agreement. Put options create sale rights for the holder of the put pursuant to IAS 32.

a) Put options

Where the right to terminate on the part of non-controlling interests exists in the form of a put option, the corresponding non-controlling interests are not derecognized but are treated as a component of equity during the reporting year. Based on this, a share of net result for the year is allocated to holders of non-controlling interests. At each reporting date, it is assumed that the put option will be exercised and the corresponding non-controlling interests are reclassified from equity to financial liabilities. This financial liability is recognized in the amount of the estimated compensation obligation and measured at fair value. The difference between this liability and the share of equity attributable to non-controlling interests is treated as a transaction between owners and has been recognized from the 2009/10 fiscal year onwards as a change in equity without any effect on the statement of income. Up until and including the 2008/09 fiscal year, such transactions were regarded as a business combination achieved in stages and the difference stated as goodwill. The Group elected to retain these amounts under the transitional arrangements provided for under IAS 27 (2008).

One option was exercised in the current fiscal year. By doing so, Voith acquired further shares in the company. A total of €5,550 thousand was paid for exercising the put option.

Two material options were exercised in the previous year. By doing so, Voith acquired 100% of the shares in the companies. A total of €15,092 thousand was paid for exercising the put options.

The amounts reclassified from equity to financial liabilities came to a total of €78,094 thousand in the 2022/23 fiscal year (previous year: €77,494 thousand).

b) Limited partnerships

Liabilities from interests held in limited partnerships as well as non-controlling interests with comparable termination rights are measured at amortized cost. The measurement-related changes in the liability are recognized in the interest result in the consolidated statement of income.

If the non-controlling interests in limited partnerships are terminated or if the respective comparable termination rights or put options are exercised, the financial liabilities recognized prior to termination or exercise of the put options are reclassified as other financial liabilities.

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### Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. These financial guarantee contracts are treated as insurance contracts as defined by IFRS 4, i.e., the financial guarantee contracts are disclosed as contingent liabilities until utilization becomes probable. When this is the case, the corresponding obligation is recognized.

### Exercise of judgment and estimates by management

The presentation of net assets, financial position and earnings position in the consolidated financial statements requires the exercise of judgment by management. Management has exercised judgment in the following instances:

- Income taxes: Management must make assessments on whether deferred tax assets are impaired and on risks from uncertain tax items.
- Determining the requirement for, and measuring the amount of, impairment of intangible assets and property, plant and equipment
- Determining the requirement for allowances against doubtful receivables
- Sales recognized in accordance with the percentage-of-completion method: determining the percentage of completion
- Measurement of provisions and assessment of the likelihood of their utilization
- Meeting the recognition criteria described in IAS 38 for capitalization of development costs

Some accounting policies require critical estimates that involve complex and subjective assessments and the use of assumptions, some of which are inherently uncertain and subject to change. These critical accounting estimates can vary from period to period and significantly impact a company's financial position and/or earnings. The management explicitly points out that future events will often deviate from planning assumptions, and that it is normal for estimates to have to be adjusted.

Significant estimates and assumptions have to be made in the following areas of accounting:

### Revenue recognition over time in the case of long-term projects

Specifically in the case of long-term projects involving customer-specific plant and equipment, revenue is recognized over time using the PoC method if the criteria of IFRS 15.35 are met.

Accurate estimates of the percentage of completion are of vital importance under this method. Depending on the method used to measure the percentage of completion, the most significant estimates concern the total contract cost, the remaining costs to complete the contract, the total contract revenue and contract risks.

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The management of operating subsidiaries reviews all estimates that are needed for revenue recognition over time using the PoC method on an ongoing basis and makes adjustments as and when necessary. Such examinations are part of management's normal accounting activities at operating level. Refer to notes 1 and 14 for details of the carrying amounts.

**Trade and other receivables**
Determining allowances for doubtful receivables requires significant judgment on the part of management as well as an analysis of the individual debtors that covers their creditworthiness, current and future economic trends and an examination of historic default scenarios. Refer to note 13 for details of the carrying amounts.

**Impairment of goodwill**
Determining the recoverable amount of a Group Division to which goodwill was allocated involves estimates by management. The value in use is measured based on planning for the first five years, which is based on taking management's expectations and adjusting them for economic trends and historic developments. Estimates of growth, the weighted average cost of capital and tax rates are likewise based on reliable information that reflects the risks associated with operating business in each given industry or Group Division. Refer to note 9 and to the segment reporting for details of the carrying amounts.

**Development costs**
Development costs are capitalized if the recognition criteria described in IAS 38 are met. Initial capitalization is based on management's estimate that the technical and economic feasibility is demonstrated; the forecast of the expected future economic benefit to be gained from assets is essential to the decision whether or not costs are to be capitalized. Refer to note 9 for details of the carrying amounts.

**Pension obligations**
Estimates of pension obligations depend significantly on key assumptions including discount factors, expected salary increases, mortality rates and healthcare trends. The assumptions used to calculate the discount factor reflect the interest rates that can be realized on high-quality fixed-income instruments with appropriate maturities. Refer to note 20 for details of the carrying amounts.

**Other provisions**
Recognizing provisions for anticipated losses on contracts, warranty-related costs and litigation involves the use of significant estimates. Voith recognizes provisions for anticipated losses in all cases where current estimates of the total contract costs exceed expected contract revenues. Onerous contracts are identified by estimating the total costs of the contract, which requires significant judgment. Estimates are also necessary for assessing obligations from warranties and litigation. Provisions for restructuring are based on detailed plans for expected activities which are reviewed and approved by the Board of Management. Refer to note 21 for details of the carrying amounts.

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### Taxes

The Voith Group has business operations in many countries and is subject to many different tax laws. Both current and deferred taxes on income must be calculated for each individual taxable entity. To calculate deferred tax assets on tax losses carried forward and temporary differences, for example, assumptions must be made about the possibility of realizing sufficient taxable income in the future and the interpretation of complex tax laws and regulations. Refer to note 8 for details of the carrying amounts.

In the event that it is unlikely that amounts reported in the tax returns can be realized (uncertain tax items), tax liabilities are recognized. The amount is determined from the best possible estimate of the expected tax payment (anticipated value or most probable value of the uncertain tax item). Tax receivables from uncertain tax items are recognized when it is probable that they will materialize. Only in cases where there is a tax loss carried forward or an unused tax credit is no tax liability or tax receivable recognized for these uncertain tax items, and instead the deferred tax assets are adjusted for the as yet unused tax losses carried forward and tax credits.

### Determining fair values

Within the scope of business combinations, purchase price allocations are subject to not insignificant estimates. The specification of planning values and discount rates should be specifically mentioned in this context. The specification of useful lives is, however, also subject to not inconsiderable assumptions.

## Adoption of amended and new standards and interpretations

### Changes in accounting and measurement policies due to first-time adoption of revised and new IFRS and IFRIC

The following new and revised IAS and IFRS standards were applied for the first time in the 2022/23 fiscal year:

| Standard/interpretation | Amendment/new standard or interpretation |
|---|---|
| Amendments to IFRS 3 Business Combinations | The amendment updated an obsolete reference to the conceptual framework without modifying the provisions in the standard in any significant manner. |
| Amendments to IAS 12 Income Taxes | The amendments relate to a temporary, mandatory exemption from accounting for deferred taxes arising from the introduction of the global minimum taxation. |
| Amendments to IAS 16 Property, Plant and Equipment | The amendment governs the handling of any proceeds stemming from the sale of items that are produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended. |
| Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets | The amendment governs which costs an entity must take into account for the fulfilling of a contract when it is assessing whether a contract is onerous. |
| Improvements to IFRS (2018–2020) | Amendments to standards IFRS 1, IFRS 9, IFRS 16 and IAS 41. |

All IAS and IFRS standards applied for the first time had no significant effect on the net assets, financial position and earnings position of the Group.

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The adoption of the following revised and newly issued IFRS and IFRIC was not yet mandatory in the 2022/23 fiscal year, and/or they had not yet been endorsed by the European Commission for adoption in the European Union.

| Standard/interpretation | Amendment/new standard or interpretation | Mandatory effective date |
|---|---|---|
| Amendments to IFRS 16 Leases | The amendment relates to the accounting treatment of lease liabilities from sale-and-leaseback transactions. | Periods beginning on or after January 1, 2024 |
| IFRS 17 Insurance Contracts, including amendments to IFRS 17 | IFRS 17 establishes principles for the identification, recognition, measurement, presentation and disclosure in the notes for insurance contracts.<br>The amendments to IFRS 17 primarily included a deferral of the effective date. | Periods beginning on or after January 1, 2023 |
| Amendments to IFRS 17 Insurance Contracts | First-time application of IFRS 17 and IFRS 9 – Comparative information: The minor ("narrow scope") amendment to IFRS 17 introduced the option to apply a "classification overlay approach" if certain criteria are met. This can increase the informative value of the comparative information on financial instruments in the year prior to the first-time application of IFRS 17. | Periods beginning on or after January 1, 2023 |
| Amendments to IAS 1 Presentation of Financial Statements | Improvement in consistency regarding the classification of liabilities as current or non-current. Specifically, the intention is to provide rules on the classification of liabilities with an uncertain settlement date. | Periods beginning on or after January 1, 2024 |
| Amendments to IAS 1 Presentation of Financial Statements, Practice Statement 2 and Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors | Clarification that in future information only has to be provided on "material" and no longer on "significant" accounting policies. Furthermore, the term "accounting estimate" used in IAS 8 has been redefined. | Periods beginning on or after January 1, 2023 |
| Amendments to IAS 7 Statements of Cash Flows and IFRS 7 Financial Instruments | The amendments relate to disclosure in connection with supplier finance agreements. | Periods beginning on or after January 1, 2024 |
| Amendments to IAS 12 Income Taxes | The amendments relate to an exemption from the initial recognition exemption in closely specified cases. These lead to a situation where deferred taxes, for instance on leases recognized at the lessee and on decommissioning obligations, must be recognized. | Periods beginning on or after January 1, 2023 |
| Amendments to IAS 12 Income Taxes | The amendments contain targeted disclosures in the notes for the companies affected in order to provide users of financial statements with an understanding of the degree to which an entity will be affected by the minimum tax, specifically before legislation comes into effect. | Periods beginning on or after January 1, 2023 |
| Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates | Addition of provisions and corresponding disclosure requirements to determine the exchange rate in the event of a long-term lack of exchangeability. | Periods beginning on or after January 1, 2025 |

None of the revised and newly issued IFRS and IFRIC that are subject to mandatory adoptions as of the 2023/24 fiscal year will have any significant effect on the net assets, financial position and earnings position of the Voith Group. The impact of revised or newly issued standards and interpretations that will be subject to mandatory adoption by the Voith Group at a later date is currently being investigated.

At present, the Voith Group does not plan to adopt the new or amended standards and interpretations early.

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# Notes to the consolidated statement of income

## 01. Sales

| in € thousands | 2022/23 Over time | 2022/23 At a point in time | 2022/23 Total | 2021/22 Over time | 2021/22 At a point in time | 2021/22 Total |
|---|---|---|---|---|---|---|
| Voith Hydro | 1,189,250 | 0 | 1,189,250 | 1,047,848 | 0 | 1,047,848 |
| Voith Paper | 1,355,473 | 882,965 | 2,238,438 | 1,373,749 | 822,503 | 2,196,252 |
| | **2,544,723** | **882,965** | **3,427,688** | **2,421,597** | **822,503** | **3,244,100** |

Sales of €1,993,855 thousand (previous year €1,556,507 thousand) at Voith Turbo and the other sales of €84,144 thousand (previous year: €80,739 thousand) were mainly recognized at a specific point in time.

Sales of €2,007,508 thousand (previous year: €1,397,603 thousand) are expected in future periods from currently not, or only partially, completed performance obligations.

## 02. Changes in inventories and other own work capitalized

| in € thousands | 2022/23 | 2021/22 |
|---|---|---|
| Changes in inventories of finished goods and work in progress | 558 | 70,446 |
| Other own work capitalized | 6,426 | 11,134 |
| | **6,984** | **81,580** |

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# 03. Other operating income

| in € thousands | 2022/23 | 2021/22 |
|---|---|---|
| Income from the use of provisions | 91,892 | 94,658 |
| Income from the reversal of provisions and accruals | 73,162 | 74,111 |
| Foreign exchange gains | 129,170 | 199,752 |
| Gains on the disposal of intangible assets and property, plant and equipment | 3,829 | 12,472 |
| Rental and lease income | 2,521 | 2,083 |
| Income from insurance indemnification payments | 10,242 | 17,937 |
| Other income | 47,512 | 81,807 |
| | **358,328** | **482,820** |

# 04. Cost of materials

| in € thousands | 2022/23 | 2021/22 |
|---|---|---|
| Cost of raw materials and supplies and of purchased merchandise | 2,143,760 | 1,943,511 |
| Cost of purchased services | 404,939 | 460,803 |
| | **2,548,699** | **2,404,314** |

# 05. Personnel expenses

| in € thousands | 2022/23 | 2021/22 |
|---|---|---|
| Wages and salaries | 1,460,766 | 1,300,560 |
| Social security, pension and other benefit costs | 313,651 | 281,189 |
| | **1,774,417** | **1,581,749** |

The costs of post-employment benefits total €36,628 thousand (previous year: €37,779 thousand).

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### Number of employees

| | Annual average | | As at the reporting date | |
|---|---|---|---|---|
| | 2022/23 | 2021/22 | 2023-09-30 | 2022-09-30 |
| Direct production employees | 11,536 | 10,326 | 11,675 | 10,943 |
| Administration staff/indirect production | 10,762 | 9,813 | 10,804 | 10,548 |
| | **22,298** | **20,139** | **22,479** | **21,491** |
| Apprentices and students | 745 | 720 | 745 | 720 |
| | **23,043** | **20,859** | **23,224** | **22,211** |

### Number of employees by region

| | Annual average | | As at the reporting date | |
|---|---|---|---|---|
| | 2022/23 | 2021/22 | 2023-09-30 | 2022-09-30 |
| Germany | 7,918 | 7,498 | 7,931 | 7,863 |
| Europe excluding Germany | 5,197 | 4,299 | 5,169 | 5,002 |
| Americas | 3,988 | 3,532 | 4,177 | 3,643 |
| Asia | 5,029 | 4,648 | 5,032 | 4,823 |
| Other | 166 | 162 | 170 | 160 |
| | **22,298** | **20,139** | **22,479** | **21,491** |

## 06. Other operating expenses

| in € thousands | 2022/23 | 2021/22 |
|---|---|---|
| Increase in provisions and accruals | 213,829 | 245,343 |
| Other selling expenses | 320,581 | 286,289 |
| Other administrative expenses | 270,004 | 266,173 |
| Foreign exchange losses | 152,777 | 192,226 |
| Rental and lease expenses | 40,806 | 23,961 |
| Losses on the disposal of intangible assets and property, plant and equipment | 3,506 | 3,404 |
| Other expenses | 118,865 | 111,397 |
| | **1,120,368** | **1,128,793** |

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# 07. Interest result and other financial result

Interest income of €48,101 thousand (previous year: €12,299 thousand) primarily includes interest income of €26,170 thousand (previous year: interest expense of €11,199 thousand) from the measurement of the obligations arising from termination rights of holders of non-controlling interests in limited partnerships.

Interest expenses of €72,344 thousand (previous year: €49,006 thousand) mostly consist of interest from external loans (€30,379 thousand, previous year; €11,084 thousand) and expenses from the discounting of pension obligations (€22,377 thousand, previous year: €10,531 thousand).

The other financial result consists of:

| in € thousands | 2022/23 | 2021/22 |
|---|---|---|
| Gains/losses from investments | 15,147 | 5,049 |
| Reversal of impairment/impairment of other investments and loans | -5,552 | 5,517 |
| Income from securities and loans | 608 | 507 |
| Currency gains on long-term financing positions | 15,640 | 29,590 |
| Currency losses on long-term financing positions | -23,824 | -18,750 |
| Measurement of derivatives used to hedge financial transactions | -2,009 | -749 |
| | **10** | **21,164** |

Gains/losses from investments and reversal of impairment/impairment of other investments and loans relate to financial instruments in the "at fair value through profit or loss" (FVTPL) measurement category.

The currency gains and losses on long-term financing positions result from currency gains and losses on long-term intragroup and external loans and liability balances. The measurement effects of derivatives used to hedge financial transactions relate to the hedging instruments associated with these long-term financing positions.

# 08. Income taxes

| in € thousands | 2022/23 | 2021/22 |
|---|---|---|
| Current taxes | -99,319 | -63,472 |
| thereof taxes from previous periods | -5,959 | 5,249 |
| Deferred taxes | 15,409 | -23,232 |
| | **-83,910** | **-86,704** |

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Current taxes include domestic income taxes and comparable foreign income taxes that are calculated in accordance with the local tax laws valid for each subsidiary.

Deferred taxes are recognized for temporary differences between carrying amounts for tax reporting and carrying amounts recognized under IFRS at the individual Group companies as well as for consolidation measures. Deferred tax assets are also recognized for tax losses carried forward that can be reasonably expected to be realized in the near future. The average income tax rate for German companies is 29.125% (previous year: 29.125%).

Deferred taxes are calculated at the tax rates prevailing in the respective countries. The deferred tax income from temporary differences amounted to €22,640 thousand (previous year: tax expense of €26,516 thousand).

The deferred tax expense from tax losses carried forward amounted to €7,231 thousand in the 2022/23 fiscal year. This primarily includes the impairment of deferred tax assets of €9,115 thousand which were recognized in the 2021/22 fiscal year, an increase in deferred tax assets on tax losses carried forward of €1,347 thousand as a result of adjustments of tax losses carried forward from the previous year, income of €6,653 thousand from the initial recognition of deferred tax assets on tax losses carried forward, expenses of €16,316 thousand from the utilization of tax losses recognized in the previous year and income of €12,679 thousand from the initial recognition of previously unrecognized tax losses.

The deferred tax income from tax losses carried forward amounted to €3,284 thousand in the 2021/22 fiscal year. This primarily includes the impairment of deferred tax assets of €2,833 thousand which were recognized in the 2020/21 fiscal year, an increase in deferred tax assets on tax losses carried forward of €1,534 thousand as a result of adjustments of tax losses carried forward from the previous year, income of €2,195 thousand from the initial recognition of deferred tax assets on tax losses carried forward, expenses of €3,803 thousand from the utilization of tax losses recognized in the previous year and income of €9,497 thousand from the initial recognition of previously unrecognized tax losses.

In addition, the current income tax charge was reduced by the use of deferred tax assets on tax losses of €4,343 thousand unrecognized in the previous year (previous year: €3,651 thousand).

As at September 30, 2023, no deferred tax assets were recognized on German trade tax losses of €1,026,313 thousand (previous year adjusted*: €913,109 thousand), German corporate income taxes of €432,839 thousand (previous year adjusted*: €503,696 thousand) and interest carryforwards under German tax law of €76,358 thousand (previous year: €36,950 thousand) as it is not likely that these tax losses carried forward can be utilized in the near future.

No deferred tax assets were recorded on tax losses carried forward for foreign federal tax of €303,662 thousand (previous year: €255,897 thousand) or foreign state taxes of €32,858 thousand (previous year: €57,916 thousand) due to the fact that the utilization of the losses is not probable in the near future.

* Adjustments on account of external tax audits and subsequent effects.

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No deferred tax assets were recognized on temporary differences of €190,257 thousand (previous year: €204,028 thousand) as utilization of the losses is not probable in the near future. The decrease arises from the reduction in the temporary differences mainly in the provisions for pensions.

In Germany, tax losses carried forward can be carried forward indefinitely. Outside Germany, tax losses can usually be carried forward for a limited period of no more than five to ten years.

| | 2022-10-01 | | | | | 2023-09-30 | | |
|---|---|---|---|---|---|---|---|---|
| in € thousands | Net | Recognized in consolidated statement of income | Recognized in other comprehensive income | Business combinations | Currency | Net | Deferred tax assets | Deferred tax liabilities |
| Intangible assets | -89,729 | 8,210 | 0 | -147 | -619 | -82,285 | 10,987 | -93,272 |
| Property, plant and equipment | -48,893 | -7,221 | 0 | -768 | 1,612 | -55,270 | 3,800 | -59,070 |
| Financial assets and securities | -1,500 | 222 | 259 | 0 | 16 | -1,003 | 206 | -1,209 |
| Inventories and receivables | -87,242 | 17,379 | 0 | 0 | -2,861 | -72,724 | 55,160 | -127,884 |
| Other assets | -34,660 | 3,952 | 8 | 0 | -387 | -31,087 | 12,187 | -43,274 |
| Pension provisions | 7,689 | -1,078 | 1,243 | 0 | -289 | 7,565 | 8,522 | -957 |
| Financial liabilities | 34,232 | 6,590 | -56 | 0 | -310 | 40,456 | 44,545 | -4,089 |
| Other provisions and liabilities | 157,657 | -6,953 | 0 | 0 | -2,509 | 148,195 | 178,090 | -29,895 |
| Tax effect on distributable earnings of Group companies | -2,649 | 1,539 | 0 | 0 | 0 | -1,110 | 0 | -1,110 |
| Tax losses carried forward | 64,761 | -7,231 | 0 | 0 | -856 | 56,674 | 56,674 | 0 |
| Netting | 0 | | | | | 0 | -276,045 | 276,045 |
| | **-334** | **15,409** | **1,454** | **-915** | **-6,203** | **9,411** | **94,126** | **-84,715** |

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| | 2021-10-01 | | | | | 2022-09-30 | | |
|---|---|---|---|---|---|---|---|---|
| in € thousands | Net | Recognized in consolidated statement of income | Recognized in other comprehensive income | Business combinations | Currency | Net | Deferred tax assets | Deferred tax liabilities |
| Intangible assets | -79,508 | 3,978 | 0 | -15,778 | 1,579 | -89,729 | 9,223 | -98,952 |
| Property, plant and equipment | -45,189 | 982 | 0 | -3,159 | -1,527 | -48,893 | 5,470 | -54,363 |
| Financial assets and securities | -1,984 | 3,392 | -2,910 | 0 | 2 | -1,500 | 25 | -1,525 |
| Inventories and receivables | -63,096 | -29,446 | 0 | 1,883 | 3,417 | -87,242 | 59,070 | -146,312 |
| Other assets | -18,596 | -10,535 | -4,254 | -27 | -1,248 | -34,660 | 7,536 | -42,196 |
| Pension provisions | 17,551 | -10,053 | -977 | 656 | 512 | 7,689 | 9,171 | -1,482 |
| Financial liabilities | 35,125 | -2,577 | -52 | 1,792 | -56 | 34,232 | 41,690 | -7,458 |
| Other provisions and liabilities | 137,914 | 14,901 | 0 | 546 | 4,296 | 157,657 | 187,742 | -30,085 |
| Tax effect on distributable earnings of Group companies | -5,491 | 2,842 | 0 | 0 | 0 | -2,649 | 0 | -2,649 |
| Tax losses carried forward | 62,167 | 3,284 | 0 | 0 | -690 | 64,761 | 64,761 | 0 |
| Netting | 0 | | | | | 0 | -286,521 | 286,521 |
| | **38,893** | **-23,232** | **-8,193** | **-14,087** | **6,285** | **-334** | **98,167** | **-98,501** |

Reconciliation of expected and effective tax expense:

The income of Voith GmbH & Co. KGaA and its subsidiaries in Germany is subject to corporate income tax and trade tax as well as the solidarity surcharge. Profits earned outside Germany are taxed at the prevailing rates in the countries concerned. The expected tax expense was calculated based on a tax rate of 29.125% (previous year: 29.125%) that takes into account the legal structure of the Voith Group relevant for tax purposes.

| in € thousands | 2022/23 | 2021/22 |
|---|---|---|
| Result before income taxes | 156,566 | 116,354 |
| Expected tax expense (+)/tax income (-) | 45,600 | 33,888 |
| Deviations from expected tax rate | -5,067 | -8,840 |
| Effect of changes in tax rates | 48 | -1,093 |
| Tax-free income | -24,454 | -10,430 |
| *Non-deductible expenses* | 45,440 | 20,952 |
| Taxes relating to other periods | 2,940 | -8,861 |
| Change in impairments of deferred tax assets | 20,080 | 61,996 |
| Other tax effects | -677 | -908 |
| **Income taxes** | **83,910** | **86,704** |
| **Effective tax rate (in %)** | **53.6** | **74.5** |

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The non-deductible expenses contain withholding taxes of €12,417 thousand (previous year: €8,936 thousand).

No deferred tax liabilities were recorded on temporary differences in connection with investments in subsidiaries of €99,990 thousand (previous year: €93,733 thousand), as the criteria specified in IAS 12.39 were met.

When distributions by foreign subsidiaries are made in Germany, 5% of the distribution is subject to German taxation. In addition, withholding taxes and dividend-related taxes abroad may also be incurred. Further income tax implications must also be observed in the case of distributions from subsidiaries abroad to another foreign company.

**Global minimum taxation**

In order to address concerns about large, multinational companies having an unfair ability to distribute profits and choose where they are taxed, various agreements were reached at a global level, including an agreement between 135 countries on the introduction of a global minimum tax rate of 15 percent. In December 2021, the OECD published a proposal for a legal framework, followed by further detailed guidance in March 2022 and July 2023 that is intended to be used by the individual countries that have signed the agreement to amend their local tax legislation. As soon as the amendments to the tax legislation in the countries in which the Voith Group has operations apply, or will shortly apply, the Voith Group may be subject to the minimum taxation. In Germany, the federal parliament (Bundestag) passed the federal government's bill on the global minimum taxation on November 10, 2023.

As at the date on which the consolidated financial statements were approved for publication, the tax legislation in connection with the minimum tax had been passed in countries in which Voith has operations; these are: the UK, Japan, Indonesia, Malaysia and South Korea. The rules are applicable in these countries for the first time in periods beginning after December 31, 2023.

The Board of Management is monitoring closely the progress of the legislative procedure in every country in which the Voith Group has operations.

As at September 30, 2023, the Voith Group did not have sufficient information to be able to determine the potential quantitative impact.

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# Notes to the consolidated balance sheet

## 09. Intangible assets

### Development of intangible assets from October 1, 2022 to September 30, 2023

| in € thousands | Franchises, industrial rights and similar rights and assets as well as licenses in such rights and assets | Goodwill | Development costs | Prepayments | Total |
|---|---|---|---|---|---|
| **Cost 2022-10-01** | **483,782** | **922,316** | **174,890** | **190** | **1,581,178** |
| Business combinations | 891 | 1,746 | 1,896 | 0 | 4,533 |
| Currency translation differences | -6,304 | -10,763 | -254 | 1 | -17,320 |
| Additions | 8,353 | 0 | 3,112 | 9 | 11,474 |
| Disposals | -12,069 | 0 | -9,051 | 0 | -21,120 |
| Other adjustments | 4 | 0 | 12 | 0 | 16 |
| Transfers | 1,571 | 0 | 28 | -62 | 1,537 |
| **Cost 2023-09-30** | **476,228** | **913,299** | **170,633** | **138** | **1,560,298** |
| **Accumulated amortization and impairment 2022-10-01** | **-225,775** | **-54,179** | **-141,635** | **0** | **-421,589** |
| Currency translation differences | 2,650 | 0 | 123 | 0 | 2,773 |
| Amortization | -30,165 | 0 | -10,069 | 0 | -40,234 |
| Impairment losses | -301 | -3,220 | -2,260 | 0 | -5,781 |
| Disposals | 11,958 | 0 | 8,972 | 0 | 20,930 |
| Other adjustments | -13 | 0 | 0 | 0 | -13 |
| **Accumulated amortization and impairment 2023-09-30** | **-241,646** | **-57,399** | **-144,869** | **0** | **-443,914** |
| **Carrying amounts 2023-09-30** | **234,582** | **855,900** | **25,764** | **138** | **1,116,384** |

The impairment losses on development costs include the write-down of a project in the Group Division Hydro amounting to €2,230 thousand that needed to be recognized for this project on account of a deterioration in the sales prospects.

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## Development of intangible assets from October 1, 2021 to September 30, 2022

| in € thousands | Franchises, industrial rights and similar rights and assets as well as licenses in such rights and assets | Goodwill | Development costs | Prepayments | Total |
|---|---|---|---|---|---|
| **Cost 2021-10-01** | **395,459** | **808,081** | **169,582** | **0** | **1,373,122** |
| Business combinations | 71,243 | 88,306 | 1,254 | 185 | 160,988 |
| Currency translation differences | 10,324 | 25,276 | -83 | 0 | 35,517 |
| Additions | 12,634 | 653 | 5,441 | 5 | 18,733 |
| Disposals | -7,143 | 0 | -715 | 0 | -7,858 |
| Other adjustments | 3 | 0 | -13 | 0 | -10 |
| Transfers | 1,262 | 0 | -576 | 0 | 686 |
| **Cost 2022-09-30** | **483,782** | **922,316** | **174,890** | **190** | **1,581,178** |
| **Accumulated amortization and impairment 2021-10-01** | **-211,358** | **-54,179** | **-132,361** | **0** | **-397,898** |
| Currency translation differences | -2,778 | 0 | 125 | 0 | -2,653 |
| Amortization | -18,753 | 0 | -8,684 | 0 | -27,437 |
| Impairment losses | 0 | 0 | -979 | 0 | -979 |
| Disposals | 7,116 | 0 | 264 | 0 | 7,380 |
| Other adjustments | -2 | 0 | 0 | 0 | -2 |
| **Accumulated amortization and impairment 2022-09-30** | **-225,775** | **-54,179** | **-141,635** | **0** | **-421,589** |
| **Carrying amounts 2022-09-30** | **258,007** | **868,137** | **33,255** | **190** | **1,159,589** |

In the previous year, the franchises, industrial rights and similar rights and assets as well as licenses in such rights and assets contained brands with an indefinite useful life of €107.5 million, thereof addition from business combinations in 2021/22 of €34.1 million.

Since April 1, 2023, the useful life of the brands is classified as definite at 25 years. For more information, refer to the accounting policies for intangible assets.

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# 10. Property, plant and equipment

*Development of property, plant and equipment from October 1, 2022 to September 30, 2023*

| in € thousands | Land and buildings, including buildings on third-party land | Plant and machinery | Other equipment, furniture and fixtures | Prepayments and assets under construction | Rights of use | Total |
|---|---|---|---|---|---|---|
| **Cost 2022-10-01** | **927,627** | **1,576,979** | **557,191** | **62,943** | **180,780** | **3,305,520** |
| Business combinations | 11,169 | 4,662 | 794 | 813 | 4,550 | 21,988 |
| Currency translation differences | -40,883 | -78,935 | -11,415 | -2,799 | -6,415 | -140,447 |
| Additions | 6,174 | 45,184 | 29,480 | 38,850 | 43,051 | 162,739 |
| Capitalized interest | 0 | 0 | 0 | 284 | 0 | 284 |
| Remeasurements | 0 | 0 | 0 | 0 | 13,395 | 13,395 |
| Disposals | -2,402 | -24,233 | -17,396 | -6,197 | -12,568 | -62,796 |
| Transfers | 3,438 | 22,366 | 6,022 | -32,488 | -875 | -1,537 |
| Reclassification to assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Other adjustments | 10 | 87 | -141 | -656 | -1,001 | -1,701 |
| **Cost 2023-09-30** | **905,133** | **1,546,110** | **564,535** | **60,750** | **220,917** | **3,297,445** |
| **Accumulated depreciation and impairment 2022-10-01** | **-457,074** | **-1,242,112** | **-447,985** | **-240** | **-77,075** | **-2,224,486** |
| Currency translation differences | 18,452 | 59,918 | 8,471 | 0 | 3,345 | 90,186 |
| Depreciation | -19,736 | -58,876 | -32,959 | 0 | -34,087 | -145,658 |
| Impairment losses | -5,146 | -4,158 | -704 | 0 | -302 | -10,310 |
| Disposals | 1,270 | 21,539 | 16,466 | 0 | 12,309 | 51,584 |
| Transfers | 18 | -953 | 615 | 0 | 320 | 0 |
| Reclassification to assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairment losses | 1 | 11 | 0 | 0 | 0 | 12 |
| Other adjustments | 57 | 13 | 201 | 0 | 714 | 985 |
| **Accumulated depreciation and impairment 2023-09-30** | **-462,158** | **-1,224,618** | **-455,895** | **-240** | **-94,776** | **-2,237,687** |
| Carrying amounts 2023-09-30 | 442,975 | 321,492 | 108,640 | 60,510 | 126,141 | 1,059,758 |

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## Development of property, plant and equipment from October 1, 2021 to September 30, 2022

| in € thousands | Land and buildings, including buildings on third-party land | Plant and machinery | Other equipment, furniture and fixtures | Prepayments and assets under construction | Rights of use | Total |
|---|---|---|---|---|---|---|
| **Cost 2021-10-01** | **862,955** | **1,509,075** | **534,108** | **49,377** | **155,963** | **3,111,478** |
| Business combinations | 29,163 | 7,130 | 11,466 | 2,795 | 9,752 | 60,306 |
| Currency translation differences | 44,311 | 95,915 | 11,870 | 3,501 | 3,225 | 158,822 |
| Additions | 6,073 | 29,797 | 22,391 | 39,250 | 20,186 | 117,697 |
| Capitalized interest | 0 | 0 | 0 | 127 | 0 | 127 |
| Remeasurements | 0 | 0 | 0 | 0 | 6,343 | 6,343 |
| Disposals | -8,069 | -84,182 | -26,439 | -1,328 | -12,188 | -132,206 |
| Transfers | 7,514 | 19,383 | 6,102 | -31,087 | -2,598 | -686 |
| Reclassification to assets held for sale | -14,265 | -94 | -2,246 | 0 | 0 | -16,605 |
| Other adjustments | -55 | -45 | -61 | 308 | 97 | 244 |
| **Cost 2022-09-30** | **927,627** | **1,576,979** | **557,191** | **62,943** | **180,780** | **3,305,520** |
| **Accumulated depreciation and impairment 2021-10-01** | **-416,430** | **-1,183,846** | **-434,674** | **-240** | **-56,516** | **-2,091,706** |
| Currency translation differences | -20,785 | -74,629 | -9,667 | 0 | -1,874 | -106,955 |
| Depreciation | -18,830 | -57,665 | -31,682 | 0 | -31,329 | -139,506 |
| Impairment losses | -7,597 | -4,462 | -90 | 0 | 0 | -12,149 |
| Disposals | 1,193 | 79,072 | 24,962 | 0 | 11,676 | 116,903 |
| Transfers | -677 | -843 | 655 | 0 | 865 | 0 |
| Reclassification to assets held for sale | 6,028 | 89 | 1,915 | 0 | 0 | 8,032 |
| Reversal of impairment losses | 0 | 3 | 11 | 0 | 103 | 117 |
| Other adjustments | 24 | 169 | 585 | 0 | 0 | 778 |
| **Accumulated depreciation and impairment 2022-09-30** | **-457,074** | **-1,242,112** | **-447,985** | **-240** | **-77,075** | **-2,224,486** |
| Carrying amounts 2022-09-30 | 470,553 | 334,867 | 109,206 | 62,703 | 103,705 | 1,081,034 |

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The impairment losses are included in the consolidated statement of income item "Depreciation and amortization". Impairment losses include impairments on land and buildings of €5,139 thousand and on plant and machinery of €3,890 thousand as well as on other equipment, furniture and fixtures of €696 thousand, which had to be recognized on account of the impairment of a production plant in Russia of the Group Division Hydro as a consequence of the deterioration in the prospects for the future of this cash-generating unit. Impairment losses were already recognized on land and buildings of €5,824 thousand and on plant and machinery of €4,198 thousand in this context in the previous year. The recoverable amount of the cash-generating unit amounting to €2.7 million corresponds to the fair value less costs to sell. The fair value less the costs to sell was measured on the basis of the current planning prepared by management applying the discounted cash flow method (level 3 of the fair value hierarchy).

An interest rate of 2.96% was used to calculate capitalized interest (previous year: 1.6%).

The prepayments and assets under construction include buildings of €3,794 thousand (previous year: €2,621 thousand), plant and machinery of €50,887 thousand (previous year: €54,046 thousand) and non-production-related equipment of €5,829 thousand (previous year: €6,036 thousand).

As at September 30, 2023, the carrying amounts of the rights of use under leases contained land and buildings of €88,724 thousand (previous year: €68,682 thousand), plant and machinery of €8,946 thousand (previous year: €7,625 thousand), leased vehicles of €18,774 thousand (previous year: €16,304 thousand) and other of €9,697 thousand (previous year: €11,094 thousand).

The depreciation and impairment losses on the rights of use under leases break down as follows: €20,145 thousand (previous year: €18,794 thousand) on land and buildings, €1,412 thousand (previous year: €374 thousand) on plant and machinery, €10,545 thousand (previous year: €9,824 thousand) on leased vehicles and €2,287 thousand (previous year: €2,337 thousand) on other.

# 11. Investments accounted for using the equity method

### Associates

The following table summarizes the financial information for associates; all amounts relate to the Group's proportionate share of the respective associates:

| in € thousands | 2023-09-30 | 2022-09-30 |
|---|---|---|
| Carrying amount of the investments in associates | 39,100 | 38,600 |
| Share of: | | |
| Net result of continuing operations | -653 | -5,480 |
| Other comprehensive income | -240 | 527 |
| **Total comprehensive income** | **-893** | **-4,953** |

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The acquisition of 20% of the shares in Yangi AB gave rise to an addition to the carrying amounts of the shares in associates of €2,937 thousand. This addition relates to the Voith Paper segment.

The net result of continuing operations includes income from associates of €873 thousand (previous year: €680 thousand) and expenses of €1,526 thousand (previous year: €6,160 thousand). In the 2022/23 fiscal year, a loss of €9,293 thousand (previous year: €1,872 thousand) was not disclosed in the statement of income.

### Joint ventures

The Group has interests in joint ventures which are not individually material. The following table summarizes the financial information for these joint ventures; all amounts relate to the Group's proportionate share of the respective joint ventures:

| in € thousands | 2023-09-30 | 2022-09-30 |
|---|---|---|
| Carrying amount of the interests in joint ventures | 4,757 | 4,983 |
| Share of: | | |
| Net result of continuing operations | -40 | 268 |
| Other comprehensive income | -186 | 137 |
| **Total comprehensive income** | **-226** | **405** |

For one joint venture, a loss of €249 thousand (previous year: €1,402 thousand) was not disclosed in the statement of income.

In some cases, the companies accounted for using the equity method have reporting periods which do not end on September 30, as the reporting dates are aligned to those of the controlling shareholder. Accordingly, some companies prepare interim financial statements as at September 30. For other companies the effects of the different reporting periods are not significant for the Voith Group's earnings position and net assets.

## 12. Inventories

| in € thousands | 2023-09-30 | 2022-09-30 |
|---|---|---|
| Raw materials and supplies | 328,435 | 338,991 |
| Work in progress | 199,597 | 234,546 |
| Finished goods and merchandise | 207,145 | 203,034 |
| Prepayments | 94,513 | 102,060 |
| | **829,690** | **878,631** |

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Write-downs of inventories recognized as expenses amounted to €18,492 thousand (previous year: €3,712 thousand). Obligatory reversals of write-downs totaling €8,212 thousand (previous year: €6,139 thousand) were made. These amounts are recognized in the cost of materials.

# 13. Trade receivables

Trade receivables consist of the following items:

| in € thousands | 2023-09-30 | 2022-09-30 |
|---|---|---|
| Trade receivables | 913,909 | 924,270 |
| Bad debt allowances | -43,734 | -42,233 |
| | **870,175** | **882,037** |

Trade receivables are classified as current assets. As at September 30, 2023, the volume of receivables that is not expected to be realized within one year is €11,029 thousand (previous year: €11,183 thousand).

Movements in the allowance account for the impairment of trade receivables were as follows:

| in € thousands | 2023-09-30 | 2022-09-30 |
|---|---|---|
| **Impairment at the beginning of the fiscal year** | **-42,233** | **-33,791** |
| Additions | -23,191 | -18,311 |
| Utilization | 4,886 | 6,720 |
| Reversal | 13,009 | 5,691 |
| Changes in consolidated group/exchange differences | 1,823 | -2,857 |
| Expected credit losses | 1,972 | 315 |
| **Impairment at the end of the fiscal year** | **-43,734** | **-42,233** |

The total reversal of €13,009 thousand (previous year: €5,691 thousand) consists of a reversal of specific bad debt allowances of €12,966 thousand (previous year: €5,691 thousand) and further expected credit losses of €43 thousand (previous year: €0). Additions of €23,191 thousand (previous year: €18,311 thousand) include additions to specific bad debt allowances of €23,191 thousand (previous year: €16,694 thousand) and further expected credit losses of €0 (previous year: €1,617 thousand).

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# 14. Contract assets and contract liabilities

Notes on material changes in contract assets and contract liabilities:

| in € thousands | 2023-09-30 | 2022-09-30 |
|---|---|---|
| **Contract assets as at October 1** | **715,432** | **573,952** |
| Exchange rate differences | -30,369 | 32,730 |
| Change as a result of project progress, taking account of customer payments received | 509,149 | 487,818 |
| Reclassification from contract assets to trade receivables | -505,392 | -427,317 |
| Impairments | -31,538 | -2,541 |
| Other changes | 3,035 | 50,790 |
| **Contract assets as at September 30** | **660,317** | **715,432** |
| | | |
| **Contract liabilities as at October 1** | **1,008,444** | **938,859** |
| Exchange rate differences | -35,522 | 42,499 |
| Business combinations | 1,600 | 540 |
| Sales included in contract liabilities at the beginning of the period | -437,776 | -395,045 |
| Increase as a result of customer payments received less figure recognized as sales over the period | 419,601 | 368,798 |
| Other changes | 33,596 | 52,793 |
| **Contract liabilities as at September 30** | **989,943** | **1,008,444** |

The item "Impairment losses on trade receivables and contract assets, net" in the statement of income contains impairment losses on trade receivables and contract assets pursuant to IFRS 9 of €66,517 thousand. Of this amount, impairment losses totaling €31,645 thousand are attributable to a project in the Hydro segment in Russia. Otherwise, income from the reduction and the utilization of impairment losses on trade receivables and contractual assets are offset in this item of the statement of income.

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# 15. Other financial receivables and other assets

## Other financial receivables

| in € thousands | Current | Non-current | 2023-09-30 | Current | Non-current | 2022-09-30 |
|---|---|---|---|---|---|---|
| Derivatives used to hedge operational transactions | 21,654 | 6,052 | 27,706 | 31,029 | 19,201 | 50,230 |
| Derivatives used to hedge financial transactions | 2,148 | 14,580 | 16,728 | 112 | 14,609 | 14,721 |
| Financial receivables | 26,455 | 537 | 26,992 | 20,275 | 372 | 20,647 |
| Sundry financial assets* | 45,663 | 51,820 | 97,483 | 50,906 | 39,042 | 89,948 |
| | **95,920** | **72,989** | **168,909** | **102,322** | **73,224** | **175,546** |

## Other assets

| in € thousands | Current | Non-current | 2023-09-30 | Current | Non-current | 2022-09-30 |
|---|---|---|---|---|---|---|
| Prepaid expenses | 38,151 | 4,200 | 42,351 | 34,039 | 8,249 | 42,288 |
| Other taxes (without income taxes) | 87,881 | 36,269 | 124,150 | 119,499 | 33,384 | 152,883 |
| | **126,032** | **40,469** | **166,501** | **153,538** | **41,633** | **195,171** |

# 16. Other financial assets and securities

The financial assets mainly consist of a loan to a related company amounting to €121 million.

Further information on the other financial assets and securities can be found in the section "Additional information on financial instruments".

* Includes assets totaling €24,803 thousand (previous year: €24,933 thousand) which are not financial instruments and which are accordingly excluded from the disclosures made in the section "Additional information on financial instruments".

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## 17. Cash and cash equivalents

| in € thousands | 2023-09-30 | 2022-09-30 |
|---|---|---|
| Cash on hand | 94 | 106 |
| Cash equivalents | 6,818 | 4,865 |
| Cash at bank | 405,930 | 406,921 |
| | **412,842** | **411,892** |

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the cash requirements of the Group. These deposits earn interest at the respective short-term deposit rates.

On account of foreign exchange controls in one country, the Group currently has no access to cash and cash equivalents of €6,105 thousand (previous year: €7,563 thousand).

## 18. Assets held for sale and liabilities directly associated with assets classified as held for sale

As at the reporting date, there were no assets held for sale (previous year: €9,704 thousand, relating exclusively to property, plant and equipment).

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# 19. Equity

## Issued capital

The share capital of Voith GmbH & Co. KGaA of €120,000 thousand comprises 108,000 thousand ordinary shares with a nominal value of €1.00 each and 12,000 thousand preference shares with a nominal value of €1.00 each.

## Revenue reserves and other reserves

The revenue reserves and other reserves consist of retained earnings generated by Voith GmbH & Co. KGaA and its consolidated subsidiaries as well as the effects of the remeasurement of defined benefit plans, the currency translation of foreign subsidiaries, the valuation of net investments in foreign operations, gains/losses on available-for-sale investments and financial assets recognized directly in equity without effect on profit or loss and cash flow hedges pursuant to IAS 39.

The statement of comprehensive income shows the measurement effects of the individual components of other comprehensive income. Other comprehensive income consists of:

| in € thousands | 2022/23 | 2021/22 |
|---|---|---|
| **Remeasurement of defined benefit plans** | **12,505** | **262,736** |
| · Gains/losses in the current period | 12,505 | 262,736 |
| ***Gains/losses on the valuation of financial assets and marketable securities*** | **746** | **-3,075** |
| · Gains/losses in the current period | 893 | -3,075 |
| · Transfers to profit and loss | -147 | 0 |
| **Gains/losses on cash flow hedges** | **204** | **14,822** |
| · Gains/losses in the current period | 204 | 14,415 |
| · Transfers to profit and loss | 0 | 407 |
| **Gains/losses on currency translation** | **-114,823** | **144,248** |
| · Gains/losses in the current period | -114,823 | 144,248 |
| · Transfers to profit and loss | 0 | 0 |
| **Gains/losses from the currency translation of net investments in foreign operations** | **-2,935** | **12,345** |
| · Gains/losses in the current period | -2,935 | 12,345 |
| · Transfers to profit and loss | 0 | 0 |
| **Tax on components of other comprehensive income** | **1,454** | **-8,193** |
| ***Other comprehensive income*** | **-102,849** | **422,883** |

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Deferred taxes on the components of other comprehensive income are as follows:

| | 2022/23 | | | 2021/22 | | |
|---|---|---|---|---|---|---|
| In € thousands | Before taxes | Deferred taxes | After taxes | Before taxes | Deferred taxes | After taxes |
| Remeasurement of defined benefit plans | 12,505 | 1,243 | 13,748 | 262,736 | -977 | 261,759 |
| Gains/losses on the valuation of financial assets and marketable securities | 746 | -164 | 582 | -3,075 | 291 | -2,784 |
| Gains/losses on cash flow hedges | 204 | -48 | 156 | 14,822 | -4,306 | 10,516 |
| Gains/losses on currency translation | -114,823 | 0 | -114,823 | 144,248 | 0 | 144,248 |
| Gains/losses from the currency translation of net investments in foreign operations | -2,935 | 423 | -2,512 | 12,345 | -3,201 | 9,144 |
| **Other comprehensive income** | **-104,303** | **1,454** | **-102,849** | **431,076** | **-8,193** | **422,883** |

**Profit participation rights**

Profit participation rights with a nominal volume of €103,400 thousand (previous year: €103,400 thousand) qualify as Group equity under the IAS 32 criteria. The rights are lower-ranking bearer profit participation rights with variable compensation, no fixed maturity date and no right of termination on the part of the creditors. Profit participation rights of €96,800 thousand were issued by a subsidiary of Voith GmbH & Co. KGaA. Profit participation rights of €6,600 thousand were issued by Voith GmbH & Co. KGaA. Subject to the approval of the appropriate governing body, profits totaling €5,590 thousand (previous year: €5,590 thousand) are scheduled to be distributed on the sum total of these rights for the 2023/24 fiscal year.

**Non-controlling interests**

The majority of non-controlling interests are held by the co-owners of the subsidiaries Shanghai CRRC Voith Transmission Technology Co., Ltd., China, Rif Roll Cover Srl, Italy, Voith Fuji Hydro K.K., Japan, Voith IHI Paper Technology Co., Ltd., Japan, Voith Hydro Shanghai Ltd., China and Voith Paper Fabrics India Ltd., India. Of the profit participation rights totaling €103,400 thousand, €96,800 thousand is attributable to non-controlling interests.

**Appropriation of retained earnings at Voith GmbH & Co. KGaA**

The Board of Management proposes to pay a dividend of €0.17 per share (€20,000 thousand in total) out of the unappropriated retained earnings of Voith GmbH & Co. KGaA and to carry forward the remaining amount. Of the total dividends proposed, €2,000 thousand is attributable to preference shares. Dividend payments in the fiscal year amounted to €20,000 thousand (previous year: €20,000 thousand). The distribution per share in the fiscal year amounted to €0.17 (previous year: €0.17).

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### Additional disclosures on capital management

Voith is a family-owned company. As such, it is obliged to maintain a robust and sustainable financial profile that enables the Group to meet its earnings and growth targets.

Voith manages its capital with the aim of maximizing the return on capital. The Group's managed capital consists of equity and interest-bearing financial liabilities.

| in € thousands | 2023-09-30 | 2022-09-30 |
|---|---|---|
| Equity | 1,366,822 | 1,436,080 |
| Interest-bearing financial liabilities | 1,059,351 | 1,101,128 |
| | **2,426,173** | **2,537,208** |

Equity decreased by 4.8% compared to the previous year. It was mainly the negative effects from currency translation of foreign subsidiaries that contributed to this development. Interest-bearing financial liabilities decreased by 3.8%. The composition of interest-bearing financial liabilities is described in note 22.

The articles of incorporation and bylaws of Voith GmbH & Co. KGaA do not prescribe any specific capital requirements.

## 20. Provisions for pensions and similar obligations

Provisions for pensions are recognized for benefit obligations in the form of retirement, invalidity and surviving dependents' benefits payable under pension plans. The benefits provided by the Group vary according to local legal, tax and economic conditions in the respective countries and are usually based on the length of employee service and the level of remuneration.

The Group's post-employment benefits include both defined benefit plans and defined contribution plans. In the case of defined contribution plans, the Company pays contributions to state or private pension schemes based on either legal or contractual requirements or on a voluntary basis. Once the contributions have been paid, there are no further obligations for the Company. Current contributions are recognized as pension expenses in the period concerned and total €119,834 thousand for the Voith Group as a whole (previous year: €104,809 thousand).

The majority of the pension plans are defined benefit plans that take the form of provisions-based or externally funded schemes.

The pension provisions for defined benefit plans are determined in accordance with IAS 19 using the internationally recognized projected unit credit method. For this purpose, the future obligations are measured on the basis of the pro rata employee benefit obligations earned at the end of the fiscal year.

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Pension provisions are measured taking into account development assumptions for those factors which affect the benefit amount. All defined benefit plans require actuarial valuations. These are prepared annually by qualified actuaries.

The amount of the individual benefit payments is generally measured based on the wage or salary level and/or position in the corporate hierarchy, as well as the length of service. The features and related risks of the defined benefit plans available to employees vary according to local legal, tax and economic conditions in the respective countries. The features of the material defined benefit plans at Voith are described below.

Pension plans in Germany and Austria
The pension plans in Germany generally include retirement, invalidity and surviving dependents' benefits. Traditionally, the pension commitments are measured on the beneficiary's final salary. In recent years, these benefits have been increasingly replaced by capital savings models. Under capital savings models, the amount of the benefit is measured as the sum of the (annual) savings modules. The individual modules are measured from the defined salary-based contribution using a variable conversion factor for age and interest rates for a defined retirement age.

Numerous Group companies have introduced capital savings models to satisfy their obligation to pay an employer contribution.

In accordance with the German Company Pensions Act, current benefit payments are regularly reviewed with regard to the increase in the consumer price index.

In contrast to the older final-salary-based pension commitments, which involve a relatively high risk of extra funding requirements arising from salary trends, from external input parameters (e.g., the income threshold for the statutory pension insurance scheme) and from the adjustment of current pensions, the current capital savings models ultimately only involve the risk of a change in the interest rates used in the calculation.

Pension provisions are recognized for all pension commitments. Funding is therefore only obtained in exceptional cases. The plan assets of German companies take the form of insurance policies. They do not include any financial instruments issued by companies of the Voith Group.

For mortality and invalidity, the RT 2018G mortality tables by Heubeck are used. Employee turnover probabilities were calculated specifically for the Group.

In Austria, the obligations result primarily from a severance benefit scheme ("Abfertigungen"). Benefits become due upon termination of the employment relationship (provided the employee is not culpable for the termination), i.e., also upon retirement. Austrian severance benefits all qualify as capital savings. A few years ago, the nature of these benefits changed for new hires to post-employment benefits on account of new statutory requirements. These qualify as defined contribution plans and are organized via legally independent employee welfare funds. The employer's obligation is limited to payment of the contribution. In addition, obligations exist for retirement, invalidity and surviving dependents' benefits on the basis of individual commitments and a pension plan, which closed to new hires a long time ago, at the St. Pölten location.

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The following amounts were recorded in the consolidated financial statements for post-employment defined benefit pension plans:

| | Defined benefit obligation | | Fair value of plan assets | | Net carrying amount from defined benefit plans | |
|---|---|---|---|---|---|---|
| in € thousands | 2023-09-30 | 2022-09-30 | 2023-09-30 | 2022-09-30 | 2023-09-30 | 2022-09-30 |
| Germany and Austria | 555,393 | 574,486 | -24,846 | -25,223 | 530,547 | 549,263 |
| Other | 108,621 | 104,189 | -80,744 | -75,362 | 27,877 | 28,827 |
| | **664,014** | **678,675** | **-105,590** | **-100,585** | **558,424** | **578,090** |

Movements in the net liability from defined benefit plans:

| | 2023-09-30 | | | 2022-09-30 | | |
|---|---|---|---|---|---|---|
| in € thousands | Present value of defined benefit obligations | Fair value of plan assets | Total | Present value of defined benefit obligations | Fair value of plan assets | Total |
| **Balance, October 1** | **678,675** | **-100,585** | **578,090** | **1,068,109** | **-235,400** | **832,709** |
| Current service cost | 11,600 | - | 11,600 | 19,286 | - | 19,286 |
| Past service cost from plan curtailments (income) | -638 | - | -638 | -4,379 | - | -4,379 |
| Interest expenses (+)/interest income (-) | 26,697 | -3,862 | 22,835 | 14,258 | -3,731 | 10,527 |
| Remeasurements: | | | | | | |
| Losses (+)/gains (-) from changes in demographic assumptions | -179 | - | -179 | 353 | - | 353 |
| Losses (+)/gains (-) from changes in financial assumptions | -23,372 | - | -23,372 | -287,368 | - | -287,368 |
| Losses (+)/gains (-) from experience adjustments | 8,608 | - | 8,608 | 7,412 | - | 7,412 |
| Remeasurement of plan assets (without amounts included in interest result) | - | 2,322 | 2,322 | - | 24,538 | 24,538 |
| Employer contributions to the fund | - | -3,787 | -3,787 | - | -3,507 | -3,507 |
| Employee contributions to the fund | - | -2,214 | -2,214 | - | -1,575 | -1,575 |
| Benefits paid | -41,264 | 7,920 | -33,344 | -179,148 | 146,622 | -32,526 |
| *Change to the Group's structure* | -104 | 0 | -104 | 5,283 | 0 | 5,283 |
| Other | 6,476 | -7,089 | -613 | -2,999 | 4,654 | 1,655 |
| Currency translation differences on foreign plans | -3,321 | 1,705 | -1,616 | 36,495 | -32,186 | 4,309 |
| Addition to termination benefits in accordance with IAS 19.159 et seq. | 836 | - | 836 | 1,373 | - | 1,373 |
| **Balance, September 30** | **664,014** | **-105,590** | **558,424** | **678,675** | **-100,585** | **578,090** |

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Movements in the net liability from defined benefit plans:

## Germany and Austria

| | 2023-09-30 | | | 2022-09-30 | | |
|---|---|---|---|---|---|---|
| in € thousands | Present value of defined benefit obligations | Fair value of plan assets | Total | Present value of defined benefit obligations | Fair value of plan assets | Total |
| **Balance, October 1** | **574,486** | **-25,223** | **549,263** | **814,807** | **-25,003** | **789,804** |
| Current service cost | 8,961 | - | 8,961 | 15,875 | - | 15,875 |
| Past service cost from plan curtailments (income) | 50 | - | 50 | -693 | - | -693 |
| Interest expenses (+)/interest income (-) | 22,749 | -999 | 21,750 | 10,580 | -333 | 10,247 |
| Remeasurements: | | | | | | |
| Losses (+)/gains (-) from changes in demographic assumptions | 0 | - | 0 | 0 | - | 0 |
| Losses (+)/gains (-) from changes in financial assumptions | -24,414 | - | -24,414 | -236,245 | - | -236,245 |
| Losses (+)/gains (-) from experience adjustments | 9,831 | - | 9,831 | 4,748 | - | 4,748 |
| Remeasurement of plan assets (without amounts included in interest result) | - | -36 | -36 | - | -638 | -638 |
| Employer contributions to the fund | - | -243 | -243 | - | 0 | 0 |
| Employee contributions to the fund | - | 0 | 0 | - | 0 | 0 |
| Benefits paid | -33,822 | 1,655 | -32,167 | -33,177 | 1,373 | -31,804 |
| Change to the Group's structure | -104 | 0 | -104 | 2,412 | 0 | 2,412 |
| Other | -3,180 | 0 | -3,180 | -5,108 | -622 | -5,730 |
| Currency translation differences on foreign plans | 0 | 0 | 0 | 0 | 0 | 0 |
| Addition to termination benefits in accordance with IAS 19.159 et seq. | 836 | - | 836 | 1,287 | - | 1,287 |
| **Balance, September 30** | **555,393** | **-24,846** | **530,547** | **574,486** | **-25,223** | **549,263** |

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Costs for defined benefit plans break down as follows:

| in € thousands | 2023-09-30 | 2022-09-30 |
|---|---|---|
| Current service cost | 11,600 | 19,286 |
| Past service cost | -638 | -4,379 |
| Interest expenses from pension obligations and plan assets | 22,835 | 10,527 |

Current service cost and past service cost relating to the obligation are stated under personnel expenses. Interest expenses on the obligation and interest income on plan assets are stated in the interest result. Past service cost includes the effects of the increase in the actuarial interest rate for the capital savings plans.

The plan assets consist of the following components:

| | Quoted prices in an active market | | No quoted prices in an active market | | Total | |
|---|---|---|---|---|---|---|
| in € thousands | 2023-09-30 | 2022-09-30 | 2023-09-30 | 2022-09-30 | 2023-09-30 | 2022-09-30 |
| Equity instruments | 4,743 | 5,012 | 0 | 0 | 4,743 | 5,012 |
| Debt instruments | 3,551 | 4,756 | 0 | 0 | 3,551 | 4,756 |
| Real estate | 968 | 1,028 | 0 | 0 | 968 | 1,028 |
| Cash and cash equivalents | 237 | 401 | 0 | 0 | 237 | 401 |
| Other* | 9,962 | 16,117 | 86,129 | 73,271 | 96,091 | 89,388 |
| | **19,461** | **27,314** | **86,129** | **73,271** | **105,590** | **100,585** |

The calculation of pension provisions was based on the following assumptions:

| | Germany and Austria | |
|---|---|---|
| in % | 2023-09-30 | 2022-09-30 |
| Discount rate | 4.55 | 4.07 |
| Pension increases | 2.20 | 2.00 |

The inputs used in the calculation of the defined benefit obligation (DBO) include assumed discount rates, wage and salary trends, as well as mortality rates. These vary depending on the state of the economy and other factors in the respective country.

* Primarily employer's pension liability insurance.

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Changes to the relevant actuarial assumptions would have had the following impact on the defined benefit obligation:

| | | 2023-09-30 | | 2022-09-30 | |
|---|---|---|---|---|---|
| | | in € thousands | in % | in € thousands | in % |
| Discount rate | up 0.50% points | -38,313 | -5.8 | -39,703 | -5.9 |
| | down 0.50% points | 42,565 | 6.4 | 44,130 | 6.5 |
| Pension increases | up 0.25% points | 10,518 | 1.6 | 11,283 | 1.7 |
| | down 0.25% points | -10,077 | -1.5 | -10,844 | -1.6 |
| Life expectancy | + 1 year | 17,028 | 2.6 | 18,182 | 2.7 |

The sensitivity analyses presented here show the effect of changes to one assumption with no change in the other assumptions, i.e., possible correlations between the individual assumptions are not considered.

Increases or decreases in the discount rate, the wage and salary trends and the mortality rates do not have the same impact in absolute terms on the defined benefit obligation (DBO), primarily on account of discounting the obligation to net present value. If a number of assumptions are changed simultaneously, the total impact does not necessarily equate to the sum of the effects attributable to the individual assumptions changed. In addition, the sensitivity of the DBO to a change in an assumption is only a reflection of the specific magnitude of the change. If an assumption changes by a different magnitude to that assumed here, the impact on the DBO will not necessarily be linear.

**Future cash flows**
Contributions of €4,894 thousand are expected to be paid into the plans in the next reporting period.

The weighted average term of the DBO is 13 years.

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# 21. Other provisions

The provisions consist of the following:

| in € thousands | 2022-09-30 | Change in scope of consoli-dation | Utilization | Additions | Reversals | Transfers | Discounting effect | Currency translation differences | 2023-09-30 |
|---|---|---|---|---|---|---|---|---|---|
| Personnel-related provisions | 70,505 | 137 | -10,062 | 18,865 | -2,745 | 0 | 235 | -538 | 76,397 |
| Warranty provisions | 212,408 | 906 | -54,648 | 84,073 | -21,791 | -3,153 | -812 | -6,736 | 210,247 |
| Other order-related provisions | 111,045 | 0 | -20,082 | 62,539 | -23,607 | -1,052 | 11 | -5,164 | 123,690 |
| Other provisions | 47,966 | -5 | -16,013 | 18,266 | -3,857 | -1,412 | -223 | -653 | 44,069 |
| | **441,924** | **1,038** | **-100,805** | **183,743** | **-52,000** | **-5,617** | **-789** | **-13,091** | **454,403** |

| | 2023-09-30 | | 2022-09-30 | |
|---|---|---|---|---|
| in € thousands | < 1 year | > 1 year | < 1 year | > 1 year |
| Personnel-related provisions | 25,247 | 51,150 | 23,986 | 46,519 |
| Warranty provisions | 166,920 | 43,327 | 169,832 | 42,576 |
| Other order-related provisions | 122,338 | 1,352 | 108,214 | 2,831 |
| Other provisions | 25,025 | 19,044 | 23,393 | 24,573 |
| | **339,530** | **114,873** | **325,425** | **116,499** |

Other provisions include restructuring provisions and provisions for personnel adjustments totaling €20.5 million (previous year: €20.2 million).

Personnel-related provisions mainly comprise the phased retirement scheme ("Altersteilzeit") and long-service bonuses. In the case of provisions for phased retirement, the amount and maturity of the future payments to be made to the beneficiaries are uncertain. Warranty provisions are recorded based on past experience or on the basis of individual assessments and represent the legal and contractual warranty obligations as well as goodwill commitments to customers. The provisions generally represent amounts that will be payable within the next two fiscal years. Other contract-related provisions include obligations for services still to be rendered on customer orders or parts of orders that have been billed, obligations for service and maintenance contracts, and commission provisions. In these cases, the amount and timing of future expenses are dependent on completion of the orders concerned.

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# 22. Bank loans and other interest-bearing liabilities

Financial liabilities include the following:

| in € thousands | Current | Non-current | 2023-09-30 | Current | Non-current | 2022-09-30 |
|---|---|---|---|---|---|---|
| Bank loans | 153,779 | 626,593 | 780,372 | 193,968 | 628,552 | 822,520 |
| Financial liabilities from leases | 35,271 | 88,660 | 123,931 | 30,070 | 71,640 | 101,710 |
| Notes payable | 2 | 0 | 2 | 0 | 0 | 0 |
| Derivatives used to hedge financial transactions | 5,046 | 404 | 5,450 | 332 | 0 | 332 |
| Other interest-bearing liabilities | 31,716 | 117,880 | 149,596 | 37,749 | 138,817 | 176,566 |
| | **225,814** | **833,537** | **1,059,351** | **262,119** | **839,009** | **1,101,128** |

Other interest-bearing liabilities contain obligations from the classification of non-controlling interests in limited partnerships based on termination rights of holders of non-controlling interests and put options.

The Voith Group's current and non-current bank loans are denominated in the following currencies:

| in € thousands | 2023-09-30 | 2022-09-30 |
|---|---|---|
| Euro | 763,358 | 813,856 |
| Indian rupee | 14,429 | 0 |
| US dollar | 116 | 3,019 |
| Other currencies | 2,469 | 5,645 |
| | **780,372** | **822,520** |

# 23. Trade payables

Trade payables of €34 thousand (previous year: €266 thousand) are due after more than one year.

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# 24. Other financial liabilities and other liabilities

## Other financial liabilities

| in € thousands | Current | Non-current | 2023-09-30 | Current | Non-current | 2022-09-30 |
|---|---|---|---|---|---|---|
| Derivatives used to hedge operational transactions | 23,772 | 7,567 | 31,339 | 38,705 | 15,574 | 54,279 |
| Personnel-related liabilities | 123,305 | 3,127 | 126,432 | 101,363 | 2,981 | 104,344 |
| Sundry financial liabilities | 144,280 | 16,356 | 160,636 | 140,317 | 19,866 | 160,183 |
| | **291,357** | **27,050** | **318,407** | **280,385** | **38,421** | **318,806** |

Personnel-related liabilities at fiscal year-end included outstanding annual bonus payments and outstanding payments for wages, salaries and social security contributions.

## Other liabilities

| in € thousands | Current | Non-current | 2023-09-30 | Current | Non-current | 2022-09-30 |
|---|---|---|---|---|---|---|
| Tax liabilities | 59,183 | 11,663 | 70,846 | 61,784 | 11,635 | 73,419 |
| Prepaid expenses | 3,432 | 4,626 | 8,058 | 5,722 | 4,637 | 10,359 |
| Other liabilities | 83,941 | 28,931 | 112,872 | 79,389 | 28,043 | 107,432 |
| | **146,556** | **45,220** | **191,776** | **146,895** | **44,315** | **191,210** |

Tax liabilities principally relate to sales taxes (VAT).

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# Notes to the consolidated cash flow statement

| in € thousands | 2022-10-01 | Cash changes | Non-cash changes: Changes arising from the acquisition/disposal of companies | Non-cash changes: Changes due to currency effects | Non-cash changes: Changes in fair value | Non-cash changes: Other effects | 2023-09-30 |
|---|---|---|---|---|---|---|---|
| Bank loans | 822,520 | -44,857 | 3,273 | -753 | 0 | 189 | 780,372 |
| Financial liabilities from leases | 101,710 | -37,358 | 4,550 | -3,164 | 0 | 58,193 | 123,931 |
| Notes payable | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| Derivatives used to hedge financial transactions | 332 | 0 | 0 | 78 | 5,040 | 0 | 5,450 |
| Other interest-bearing liabilities | 176,566 | -386 | 0 | -213 | -25,197 | -1,174 | 149,596 |
| | **1,101,128** | **-82,599** | **7,823** | **-4,052** | **-20,157** | **57,208** | **1,059,351** |
| Other financial receivables | -38,717 | -9,431 | 0 | 1,644 | -2,020 | 414 | -48,110 |
| | **1,062,411** | **-92,030** | **7,823** | **-2,408** | **-22,177** | **57,622** | **1,011,241** |

| in € thousands | 2021-10-01 | Cash changes | Non-cash changes: Changes arising from the acquisition/disposal of companies | Non-cash changes: Changes due to currency effects | Non-cash changes: Changes in fair value | Non-cash changes: Other effects | 2022-09-30 |
|---|---|---|---|---|---|---|---|
| Bank loans | 546,724 | 259,300 | 17,185 | -846 | 0 | 157 | 822,520 |
| Financial liabilities from leases | 98,189 | -32,421 | 7,989 | 1,507 | 0 | 26,446 | 101,710 |
| Notes payable | 1 | -1 | 0 | 0 | 0 | 0 | 0 |
| Derivatives used to hedge financial transactions | 291 | 0 | 0 | 55 | -14 | 0 | 332 |
| Other interest-bearing liabilities | 142,404 | -9,873 | 46,306 | 351 | -3,515 | 893 | 176,566 |
| | **787,609** | **217,005** | **71,480** | **1,067** | **-3,529** | **27,496** | **1,101,128** |
| Other financial receivables | -26,397 | 1,923 | 0 | 382 | -14,621 | -4 | -38,717 |
| | **761,212** | **218,928** | **71,480** | **1,449** | **-18,150** | **27,492** | **1,062,411** |

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# Notes on segment reporting

## Information on the segment data

The business is managed according to the different products and business segments and corresponds to the structure of internal reporting to the Board of Management of Voith Management GmbH.

EBIT adjusted for non-recurring items (extrapolation of result from increasing the carrying values upon first-time consolidation (PPA depreciation) and restructuring expenses and other exceptional items) forms the central performance indicator for the operating result. Reconciliation of EBIT adjusted for non-recurring items to the Group's result before taxes contains effects which are, as a rule, shown as other operating income and expenses, and depreciation and amortization in the consolidated statement of income on account of their operating nature. In the course of calculating EBIT, these items are adjusted as non-recurring effects in order to facilitate a better assessment of segments' business operations.

Segment information is generally based on the same presentation and measurement methods as the consolidated financial statements. Intercompany sales are effected at market prices, and intersegment transactions and business are all reported in accordance with the accounting policies used for the consolidated financial statements.

In the Voith Group, the key indicator for assessing and managing an individual segment is return on capital employed (ROCE). ROCE is calculated by bringing EBIT and the average capital employed into relation with each other. Capital employed designates the funds tied up within the business with a view to generating sales. This essentially comprises property, plant and equipment and net working capital. Calculating the ratio of a performance indicator from the statement of income ("EBIT") to a figure based on the balance sheet ("capital employed") is in compliance with generally accepted standards for holistic business management and with value-based management.

The capital employed on the reporting date is an average value derived from the values as at the end of the fiscal year, as at the reporting date for the previous six-monthly financial statements and as at the end of the previous year. In contrast to the requirements of IAS 21, the assets and liabilities of foreign subsidiaries are translated at the average exchange rate for the reporting year. Owing to the use of averages, capital employed cannot be reconciled to the figures in the consolidated balance sheet on any given reporting date.

Consolidation entries were taken into account in full in calculating capital employed.

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Capital expenditures relate to intangible assets (excluding goodwill) and property, plant and equipment. Furthermore, the remeasurements from IFRS 16 are also disclosed as investments. Additions due to business combinations are not included.

Sales are broken down regionally, based on the customer's registered office. Non-current assets, consisting of property, plant and equipment including rights of use, goodwill and other intangible assets, are allocated based on the location of the asset.

## Information on the activities of the segments presented

As a full-line supplier for equipping hydropower plants, the Group Division Hydro is one of the world's leading industrial partners for hydropower plant operators. This applies both to the field of electricity generation and to the pumped storage of energy. Voith Hydro's portfolio of products and services covers the entire life cycle and supplies all major components for large and small hydropower plants: from generators, turbines, pumps, automation systems and digital solutions for smart hydropower right through to aftermarket business in spare parts and maintenance services, as well as training services.

As a leading partner and pioneer in the paper industry, the Group Division Paper provides technologies, products and services for the entire paper manufacturing process, all from a single source. A constant stream of innovations allows the technology group to optimize the paper manufacturing process on an ongoing basis. Voith Paper focuses on developing resource-saving products which reduce the consumption of energy, water and fibers. Furthermore, the Group Division Paper offers a broad service portfolio for all sections of the paper manufacturing process. The Company's Papermaking 4.0 concept also allows papermakers to link up their equipment in the best possible way and improve their competitiveness through effective and secure use of the data generated.

The Group Division Turbo is a supplier of components and systems for intelligent drive technology and a provider of customized services. With innovative and smart products, Voith Turbo offers the highest levels of efficiency and reliability. Customers from highly diverse industries, such as oil & gas, energy, mining and mechanical engineering, ship technology, rail and commercial vehicles, rely on the advanced technologies and digital solutions provided by Voith Turbo.

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# Segment information by business segment

| | Hydro | | Paper | | Turbo | |
|---|---|---|---|---|---|---|
| in € millions | 2022/23 | 2021/22 | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| Sales with third parties | 1,189 | 1,048 | 2,239 | 2,196 | 1,994 | 1,557 |
| Sales with other segments | 2 | 4 | 22 | 20 | 8 | 7 |
| Segment sales, total | 1,191 | 1,052 | 2,261 | 2,216 | 2,002 | 1,564 |
| EBIT | 6 | 2 | 145 | 131 | 80 | 48 |
| Depreciation and amortization of property, plant and equipment and intangible assets[2] | 23 | 23 | 59 | 59 | 61 | 50 |
| Capital spending[3] | 18 | 24 | 83 | 54 | 65 | 43 |
| Segment goodwill | 18 | 18 | 507 | 516 | 277 | 271 |
| Average capital employed | 192 | 205 | 572 | 500 | 1,021 | 975 |
| ROCE | 2.9% | 1.0% | 25.4% | 26.2% | 7.8% | 5.0% |
| Employees[4] | 4,092 | 3,444 | 7,898 | 7,825 | 8,037 | 7,732 |

[1] Sub-total of Hydro, Paper and Turbo.
[2] Depreciation and amortization does not include depreciation and amortization recorded in the non-recurring result as it is not included in EBIT.
[3] Without additions due to business combinations and financial assets.
[4] Statistical headcount on reporting date.

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| | Total core business[1] | | Reconciliation | | Total | |
|---|---|---|---|---|---|---|
| | 2022/23 | 2021/22 | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| | 5,422 | 4,801 | 84 | 80 | 5,506 | 4,881 |
| | 32 | 31 | -32 | -31 | 0 | 0 |
| | 5,454 | 4,832 | 52 | 49 | 5,506 | 4,881 |
| | 231 | 181 | 14 | 19 | 245 | 200 |
| | 143 | 132 | 25 | 23 | 168 | 155 |
| | 166 | 121 | 22 | 22 | 188 | 143 |
| | 802 | 805 | 54 | 63 | 856 | 868 |
| | 1,785 | 1,680 | 230 | 230 | 2,015 | 1,910 |
| | 12.9% | 10.8% | | | 12.1% | 10.5% |
| | 20,027 | 19,001 | 2,452 | 2,490 | 22,479 | 21,491 |

## Reconciliation of EBIT to the Group's result before taxes:

| in € millions | 2022/23 | 2021/22 |
|---|---|---|
| **EBIT** | **245** | **200** |
| Non-recurring result | -62 | -66 |
| thereof PPA depreciation and amortization | -25 | -12 |
| thereof restructuring expenses | -11 | -15 |
| thereof expenses relating to other periods from legal disputes | 0 | -18 |
| thereof impairment losses on property, plant and equipment* | -10 | -10 |
| thereof other exceptional items | -16 | -11 |
| Other adjustments | -1 | 2 |
| Share of profit/loss from companies accounted for using the equity method | -1 | -4 |
| Interest income/expense | -24 | -37 |
| Other financial result | 0 | 21 |
| **Result before taxes** | **157** | **116** |

* Further information on this in section 10. Property, plant and equipment.

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# Segment information by region

## External sales (registered office of customer)

| | Hydro | | Paper | | Turbo | | Reconciliation | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| in € millions | 2022/23 | 2021/22 | 2022/23 | 2021/22 | 2022/23 | 2021/22 | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| **Germany** | **48** | **39** | **193** | **186** | **493** | **408** | **44** | **46** | **778** | **679** |
| **Foreign countries** | **1,141** | **1,009** | **2,046** | **2,010** | **1,501** | **1,149** | **40** | **34** | **4,728** | **4,202** |
| thereof Europe | 360 | 227 | 587 | 570 | 758 | 554 | 7 | 7 | 1,712 | 1,358 |
| *thereof* Americas | 403 | 379 | 650 | 584 | 237 | 182 | 26 | 22 | 1,316 | 1,167 |
| thereof Asia | 302 | 329 | 778 | 835 | 426 | 340 | 6 | 5 | 1,512 | 1,509 |
| · of which China | 120 | 121 | 536 | 615 | 253 | 194 | 0 | 1 | 909 | 931 |
| thereof others | 76 | 74 | 31 | 21 | 80 | 73 | 1 | 0 | 188 | 168 |
| | **1,189** | **1,048** | **2,239** | **2,196** | **1,994** | **1,557** | **84** | **80** | **5,506** | **4,881** |

## Non-current assets

| in € millions | 2023-09-30 | 2022-09-30 |
|---|---|---|
| **Germany** | **781** | **784** |
| **Foreign countries** | **1,395** | **1,457** |
| thereof Europe | 754 | 767 |
| · of which Switzerland | 292 | 298 |
| thereof Americas | 293 | 301 |
| · of which USA | 244 | 249 |
| thereof Asia | 343 | 383 |
| · of which China | 253 | 290 |
| thereof others | 5 | 6 |
| | **2,176** | **2,241** |

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# Other notes

## Contingent liabilities, contingent assets and other financial obligations

Appropriate provisions have been recognized in the relevant Group companies to cover potential financial obligations arising from taxation, legal and arbitration proceedings.

Over and above this there are risks from tax-related legal disputes and ongoing taxation proceedings in Brazil. There are risks of €17.9 million relating to income taxes. Likewise, tax risks in connection with VAT, among other things, were identified; no estimate of the financial effect is disclosed for reasons of practicability, as it is impossible to make any reliable estimate. The current assessment of the situation is that the proceedings will be brought to a successful conclusion and, therefore, there will be no outflow of economic resources.

Owing to the ongoing tax field audit of German companies, further changes may be made to tax items.

There are also risks related to legal disputes amounting to €29.9 million (previous year: €30.8 million).

Other financial obligations from purchase commitments for capital expenditures amount to €31.4 million (previous year: €32.4 million).

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## Contingent liabilities

The contingent liabilities listed below are stated at face value. No provisions were recognized for these contingencies, as the probability of occurrence is regarded as low:

| in € thousands | 2023-09-30 | 2022-09-30 |
|---|---|---|
| Guarantee obligations | 3,389 | 2,442 |
| Provision of collateral for third-party liabilities | 0 | 500 |
| | **3,389** | **2,942** |

Most of the guarantee obligations expire in 2026.

## Leases

The rental and lease agreements in the Voith Group mainly relate to buildings, passenger vehicles and machinery. The agreements mainly have terms of one to 15 years. Some companies have the option of extending their rental agreements.

Liabilities of €35,999 thousand in connection with lease agreements were repaid (previous year: €31,617 thousand). Including the interest payments, cash outflows totaled €37,358 thousand (previous year: €32,421 thousand).

The interest expenses from the compounding of lease liabilities are disclosed in the financial result and amounted to €1,830 thousand in the 2022/23 fiscal year (previous year: €881 thousand).

Lease expenses include expenses for short-term leases of €12,322 thousand (previous year: €10,650 thousand) and expenses for leases of low-value assets of €1,118 thousand (previous year: €3,543 thousand) that are disclosed in other operating expenses.

Future cash outflows of an immaterial amount were not included in the lease liabilities as it is not reasonably certain that the lease agreements will be extended or not terminated.

Income from the sublease of rights of use as well as gains and losses from sale-and-leaseback transactions are immaterial in the Voith Group.

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## Additional information on financial instruments

Carrying amounts, amounts recognized in the balance sheet and fair values by measurement category as at September 30, 2023.

| | | | Amount recognized in the balance sheet in accordance with IFRS 9 | | | | |
|---|---|---|---|---|---|---|---|
| in € thousands | IFRS 9 measurement category | Carrying amount 2023-09-30 | Amortized cost | Fair value through equity | Fair value through profit or loss | Not assigned to an IFRS 9 measurement category | Fair value 2023-09-30 |
| **Assets:** | | | | | | | |
| Cash and cash equivalents | AC | 412,842 | 412,842 | | | | 412,842 |
| Trade receivables | AC | 870,175 | 870,175 | | | | 870,175 |
| Contract assets | n. a. | 660,317 | | | | 660,317 | 660,317 |
| Other financial assets and securities | | 239,446 | | | | | |
| · Financial investments | AC | 54,273 | 54,273 | | | | 54,273 |
| · Loans | AC | 125,533 | 125,533 | | | | 125,533 |
| · Investments (strategic) | FVOCI/n. a. | 8,367 | | 132 | | 8,235 | 132 |
| · Investments (financial investments) | FVTPL | 34,966 | | | 34,966 | | 34,966 |
| · Securities | FVOCI | 16,307 | | 16,307 | | | 16,307 |
| Derivative financial instruments | | 44,434 | | | | | |
| · Forward exchange contracts | FVTPL | 18,038 | | | 18,038 | | 18,038 |
| · Forward exchange contracts (fair value hedges) | n. a. | 11,816 | | | | 11,816 | 11,816 |
| · Interest rate swaps (cash flow hedges) | n. a. | 14,580 | | | | 14,580 | 14,580 |
| Other receivables | | 99,672 | | | | | |
| · Financial receivables | AC | 26,992 | 26,992 | | | | 26,992 |
| · Sundry financial assets | AC | 72,680 | 72,680 | | | | 72,680 |
| **Liabilities:** | | | | | | | |
| Trade payables | AC | 651,637 | 651,637 | | | | 651,637 |
| Bank loans/notes | AC | 780,374 | 780,374 | | | | 754,979 |
| Financial liabilities from leases | n. a. | 123,931 | | | | 123,931 | |
| Derivative financial instruments | | 36,789 | | | | | |
| · Forward exchange contracts | FVTPL | 19,550 | | | 19,550 | | 19,550 |
| · Forward exchange contracts (fair value hedges) | n. a. | 17,239 | | | | 17,239 | 17,239 |
| · Forward exchange contracts (cash flow hedges) | n. a. | 0 | | | | 0 | 0 |
| Other interest-bearing liabilities | | 149,596 | | | | | |
| · Other interest-bearing liabilities | AC | 72,950 | 72,950 | | | | 205,689 |
| · Liabilities arising from the acquisition of investment shareholdings | FVTPL | 76,646 | | 65,712 | 10,934 | | 76,646 |
| Sundry financial liabilities | AC | 287,068 | 287,068 | | | | 287,068 |

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Carrying amounts, amounts recognized in the balance sheet and fair values by measurement category as at September 30, 2022

| | | | Amount recognized in the balance sheet in accordance with IFRS 9 | | | | |
|---|---|---|---|---|---|---|---|
| in € thousands | IFRS 9 measurement category | Carrying amount 2022-09-30 | Amortized cost | Fair value through equity | Fair value through profit or loss | Not assigned to an IFRS 9 measurement category | Fair value 2022-09-30 |
| **Assets:** | | | | | | | |
| Cash and cash equivalents | AC | 411,892 | 411,892 | | | | 411,892 |
| Trade receivables | AC | 882,037 | 882,037 | | | | 882,037 |
| Contract assets | n. a. | 715,432 | | | | 715,432 | 715,432 |
| Other financial assets and securities | | 254,161 | | | | | |
| · Financial investments | AC | 53,203 | 53,203 | | | | 53,203 |
| · Loans | AC | 124,391 | 124,391 | | | | 124,391 |
| · Investments (strategic) | n. a. | 10,966 | | 137 | | 10,829 | 137 |
| · Investments (financial investments) | FVTPL | 49,224 | | | 49,224 | | 49,224 |
| · Securities | FVOCI | 16,377 | | 16,377 | | | 16,377 |
| Derivative financial instruments | | 64,951 | | | | | |
| · Forward exchange contracts | FVTPL | 27,914 | | | 27,914 | | 27,914 |
| · Forward exchange contracts (fair value hedges) | n. a. | 22,430 | | | | 22,430 | 22,430 |
| · Interest rate swaps (cash flow hedges) | | 14,607 | | | | 14,607 | 14,607 |
| Other receivables | | 85,662 | | | | | |
| · Financial receivables | AC | 20,647 | | | | | 20,647 |
| · Sundry financial assets | AC | 65,015 | 65,015 | | | | 65,015 |
| **Liabilities:** | | | | | | | |
| Trade payables | AC | 729,446 | 729,446 | | | | 729,446 |
| Bank loans/notes | AC | 822,520 | 822,520 | | | | 783,021 |
| Financial liabilities from leases | n. a. | 101,710 | | | | 101,710 | |
| Derivative financial instruments | | 54,611 | | | | | |
| · Forward exchange contracts | FVTPL | 28,214 | | | 28,214 | | 28,214 |
| · Forward exchange contracts (fair value hedges) | n. a. | 26,165 | | | | 26,165 | 26,165 |
| · Forward exchange contracts (cash flow hedges) | n. a. | 232 | | | | 232 | 232 |
| Other interest-bearing liabilities | | 176,566 | | | | | |
| · Other interest-bearing liabilities | AC | 98,267 | 98,267 | | | | 184,836 |
| · Liabilities arising from the acquisition of investment shareholdings | FVTPL | 78,299 | | 67,362 | 10,937 | | 78,299 |
| Sundry financial liabilities | AC | 264,527 | 264,527 | | | | 264,527 |

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Fair value hierarchy for the financial assets and liabilities recognized at fair value listed in the table above:

| in € thousands | 2023-09-30 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets** | | | | |
| Securities | 16,307 | 16,307 | 0 | 0 |
| Derivative financial instruments | 44,434 | 0 | 44,434 | 0 |
| Investments | 35,098 | 0 | 0 | 35,098 |
| **Equity and liabilities** | | | | |
| Derivative financial instruments | 36,789 | 0 | 36,789 | 0 |
| Liabilities arising from the acquisition of investment shareholdings | 76,646 | 0 | 0 | 76,646 |

| in € thousands | 2022-09-30 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets** | | | | |
| Securities | 16,377 | 16,377 | 0 | 0 |
| Derivative financial instruments | 64,951 | 0 | 64,951 | 0 |
| Investments | 49,361 | 0 | 0 | 49,361 |
| **Equity and liabilities** | | | | |
| Derivative financial instruments | 54,611 | 0 | 54,611 | 0 |
| Liabilities arising from the acquisition of investment shareholdings | 78,299 | 0 | 0 | 78,299 |

The three-level fair value hierarchy divides the input factors used in the measurement techniques to measure the fair value into three levels, as follows:

Level 1:
Input factors quoted in active markets accessible to the Company for identical assets or liabilities on the measurement date.

Level 2:
Other inputs than those at level 1 for which observable market data which relates directly or indirectly to the financial assets or liabilities is available.

Level 3:
Input factors for which there is no observable market data.

Within the Group, transfers between fair value hierarchy levels are performed at the end of the reporting period. No transfers were made between the levels of the fair value hierarchy in the 2022/23 and 2021/22 fiscal years.

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The fair values of derivative financial instruments allocated to level 2 of the fair value hierarchy are taken from the daily observable exchange rates, associated forward rates and the term structure of interest rates. In addition, fair value measurement includes both the counterparty credit risk and the Group's own credit risk. Input factors that take account of counterparty credit risk can be obtained from observable credit default swaps (CDS) from the banks participating in the respective transaction. At the Voith Group, the market CDS rates were used to calculate the Group's own credit risk.

€35 million (previous year: €49 million) of the investments allocated to level 3 of the fair value hierarchy relate to those held by the Group as investments with a view to generating income. These investments are therefore measured at fair value through profit or loss (FVTPL). The fair values of the investments were determined by firstly calculating the fair value for each investment resulting in each case from the total of the shares held and cash and cash equivalents available as at the measurement date. The equity value of the respective investment is determined on the basis of a market-oriented measurement approach, the multiplier method, and is calculated in each case from the total value of the Company less the net financial position. In the present case, multipliers derived from representative external transactions are used, taking account of current developments up to the measurement date. These multipliers are multiplied by the average of operating results (EBITDA) achieved in the past in relation to the total enterprise value. In a second step, the fair values of the investments attributable to the Voith Group are calculated in accordance with the existing ownership structure. One investment in this measurement category with a market value of €12.5 million was sold in the previous year.

Furthermore, investments that the Group would like to hold over the long term for strategic purposes, and for which it exercised the OCI option, are allocated to level 3 of the fair value hierarchy. Both in the current year and in the previous year, market values of an immaterial amount were determined for these investments. No dividends were recognized in profit or loss from the equity investments designated as FVOCI in the 2022/23 fiscal year.

A rise (fall) in the projected figures or falling (rising) interest rates would give rise to an increase (decrease) in the fair value of the investment.

The fair values of liabilities arising from business combinations that are allocated to level 3 relate to put options held by non-controlling shareholders as well as contractually agreed purchase price installments for the future acquisition of shares. Contractually agreed purchase price installments are measured through profit or loss. The fair values of purchase price installments that are not contractually specified are measured directly in equity. The fair values were determined on the basis of the current planning prepared by management using the discounted cash flow method. The planning assumptions are adjusted to reflect the current information available. A risk-adjusted discount rate (WACC) was used for discounting. Agreements concluded under company law generally contain a fixed formula for calculating the purchase price in the event of the put options being exercised. In this respect, the purchase prices result from the gross business values of the investments determined using the multiplier method in accordance with a contractually agreed definition, minus the net debt, multiplied

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by the non-controllers' shareholdings. If the put options can be exercised only at a later date, the purchase prices are discounted to the reporting date using an interest rate (WACC) appropriate for the term involved.

If the business value of the underlying companies were to increase (decrease), this would lead to an increase (decrease) in the liabilities from the acquisition of investment shareholdings. In contrast, rising (falling) interest rates would lead to a fall (rise) in the liabilities arising from the acquisition of investment shareholdings.

The changes in the fair values of assets and liabilities classified as level 3 in the fair value hierarchy were as follows:

| in € thousands | 2023-09-30 | 2022-09-30 |
|---|---|---|
| **Balance, October 1** | **-28,938** | **8,761** |
| Acquisition of investments | 9,202 | 10,101 |
| Exercise of put options | 5,550 | 15,092 |
| Disposal of investments FVTPL | -18,533 | -26,478 |
| Disposal of investments FVOCI | -5 | 0 |
| Put options from business combinations | 0 | -46,222 |
| Change in valuation policy | 0 | 137 |
| *Fair value changes of the investments recorded in the financial result* | -4,927 | 6,081 |
| Fair value changes in liabilities from the acquisition of investment shareholdings recorded in the financial result | 20 | 329 |
| Fair value changes in liabilities from the acquisition of investment shareholdings not affecting net income | -3,917 | 3,261 |
| **Balance, September 30** | **-41,548** | **-28,938** |

The fair values of financial assets and financial liabilities measured at cost or amortized cost, which need to be determined to meet disclosure requirements, are calculated as follows:

Cash and cash equivalents, trade receivables and other financial receivables are subject to floating interest and fall due within one year. For this reason, their carrying amounts approximate their market values on the reporting date.

Because trade payables and other financial liabilities generally have short residual terms, their carrying amounts approximate the market values.

The market value of the note loan of €395 million (previous year: €419 million) is calculated in the same way as the market values of unlisted bonds, bank loans and other financial liabilities as the present value of the payments associated with the liabilities, based on the effective yield curve and Voith GmbH & Co. KGaA's credit spread curve determined for different currencies (fair value hierarchy level 2).

The market value of other financial liabilities totaling €140 million (previous year: €120 million) was determined based on internal planning data. These are measured using the discounted cash

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flow projections taken from the latest business planning prepared by management. The planning assumptions are adjusted to reflect the current information available (fair value hierarchy level 3).

Net gains and losses recognized in profit or loss for each measurement category of financial instruments:

| in € thousands | 2022/23 | 2021/22 |
|---|---|---|
| Financial assets measured at amortized cost (AC) | -13,430 | 65,777 |
| Financial assets measured at fair value through other comprehensive income (FVOCI) | 572 | 529 |
| Financial assets and liabilities measured at fair value through profit or loss (FVTPL) | 10,570 | 14,839 |
| Financial liabilities measured at amortized cost (AC) | -19,084 | -43,599 |

For details of net gains and losses from financial assets recognized in other comprehensive income, refer to note 19.

Net gains and losses recognized on financial assets measured at amortized cost (AC) mainly relate to trade receivables.

Interest income of €21,925 thousand (previous year: €10,653 thousand) and interest expenses of €40,353 thousand (previous year: €16,166 thousand) for financial assets or financial liabilities relate to those assets or liabilities measured at amortized cost. No interest was recorded for financial assets measured at fair value through other comprehensive income or for financial assets measured at fair value through profit or loss.

### Offsetting of financial instruments

The following table shows the volume that can potentially be offset under master netting agreements. The agreements do not meet the criteria required for net presentation in the balance sheet due to the fact that the Group does not have a present legal right to offset the amounts recognized, as the right to offset is conditional on the occurrence of future events.

| | Derivative financial instruments | | | |
|---|---|---|---|---|
| | Assets | | Equity and liabilities | |
| in € thousands | 2023-09-30 | 2022-09-30 | 2023-09-30 | 2022-09-30 |
| Gross presentation in balance sheet | 44,434 | 64,951 | 36,789 | 54,611 |
| Volume that can potentially be offset against under master netting agreements | 22,117 | 31,277 | 22,117 | 31,277 |
| Potential net amount | 22,317 | 33,674 | 14,672 | 23,334 |

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**Collateral**
As at the reporting date, the financial assets include non-current securities totaling €6,497 thousand (previous year: €7,118 thousand) that are used to cover future pension obligations. Furthermore, €115 thousand of the sundry financial assets (previous year: €114 thousand) has been provided as collateral for liabilities and contingent liabilities. They may be drawn on if the underlying obligations are not fulfilled or if the contingent liabilities are realized.

Assets of €131 thousand (previous year: €159 thousand) have been provided as collateral for financial liabilities.

## Risk management

**Principles of financial risk management**
The Voith Group is a global business and is exposed to risks arising from changes in interest rates and exchange rates in the course of its ordinary business activities which affect its liabilities, assets and transactions. These risks could affect its net assets, financial position and earnings position. The aim of financial risk management is to manage and limit these risks.

The principles of the Group's financial policy are laid down by the Voith GmbH & Co. KGaA Board of Management and monitored by the Supervisory Board. Corporate Finance, a corporate department of Voith GmbH & Co. KGaA, implements the financial policy and regularly reports to the Chief Financial Officer on the financial position of the Group and its current risk exposures. Certain financial transactions require special approval by the Corporate Board of Management. Long-term refinancing is obtained by Voith GmbH & Co. KGaA.

Derivative financial instruments are used to limit the currency and interest rate risks arising both from the operating business and from the resultant financing requirements. These instruments are used in accordance with clearly defined, consistent, Group-wide guidelines. Compliance with these guidelines is verified on an ongoing basis. Hedge transactions and cash investments are placed only with financial institutions that have first-class credit ratings.

**Credit risk**
The Voith Group does business only with recognized, creditworthy third parties. Customers who wish to do credit-based business with the Group are subject to creditworthiness verification.

**Cash and cash equivalents and other financial assets:**
For the purposes of internal risk management, other financial assets consist essentially of cash and short-term securities. Counterparty default risks associated with term deposits are limited by selecting

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solvent banking partners and by spreading cash across multiple counterparties. For banks, a ratings-based limit (derived from credit default swaps/rating) is monitored constantly. If a defined threshold is exceeded with the CDS rates, the limits are reduced and funds have to be allocated. In addition, the Voith Group invests in securities and monitors the associated risks of these centrally. The low credit risk exemption is applied. The Voith Group allocates cash investments primarily to business partners with investment grade ratings. In addition, all counterparties are continually monitored using a risk management system based on CDS rates.

With respect to credit risk arising from the Group's other financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. For details of financial guarantees, please refer to the discussion of contingent liabilities. This kind of loss can occur if individual business partners fail to meet their contractual obligations. As a rule, no collateral exists for such an eventuality.

For determining the expected credit losses (ECL) for other financial instruments, Voith uses an evaluation model in which determination of the ECL is based on probabilities of default observable in the capital market and that are applied in each case to the individual counterparties and the associated exposures. Market-orientated probabilities of default for the relevant counterparties are derived on the basis of the corresponding credit default swap (CDS) rates that reflect the future expected credit losses. In the consolidated financial statements, the ECL for other financial instruments is of secondary importance, which means that no further quantification is necessary.

A significant rise in credit risk is assumed if the financial assets are more than 30 days overdue. An event of default is assumed if the financial assets are more than 90 days overdue. Objective evidence of impairment exists, for example, in a situation where the debtor is in significant financial difficulties or there has been a breach of contract such as an overdue payment.

**Trade receivables:**
Credit risk arising from the delivery of goods and services stems from manufacturing risks and receivable risks. Management of these risks is governed by rules that are binding throughout the Voith Group. The maximum default risk is limited to the carrying amount of trade receivables, which is €870,175 thousand (previous year: €882,037 thousand). The maximum default risk for contract assets is €660,317 thousand (previous year: €715,432 thousand). Based on the collateral held, the maximum default risk for trade receivables is reduced by €152,455 thousand (previous year: €105,331 thousand) and that for contract assets by €92,775 thousand (previous year: €75,755 thousand).

All orders above a defined contract value are subject to general risk assessment requirements. Without special permission from the relevant decision-making bodies, Group companies do not accept unsecured orders from customers whose credit rating is below a defined threshold and who cannot furnish an adequate guarantor.

Political manufacturing and receivables risks with a Euler Hermes Country Risk Level of 3 or higher must, as a rule, be hedged, unless approval is issued by the decision-making bodies in individual cases. Further risk assessment is also activated for orders upward of defined contract values. Necessary credit

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insurance is obtained via export credit agencies (ECAs), in the private insurance market or by means of bank products.

The impairment model in IFRS 9 involves a risk allowance for expected credit losses (ECL). This means that the accounting method is close to the forward-looking credit risk management and necessitates a model for measuring expected credit losses on trade receivables and also for contract assets that takes account of macroeconomic factors ("forward-looking information"). IFRS 9 does not contain any regulations on the specific design of the model.

IFRS 9 does not permit mere extrapolation of credit losses observed in the past, which means that a certain likelihood of default exists even for customers who have always had a first-class rating.

Voith uses a simplified evaluation model in which determination of the ECL is based on probabilities of default observable in the capital market and that are applied in each case to the portfolio of receivables and the contract assets (exposure) for each individual region and Group Division. In this context, allocation of total exposure to the relevant regions is derived from the regional distribution of sales in the past fiscal year. Market-orientated probabilities of default for the relevant regions and Group Divisions are derived on the basis of the corresponding credit default swap (CDS) rates that reflect the future expected credit losses. Any impaired and hedged receivables still contained in the exposure are taken into account as necessary.

In principle, expected credit losses should be determined at the level of individual instruments, but, for the purpose of simplification, clustering is deemed permissible and is customary in practice. With regard to clustering, it should be noted that the clusters must be comprised of financial instruments with homogeneous characteristics. In this respect, the assumption is made that each of the outstanding receivables have similar risk features and are thus subject to similar default probabilities. Voith performs clustering according to the Group Divisions Hydro, Paper, Turbo and Others, and according to geographical regions.

The following structure of external default risk rating classes is derived from the ECL model:

| in € thousands | External rating | Breakdown of receivables | Gross carrying amount* | Impairment loss | Net carrying amount | Loss rate |
|---|---|---|---|---|---|---|
| **2023-09-30** | | | | | | |
| Low risk | **AAA to BBB-** | 88% | 1,458,921 | -8,147 | 1,450,774 | 0.56% |
| Medium risk | **BB+ to BB-** | 6% | 97,784 | -638 | 97,146 | 0.65% |
| High risk | **B+ to B-** | 6% | 97,665 | -6,641 | 91,024 | 6.80% |
| 2022-09-30 | | | | | | |
| Low risk | **AAA to BBB-** | 91% | 1,553,327 | -12,538 | 1,540,789 | 0.81% |
| Medium risk | **BB+ to BB-** | 7% | 61,003 | -739 | 60,264 | 1.21% |
| High risk | **B+ to B-** | 1% | 117,110 | -4,750 | 112,360 | 4.06% |

* Gross carrying amount less impairments and without taking account of deduction of provisions on the assets side.

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The impairment model applied is based on an event of default of the receivable after a maturity of 365 days. None of the financial instruments in the ECL has a credit rating impeding their use.

Prior to application of the model at Group level, the Voith companies examined the portfolio of receivables with regard to objective evidence of impairment, such as delayed payment on the part of the debtor for no apparent reason, significant levels of debt or breach of contract. The gross carrying amount of the impaired receivables from customers is ultimately derecognized when the debtor has become insolvent and insolvency proceedings have been opened.

The Voith Group is not exposed to any material concentration of risks. Corporate policy is to avoid concentration of credit risk in a single financial institution. Instead, the Group invests with a variety of creditworthy financial institutions. The Group's customer structure is not materially concentrated in any particular geographic region. The Group tests doubtful accounts for impairment considering certain customers, historical trends, branches of industry and various other information.

**Liquidity risk**

To ensure that it can always meet its financial obligations, the Voith Group has negotiated sufficient cash lines and syndicated credit facilities with its banking partners.

In February 2020, Voith took out a note loan of €400 million with terms of five, seven and ten years. Fixed rate interest (€169 million) or floating rate interest on the basis of the 6M Euribor (€231 million) is payable on the tranches. The variable interest was fixed in the 2021/22 fiscal year by means of interest rate swaps. Of the long-term loans amounting to €200 million taken out in the 2021/22 fiscal year, floating interest based on the Euribor is payable on €100 million and fixed interest on the other €100 million. No new long-term loans were taken out in the 2022/23 fiscal year.

The euro loan of €600 million successfully refinanced in October 2022 was extended by one year in the 2022/23 fiscal year, as scheduled. The credit line has not been drawn on and is available as a strategic liquidity reserve until 2028, plus one renewal option until 2029. It contains an option to increase the volume of the facility up to a maximum of €800 million subject to the banks' consent.

The revolving syndicated loan in China, which was refinanced in 2019, will be available for financing local working capital until June 2024; it is for an amount of RMB 1,400 million. This facility is currently not being utilized.

The credit facilities are subject to the customary market conditions and contractual terms and conditions based on Voith's rating. As in previous years, all contractual terms and conditions were complied with in full in the 2022/23 fiscal year. The rating given by Moody's rating agency remains unchanged at Ba1 stable.

The liquidity of Group companies is ensured by means of cash pools, intercompany loans and the allocation of external bank credit lines to individual operating units. Corporate Finance produces monthly finance status reports for the entire Group. Balances of central bank and cash pool accounts and bank guarantees are available on a daily basis.

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The table below lists the undiscounted, contractually agreed cash outflows for financial instruments:

| in € thousands | 2023-09-30 | Cash flows < 1 year | Cash flows 1–5 years | Cash flows > 5 years |
|---|---|---|---|---|
| Trade payables | 651,637 | 651,603 | 41 | 0 |
| Bank loans/notes | 780,374 | 175,504 | 617,775 | 46,847 |
| Financial liabilities from leases | 123,931 | 34,951 | 74,164 | 20,940 |
| Other interest-bearing liabilities | 149,596 | 31,716 | 74,232 | 43,648 |
| Other financial liabilities | 287,068 | 267,586 | 18,860 | 622 |
| Derivative financial instruments | 36,789 | | | |
| · Outflows | | 709,518 | 187,938 | 0 |
| · Inflows | | -676,918 | -175,037 | 0 |
| | **2,029,395** | **1,193,960** | **797,973** | **112,057** |

| in € thousands | 2022-09-30 | *Cash flows < 1 year* | *Cash flows 1–5 years* | *Cash flows > 5 years* |
|---|---|---|---|---|
| Trade payables | 729,446 | 729,445 | 282 | 0 |
| Bank loans/notes | 822,520 | 203,734 | 601,073 | 48,862 |
| Financial liabilities from leases | 101,710 | 30,668 | 62,199 | 9,865 |
| Other interest-bearing liabilities | 176,566 | 39,026 | 64,706 | 73,951 |
| Other financial liabilities | 264,527 | 243,986 | 20,760 | 2,087 |
| Derivative financial instruments | 54,611 | | | |
| · Outflows | | 789,226 | 175,841 | 578 |
| · Inflows | | -748,185 | -154,494 | -501 |
| | **2,149,380** | **1,287,900** | **770,367** | **134,842** |

Solvency is ensured and liquidity managed using cash equivalents and short-term securities which can be transformed into cash at any time.

Derivatives include cash outflows for derivative financial instruments with negative market values for which gross cash settlement has been agreed. The cash outflows for these financial derivatives are matched by corresponding cash inflows which are shown separately in the table above under inflows and outflows (gross). On the other hand, where a net cash settlement is effected, cash outflows are presented on a net basis.

There are no expectations that cash flows presented in the maturity analysis could be incurred significantly earlier, or that there will be significant changes to the cash flow amounts.

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## Financial market risk

### Foreign exchange risk:

Its global production and trading activities expose the Voith Group to risks arising from fluctuations in exchange rates. Foreign exchange risks exist in particular wherever receivables, liabilities, cash and cash equivalents, and orders received (fixed obligations/forecast transactions) are or will be denominated in a currency other than the functional currency of the Group company concerned.

Most currency hedging is undertaken by Corporate Finance and its Regional Finance Center. Transaction risks arising from the international delivery of goods and services are mainly limited by forward exchange contracts. In general, all foreign currency transactions at the Voith Group are hedged. Major balance sheet items and orders are hedged individually within the framework of hedge accounting (full fair value method). Based on this, the foreign currency risk essentially corresponds to the nominal value of the forward exchange contracts.

In the project business, both the hedge relationship and the risk management objectives and strategies must be documented in respect of the underlying hedged item or transactions before external hedges are entered into.

Hedges must be highly effective to be in compliance with the Voith Group's risk management strategy. Where hedges are demonstrated to be effective, the transactions qualify for hedge accounting. The Group uses the dollar offset and critical term match method to assess whether the derivative designated in each hedge will probably be effective and has been effective. As a result, fluctuations in the exchange rate do not affect profit or loss, nor do they influence project costing.

The main causes for these hedges being ineffective can be firstly the impact of the credit risk of the counterparties and the Group on the fair value of the forward exchange contracts that are not reflected in the change in the fair value of the hedged cash flows and that are attributable to the change in the exchange rates, and secondly changes in the timing of the hedged transaction.

In the Voith Group, derivative financial instruments are traded externally by Corporate Finance on behalf of Group companies. Group companies in countries subject to foreign exchange restrictions hedge their currency risks locally. A Group-wide treasury management software tool is used for central scheduling, monitoring and documentation of all foreign currency hedges entered into by Corporate Finance or Group companies.

Changes in the US dollar exchange rate are significant for the Voith Group. The net USD exposure amounted to €125 million as at September 30, 2023 (previous year: €191 million). Based on the relevant balance sheet items, the effects on the net result and consolidated equity are as follows: if the US dollar falls by 5%, the result before taxes increases by €873 thousand (previous year: increase of €652 thousand) and other comprehensive income increases by €1,710 thousand (previous year: increase of €3,464 thousand). If, on the other hand, the US dollar rises by 5%, the result before taxes decreases by €873 thousand (previous year: decrease of €652 thousand) and other comprehensive

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income decreases by €1,710 thousand (previous year: decrease of €3,464 thousand). In addition, changes in the CNY exchange rate are also material within the Voith Group. The CNY net exposure included in the sensitivity analysis for the first time as at September 30, 2023, amounted to €50 million as at September 30, 2023. The effects on the net result and consolidated equity are, taking account of the relevant balance sheet items, as follows: if the CNY falls by 5%, the result before tax decreases by €3,036 thousand, and other comprehensive income by the corresponding amount. If, on the other hand, the CNY appreciates by 5%, the result before taxes and, correspondingly, other comprehensive income, increase by €3,036 thousand. The exposure to SEK amounting to €63 million (previous year: €112 million) was not included in the sensitivity analysis.

**Interest rate risk:**
The Voith Group's exposure to interest rate risks arising from external refinancing is analyzed and managed centrally by Corporate Finance. Medium- to long-term assets and liabilities with fixed interest rates are the main source of interest rate risks at the Group, as changes in market rates of interest can cause the value of a financial instrument to fluctuate. The risk to the market value of fixed-interest receivables and liabilities and the interest rate risk with floating-rate receivables and liabilities is hedged on a case-by-case basis, for example by means of interest rate swaps and, where appropriate, hedge accounting is applied.

The Voith Group's risk management strategy requires highly effective hedges. When demonstrated to be effective, the hedge transactions qualify for hedge accounting status. The critical term match method and the dollar offset method are used to prove the effectiveness of the hedge. As a result, interest rate fluctuations do not affect the interest result.

The main causes for these hedges being ineffective can be firstly the impact of the credit risk of the counterparties and the Group on the fair value of the interest rate derivatives that are not reflected in the change in the fair value of the hedged interest payments, and secondly changes in the timing of the hedged exposures.

The relevant asset items are essentially cash at banks that is invested in the money market and/or is used to fund the existing cash pools. The Group companies that participate in the cash pool operate a daily zero-balancing policy and therefore have no exposure to external interest rate risks.

On the cost side, interest rate risks arise from a note loan and a variety of bank loans.

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The carrying amounts of the Group's significant financial instruments that are exposed to interest rate risks are grouped by their contractually agreed maturities in the following table:

| 2023-09-30<br>in € thousands | Less than 1 year | 1–2 years | 2–3 years | 3–4 years | 4–5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| **Floating interest rate** | | | | | | | |
| Cash and cash equivalents | 412,842 | 0 | 0 | 0 | 0 | 0 | **412,842** |
| Bank loans | 153,043 | 100,711 | 711 | 711 | 588 | 0 | **255,764** |
| **Fixed interest rate** | | | | | | | |
| Bank loans | 736 | 200,586 | 21,719 | 261,028 | 737 | 39,802 | **524,608** |

| 2022-09-30<br>in € thousands | Less than 1 year | 1–2 years | 2–3 years | 3–4 years | 4–5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| **Floating interest rate** | | | | | | | |
| Cash and cash equivalents | 411,892 | 0 | 0 | 0 | 0 | 0 | **411,892** |
| Bank loans | 155,236 | 101,109 | 711 | 711 | 711 | 887 | **259,365** |
| **Fixed interest rate** | | | | | | | |
| Bank loans | 38,732 | 737 | 200,480 | 21,711 | 260,967 | 40,528 | **563,155** |

The variable part of the note loan is presented in the fixed interest liabilities as it has been hedged using interest rate swaps. In the event of an increase in the interest rate of 100 basis points, the market value of the interest rate swaps, and correspondingly the other comprehensive income, would increase by €4.4 million (previous year: €6.3 million). A decrease by 100 basis points would bring about a reduction in the market values of the interest rate swaps and correspondingly of the other comprehensive income of €4.5 million (previous year: €6.3 million).

The interest result from the other material floating-rate financial instruments would have been €1.6 million higher (lower) (previous year: €1.5 million higher (lower)) if the market rate of interest had been 100 basis points higher (lower) as at September 30, 2023. This effect mainly results from floating-rate financial instruments denominated in CNY (€1.3 million, previous year: €1.4 million) and denominated in EUR (€-1.6 million, previous year: €-1.7 million). The remainder breaks down into immaterial amounts in various currencies, in particular USD, INR, BRL and CAD.

**Risks relating to securities and stock prices:**
The Voith Group holds securities in the "at fair value through other comprehensive income" (FVOCI) measurement category of €16 million (previous year: €16 million). A 10% change in the underlying stock prices would cause equity to change by 10% of the carrying amount of the stocks concerned.

It should be noted that all existing stock price risks are analyzed continuously and suitable counteraction is taken accordingly.

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### Commodity price risk:

The Voith Group is exposed to risks arising from changes in commodity prices, as these also affect most of the semi-finished goods that it needs. Voith's Corporate Purchasing regularly reviews the nature, volume and scheduling of the Group's materials requirements. On request by Corporate Purchasing and in consultation and agreement with Group companies, suitable forward commodity contracts can be arranged by Corporate Finance to limit any latent commodity price risks. The Group had no commodity contracts during the fiscal year.

### Hedge relationships:

The following items are used to hedge foreign exchange and interest rate risks:

| 2023-09-30 | Nominal values* | | Positive market values | | Negative market values | |
|---|---|---|---|---|---|---|
| in € thousands | < 1 year | > 1 year | < 1 year | > 1 year | < 1 year | > 1 year |
| Forward exchange contracts (fair value hedges) | 425,236 | 157,787 | 9,366 | 2,450 | 12,407 | 4,832 |
| Forward exchange contracts (cash flow hedges) | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest rate swaps (cash flow hedges) | | 231,500 | | 14,580 | 0 | 0 |
| Other derivatives | 867,649 | 124,164 | 14,436 | 3,602 | 16,411 | 3,139 |
| | **1,292,885** | **513,451** | **23,802** | **20,632** | **28,818** | **7,971** |

| 2022-09-30 | Nominal values* | | Positive market values | | Negative market values | |
|---|---|---|---|---|---|---|
| in € thousands | < 1 year | > 1 year | < 1 year | > 1 year | < 1 year | > 1 year |
| Forward exchange contracts (fair value hedges) | 457,869 | 143,191 | 13,404 | 9,026 | 19,752 | 6,413 |
| Forward exchange contracts (cash flow hedges) | 1,237 | 0 | 0 | 0 | 232 | 0 |
| Interest rate swaps (cash flow hedges) | 0 | 231,500 | 0 | 14,607 | 0 | 0 |
| Other derivatives | 821,786 | 211,912 | 17,737 | 10,177 | 19,053 | 9,161 |
| | **1,280,892** | **586,603** | **31,141** | **33,810** | **39,037** | **15,574** |

Positive market values are disclosed at the reporting date as other financial assets and negative market values as financial liabilities (in the case of financial transactions) or as other financial liabilities (in the case of operational transactions).

* Nominal values refer to the volume of the hedged transaction in local currency, translated at the closing rate.

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The market values of the forward exchange contracts were determined as present values of the cash flows taking account of the respective contractually agreed forward rates and the forward rate on the reporting date. The average rates of the forward exchange contracts entered into for material currency pairs are as follows as at September 30, 2023:

| | Average hedged rates | |
|---|---|---|
| | < 1 year | > 1 year |
| USD/EUR | 1.04 | 1.14 |
| CNY/EUR | 7.84 | 9.01 |
| BRL/USD | 5.23 | 5.65 |
| CNY/USD | 6.95 | 6.71 |
| INR/USD | 83.33 | 87.64 |

The average interest rate for the interest rate hedges is 1.003%.

**Fair value hedges:**
The Group uses fair value hedges primarily to hedge foreign exchange risks.

In the 2022/23 fiscal year, a loss of €1,688 thousand was recorded on derivative financial instruments classified as fair value hedges (previous year: a loss of €4,597 thousand). Since the hedges have been mainly classified as highly effective, measurement of the hedged transactions at the reporting date produced an offsetting gain/loss in the same amount.

The following table presents the measurement effects of the underlying hedged transactions ("firm commitments") and the change in the value of the underlying transactions that are used as a basis for determining whether the hedge is ineffective. The change in the value of the hedging instruments that were used as a basis for determining whether the hedge is ineffective corresponds to the change in value of the underlying hedged transactions.

| | Firm commitments | |
|---|---|---|
| in € thousands | 2023-09-30 | 2022-09-30 |
| **Balance sheet item** | | |
| Sundry financial assets | 15,809 | 15,251 |
| Financial liabilities/sundry financial liabilities | 12,253 | 15,812 |
| Change in the value of the underlying hedged transactions that were used as a basis for determining whether the hedge is ineffective | -5,423 | -3,735 |

In the 2022/23 fiscal year, negative effects on profit or loss of €3.2 million arose from ineffective hedges (previous year: positive effects of €3.4 million) that are contained in other expenses.

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Changes in the value of derivative financial instruments that do not meet the requirements for hedge accounting under IAS 39 are recognized as income or expenses in profit or loss at the reporting date.

**Cash flow hedges:**
As at September 30, 2023, there were cash flow hedges in place that are subject to interest rate risks.

Hedge relationships designed to hedge interest rate risks were classified as highly effective. Accordingly, an unrealized loss of €27 thousand (previous year: gain of €14,415 thousand) was recognized within consolidated equity in other reserves as at September 30, 2023.

The following table presents the measurement effects of the underlying hedged transactions ("forecast transactions") and the change in the value of the underlying transactions that are used as a basis for determining whether the hedge is ineffective. The change in the value of the hedging instruments that were used as a basis for determining whether the hedge is ineffective corresponds to the change in value of the underlying hedged transactions.

| | Foreign exchange risk Forecast transactions | | Interest rate risk Floating interest rate instruments | |
|---|---|---|---|---|
| in € thousands | 2023-09-30 | 2022-09-30 | 2023-09-30 | 2022-09-30 |
| Change in the fair values of the underlying transactions | -81 | 192 | 27 | -14,607 |
| Hedge reserve | 0 | -231 | 14,580 | 14,607 |
| Change in the value of the underlying hedged transactions that were used as a basis for determining whether the hedge is ineffective | -81 | 192 | 27 | -14,607 |

There were no effects on profit or loss from ineffective hedges in the 2021/22 and 2022/23 fiscal years.

In the 2022/23 fiscal year, there was a reclassification from other reserves of €150 thousand (previous year: €407 thousand) to other operating expenses in the statement of income on account of the termination of hedges. No effects were reclassified in the statement of income relating to the interest rate swaps.

**Research and development costs**
In the 2022/23 fiscal year, research and development costs totaled €231,884 thousand (previous year: €212,544 thousand).

Of this amount, development costs of €3,112 thousand (previous year: €5,441 thousand) were capitalized in the balance sheet. The remaining costs represent activities for non-customer-specific new developments and improvements of €169,751 thousand (previous year: €155,702 thousand) and development activities of €59,021 thousand (previous year: €51,401 thousand) capitalized for customer-specific contracts.

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## Transactions with related parties and individuals

In the course of its ordinary business activities, Voith GmbH & Co. KGaA maintains relationships both with the subsidiaries listed in these consolidated financial statements and with other related companies and individuals (family members who are shareholders, and members of the Supervisory Board and of the Board of Management).

In the 2007/08 fiscal year, one subsidiary of Voith GmbH (as it was known at the time) was sold to family shareholders in a transaction under common control. That company, JMV GmbH & Co. KG, Heidenheim an der Brenz, Germany, was merged into JMV SE & Co. KG, Heidenheim an der Brenz, Germany, in the 2019/20 fiscal year. Since then, it has been the ultimate parent company of the Voith Group.

All business transactions with related parties are on principle conducted at arm's length conditions.

Members of the Board of Management of Voith Management GmbH, members of the Supervisory Board of Voith GmbH & Co. KGaA and family member shareholders also serve on the supervisory boards of other companies with which Voith maintains relationships in the course of its ordinary business activities. Any transactions involving these companies are conducted at arm's length conditions.

A total of €600 thousand (previous year: €680 thousand) was paid at customary market rates to members of the Supervisory Board and former members of the Board of Management for consulting and other services. Consulting services for a total of €460 thousand were provided by other related parties (previous year: €460 thousand), where the last quarterly invoicing was taken into account in the form of a provision totaling €115 thousand (previous year: €0). This means there were no trade payables as at September 30, 2023 (previous year: €115 thousand).

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The majority of goods and service transactions with related parties (entities and individuals) are shown in the table below:

| in € thousands | 2022/23 | 2021/22 |
|---|---|---|
| Liabilities to family shareholders | 4,757 | 9,165 |
| Services purchased from associates | 749 | 261 |
| Services rendered to associates | 290 | 292 |
| Receivables from associates | 871 | 437 |
| Liabilities to associates | 700 | 1,073 |
| Services purchased from other investments | 3,717 | 2,732 |
| Services rendered to other investments | 19,053 | 12,020 |
| Receivables from other investments, including advances paid | 22,411 | 12,891 |
| Impairment of receivables from other investments | -354 | -354 |
| Liabilities to other investments and to Voith Management GmbH | 34,021 | 29,018 |
| Loans to JMV Hydro Beteiligungen GmbH | 121,000 | 120,600 |
| Services purchased from joint ventures | 1,388 | 2 |
| Services rendered to joint ventures | 1,128 | 9 |
| Receivables from joint ventures | 529 | 170 |
| Liabilities to joint ventures | 1,142 | 971 |
| Services purchased from the ultimate parent company | 13,068 | 12,999 |
| Services rendered to the ultimate parent company | 1,417 | 1,393 |
| Receivables from the ultimate parent company | 0 | 676 |
| Liabilities to the ultimate parent company | 12,269 | 11,208 |

The loan to JMV Hydro Beteiligungen GmbH is subject to a qualified subordination in the amount of €20,000 thousand.

Liabilities to family shareholders include current floating-rate clearing accounts and pension obligations.

For more information on the profit participation rights of €103,400 thousand (previous year: €103,400 thousand) granted to family shareholders, please refer to note 19.

In the 2022/23 fiscal year, guarantees of €3,371 thousand (previous year: €2,424 thousand) were issued in favor of other investments.

No capital increases in favor of associates were performed in the 2022/23 fiscal year (previous year: €1,003 thousand).

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## Compensation of governing bodies

The compensation for members of the Board of Management of Voith Management GmbH, including pension expenses, totaled €11,720 thousand in the fiscal year (previous year: €9,416 thousand). Due to the fact that these expenses are recharged by Voith Management GmbH to Voith GmbH & Co. KGaA, they are presented in the Voith Group's consolidated statement of income wholly within personnel expenses. This amount includes short-term benefits totaling €11,062 thousand (previous year: €8,515 thousand) and post-employment benefits of €658 thousand (previous year: €901 thousand).

The compensation for members of the Board of Management under commercial law totaled €10,056 thousand (previous year: €7,741 thousand).

As a consequence of bringing together the Corporate Board of Management at Voith Management GmbH, the pension commitments to this group of individuals existing prior to their appointment to the Voith Corporate Board of Management were transferred to Voith Management GmbH at the respective fulfillment amount under commercial law. In the 2022/23 fiscal year, around €520 thousand (previous year: €0) were transferred.

The present value as at September 30, 2023, of the defined benefit obligations to the Corporate Board of Management at Voith Management GmbH amounted to €6,498 thousand (including entitlements from deferred compensation; previous year: €6,258 thousand).

The present value of defined benefit obligations toward past members of the Board of Management totaled €66,109 thousand (previous year: €67,588 thousand). Of this amount, €1,890 thousand (previous year: €2,311 thousand) relates to obligations on the part of the former parent of the Group, J.M. Voith SE & Co. KG, toward past members of the Corporate Board of Management.

Plan assets for former members of the Board of Management total €38,226 thousand (previous year: €38,977 thousand).

These amounts are included in note 20.

The compensation for past members of the Board of Management totaled €5,957 thousand (previous year: €4,624 thousand). Of this amount, €347 thousand (previous year: €411 thousand) relates to compensation for the members of the Board of Management of the former parent of the Group, J.M. Voith SE & Co. KG.

The members of the Supervisory Board of Voith GmbH & Co. KGaA received (short-term) compensation of €414 thousand (previous year: €378 thousand).

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## Auditor's fees and services

The following fees (including reimbursement of expenses) were paid to the independent auditor for the services rendered in the 2022/23 fiscal year:

| in € thousands | 2022/23 | 2021/22 |
|---|---|---|
| Annual audit | 3,099 | 3,102 |
| Other assurance or valuation services | 0 | 41 |
| Tax advisory services | 535 | 778 |
| Other services | 0 | 49 |
| | **3,634** | **3,970** |

## Subsequent events

Dr. Stefan Kampmann is stepping down as a member of the Corporate Board of Management as of November 30, 2023.

No additional significant developments have occurred since the close of the 2022/23 fiscal year.

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# Corporate Board of Management

The following were appointed members of the Board of Management of Voith Management GmbH in the 2022/23 fiscal year:

Dr. Toralf Haag
Stephanie Holdt
Dr. Stefan Kampmann
Andreas Endters
Uwe Wehnhardt (until October 31, 2022)
Dr. Tobias Keitel (from November 1, 2022)
Cornelius Weitzmann

Heidenheim an der Brenz, November 29, 2023

The Board of Management of Voith Management GmbH

Dr. Toralf Haag

Stephanie Holdt

Dr. Stefan Kampmann

Andreas Endters

Dr. Tobias Keitel

Cornelius Weitzmann

The German language consolidated financial statements of Voith GmbH & Co. KGaA as at September 30, 2023, as authorized for issue and the unqualified audit opinion issued thereon by KPMG Wirtschaftsprüfungsgesellschaft, Munich, will be filed with the German company register. They can be viewed at www.unternehmensregister.de.

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# Responsibility statement

To the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and earnings position of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Heidenheim an der Brenz, November 29, 2023

The Board of Management of Voith Management GmbH

Dr. Toralf Haag

Stephanie Holdt

Dr. Stefan Kampmann

Andreas Endters

Dr. Tobias Keitel

Cornelius Weitzmann

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## Contact

**Voith Group**
Phone: +49 7321 37 0
Fax: +49 7321 37 7000
E-mail: info@voith.com

**Group Communications**
Phone: +49 7321 37 2877
Fax: +49 7321 37 7107
E-mail: info@voith.com

**Investor Relations**
Phone: +49 7321 37 2332
Fax: +49 7321 37 7010
E-mail: info@voith.com

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Voith GmbH & Co. KGaA
St. Pöltener Str. 43
89522 Heidenheim, Germany
Phone: +49 7321 37 0
Fax: +49 7321 37 7000

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This annual report is also available in German. Both versions, as well as other information, can be downloaded at www.voith.com.

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# Reproduction of the independent auditor's report

Based on the results of our audit, we have issued the following unqualified audit opinion:

## Independent Auditor's Report

To Voith GmbH & Co. KGaA, Heidenheim an der Brenz

### Opinions

We have audited the consolidated financial statements of Voith GmbH & Co. KGaA, Heidenheim an der Brenz, and its subsidiaries (the Group) – which comprise the consolidated statement of financial position as of September 30, 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from October 1, 2022, to September 30, 2023, and notes to the consolidated financial statements, including the accounting policies presented therein. In addition, we have audited the group management report of Voith GmbH & Co. KGaA for the financial year from October 1, 2022, to September 30, 2023.

In accordance with German legal requirements, we have not audited the content of the components of the Group management report referred to in the "Other information" section of our auditor's 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 Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of September 30, 2023, and of its financial performance for the financial year from October 1, 2022 to September 30, 2023, and

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- 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 elements of the group management report referred to in the "Other information" section of our auditor`s report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and 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 Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Public Auditors in Germany]. 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 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**

Management is responsible for the other information. *The other information comprises the following non-audited components of the Group management report: The information contained in the Group management report that is not part of the management report and is labelled as unaudited.*

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.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report**

Management is responsible for the preparation of 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 Section 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, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, 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, management is 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, management is 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, management is 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 re-

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quirements 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 Section 317 HGB and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 controls.
- 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 opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's 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 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 Section 315e (1) HGB.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express 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 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 management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management 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 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.

Munich, November 29, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

[signature] Huber
Wirtschaftsprüfer
[German Public Auditor]

[signature] Hachmann
Wirtschaftsprüfer
[German Public Auditor]

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Munich, November 29, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Huber
Wirtschaftsprüfer
[German Public Auditor]

Hachmann
Wirtschaftsprüfer
[German Public Auditor]