

# Report of the Supervisory Board



**Dr. Dietmar Voggenreiter**  
Chairman of the Supervisory Board

*Dear Shareholders,*

The 2023 financial year was a good one for your company, DEUTZ AG.

The reorganization of the Board of Management in 2022 laid the foundation for further developing the corporate strategy and responding to changing market and customer needs. The result is the Dual+ strategy presented at the beginning of 2023, which the Board of Management team developed and defined in greater detail in consultation with the Supervisory Board. The first steps to implement the strategy and key milestones were achieved even before the year was out.

The Board of Management drove forward the market consolidation in the Classic segment through the two strategic projects with Daimler Truck AG and Rolls-Royce Power Systems AG and further improved the Classic segment's profitability. A similar approach was taken for the expansion of the service business. Initial progress was made with this too thanks to acquisitions in Chile and Scandinavia. Strengthening the Classic segment and the service business provides the foundations for establishing and expanding the Green segment. Strategically important steps were taken to drive forward this repositioning during the reporting year. Examples include the start of volume production of the hydrogen-fueled internal combustion engine TCG 7.8 H2, the approval of the E-DEUTZ toolbox for volume production, and the definition of a roadmap for the sale of Torqeedo.

In short, DEUTZ AG is well positioned for the future. The Company's adjusted EBIT from continuing operations was up by almost 40 percent to €143.5 million. However, even taking into account discontinued operations as well as all exceptional items, DEUTZ achieved EBIT of over €100 million for the first time in many years.

Thanks to its Dual+ strategy and robust earnings performance, your DEUTZ AG is on a very promising path for the upcoming period of transformation.

Progress with this transformation and the implementation of the Dual+ strategy are discussed and reported on regularly in the meetings of the Supervisory Board and its committees.

## OPERATING PROCEDURES OF THE SUPERVISORY BOARD

In 2023, the Supervisory Board of DEUTZ AG continued its ongoing monitoring of the management of the business in accordance with the requirements of the German Stock Corporation Act (AktG) and the **German Corporate Governance Code** and provided advice to the Board of Management on key decisions. The Supervisory Board was involved in all material decisions made by the Board of Management. In particular, the Board of Management coordinated closely with the Supervisory Board on the Company's corporate strategy.

A total of four ordinary and six extraordinary meetings of the Supervisory Board were held in 2023.

Apologies for absence were received from Ms. Sophie Albrecht for the meetings on January 18 and 30, 2023. All members of the Supervisory Board participated in all the other meetings in 2023. At four meetings, everyone attended in person, while two meetings were held entirely as a telephone/video conference. The other four meetings were hybrid events, with some attendees taking part in person and others joining virtually using telephone/video conferencing technology.

The attendance rates of the individual Supervisory Board members were as follows:

Supervisory Board member	Number of meetings of the Supervisory Board	Number of meetings attended	Attendance rate
Dr. Dietmar Voggenreiter Chairman of the Supervisory Board	20	20	100%
Sabine Beutert Deputy Chairwoman of the Supervisory Board	18	18	100%
Sophie Albrecht	3	1	33%
Dr.-Ing. Bernd Bohr	3	3	100%
Yavuz Büyükdag	4	4	100%
Dr. Fabian Dietrich	12	12	100%
Helmut Ernst	7	7	100%
Hans-Peter Finken	4	4	100%
Melanie Freytag	7	7	100%
Patricia Geibel-Conrad	14	14	100%
Ismail-Hilmi Kocer	6	6	100%
Gottfried Laengert	6	6	100%
Alois Ludwig	6	6	100%
Dr.-Ing. Rudolf Maier	13	13	100%
Bernd Maierhofer	7	7	100%
Katja Olligschläger	4	4	100%
Hans-Jörg Schaller	6	6	100%
Corinna Töpfer-Hartung	6	6	100%
Ali Yener	4	4	100%

At each of the ordinary meetings of the Supervisory Board, the Board of Management reported on the general economic, market, and competitive environment for the DEUTZ Group, presented a business update and sales report that included detailed information on the actual performance of the business over the immediately preceding period, submitted an up-to-date risk report, provided information on key operational issues, and offered an overview of the results forecast for the year as a whole. These reports were made on the basis of the key performance indicators that were already familiar to the Supervisory Board members from the Company's written monthly reports. These key performance indicators included new orders, orders on hand, revenue, unit sales, EBIT, research and development expenditure, capital expenditure, working capital, quality data, and headcount data, in each case compared against the prior-year figures and budget. Reports from the Human Resources and Audit Committees presented by their respective chairpersons were also a regular item on the agenda of the Supervisory Board meetings.

## FOCUS OF SUPERVISORY BOARD DELIBERATIONS

The deliberations and discussions of the Supervisory Board in the year under review focused on the current business position and risk situation of the DEUTZ Group as well as on the operational and strategic development of the business. The latter was the subject of an extraordinary Supervisory Board meeting. In addition to the wider macroeconomic conditions, the Company's revenue, earnings, liquidity, supply of parts, and staffing levels were particularly affected by the war in Ukraine. Important activities in the reporting year included the transaction with Daimler Truck AG, the roadmap for the sale of Torqeedo, the further expansion of the service business through mergers and acquisitions in Scandinavia and South America, the development of new customer business, and measures to bring about lasting quality improvements. Other key decisions concerned the 2024 budget, the medium-term planning up to 2028, and the approval of capital expenditure and development projects. The Supervisory Board also adopted resolutions concerning the achievement of targets by the Board of Management – and consequently its variable remuneration for the previous year – as well as the setting of its targets and medium-term targets for the current year.

The Board of Management ensured that it provided the Supervisory Board with comprehensive, regular, and timely information at all times during the period under review. Between meetings, the Board of Management informed the members of the Supervisory Board in writing about all important events. In addition, the chairman of the Supervisory Board and the chairman of the Board of Management remained in regular contact to discuss all important transactions, imminent decisions, and optimization measures. All the decisions that the Supervisory Board was required to make in accordance with the law and Statutes were made on the basis of the reports and draft resolutions submitted by the Board of Management and, where necessary, following preparation by the relevant committees of the Supervisory Board.


## COMPOSITION OF THE BOARD OF MANAGEMENT

The Company's Board of Management consists of four people: Dr. Sebastian C. Schulte (Chairman, responsible for technical and head-office functions and for sustainability), Dr. Ing. Petra Mayer (responsible for production and purchasing), Dr. Ing. Markus Müller (responsible for research and development, sales, and service), and Mr. Timo Krutoff (responsible for finance, human resources, and information services).

At the Supervisory Board meeting on January 18, 2023, following preparatory work by the Human Resources Committee, the Supervisory Board extended Dr. Ing. Sebastian C. Schulte's term of appointment by five years, i.e. for the period from January 1, 2024 to December 31, 2028.

At the Supervisory Board meeting on March 15, 2023, following preparatory work by the Human Resources Committee, the Supervisory Board also extended Dr. Ing. Markus Müller's appointment by five years, i.e. for the period from March 15, 2024 to March 14, 2029.

## CORPORATE GOVERNANCE: DECLARATION OF CONFORMITY NO DEVIATIONS

At its meeting on December 12, 2023, the Supervisory Board held in-depth discussions on the **German Corporate Governance Code** (DCGK, version dated April 28, 2022) and, together with the Board of Management, issued a declaration of conformity pursuant to section 161 AktG. This declaration does not include any deviations from the Code. Since December 13, 2023, it has been available in the **Corporate Governance** section of the DEUTZ AG website at [www.deutz.com](http://www.deutz.com), where it can be downloaded.  See also

Corporate governance declaration and corporate governance report, p. 20 onward.

## MATTERS HANDLED EFFICIENTLY BY FOUR COMMITTEES

The Supervisory Board has created four committees to enable it to perform its duties effectively. These committees prepare various topics and resolutions for the full Supervisory Board. Details of all members of the Supervisory Board and its committees, as well as other directorships held by its members, are shown separately from page 17 of this annual report. [📄 See also](#)

Report of the Supervisory Board, p. 10 onward.

At the time this annual report was published, the members of the Human Resources Committee were Dr. Dietmar Voggenreiter (chairman), Ms. Sabine Beutert, and Dr. Ing. Rudolf Maier. The Human Resources Committee makes preparations for all Supervisory Board decisions concerning the appointment of members of the Board of Management and their contracts of employment, including the remuneration specified therein, and all issues arising in this connection. It particularly focuses on long-term succession planning, which involves identifying suitable candidates at an early stage. In this task, it is supported by external consultants. The Human Resources Committee held four meetings in 2023, all of which were attended in person by all members of the committee. Among the main matters addressed were a revision of the remuneration system for the Board of Management, the achievement of the Board of Management's targets for 2022, and the setting of the Board of Management's targets for 2023.

At the time this annual report was published, the members of the **Audit** Committee were Ms. Patricia Geibel-Conrad (chairwoman), Ms. Sabine Beutert (deputy chairwoman), Dr. Dietmar Voggenreiter, and Dr. Fabian Dietrich. Due to her professional background as an auditor and tax consultant, Ms. Geibel-Conrad has expertise in the areas of accounting and auditing within the meaning of Section D.3 of the **German Corporate Governance Code** in the version dated April 28, 2022. Ms. Beutert has a degree in economics and as a long-standing secretary of the German Metalworkers' Union has relevant expertise in the field of accounting. Dr. Voggenreiter also has relevant expertise in the field of accounting due to his professional background as Head of Corporate Controlling at Audi AG, Ingolstadt, and as a former Member of the Board of Management (with responsibility for marketing and sales) of Audi AG, Ingolstadt.

The Audit Committee held four scheduled meetings in 2023, all of which were attended in person by all members of the committee and the Board of Management. The auditor also attended all but one of the meetings. Guests were able to participate virtually, with some of them making use of this option. Where necessary, the committee meetings were held entirely or in part without the Board of Management and/or without the auditor.

The committee's work primarily focused on the preparatory review of the annual and consolidated financial statements, including the combined management report and separate combined non-financial report of DEUTZ AG and the DEUTZ Group. The auditor's report on its review of the condensed

consolidated financial statements and the interim management report for the first half of the year was discussed at length together with the Board of Management and in the presence of the auditor. The interim management statements for the first and third quarters were discussed in detail with the Board of Management. In between meetings, the chairwoman of the Audit Committee kept in close contact with the Chief Financial Officer in order to share information and ideas.

The committee examined the monitoring of the accounting process, the appropriateness, effectiveness, and further development of the internal control system, the effectiveness of the risk management system, the **compliance** management system, and Corporate Audit. In the committee's meetings, the heads of relevant head-office functions were available to answer questions and give reports on specific topics. The annual activity report presented by the Head of Corporate Audit and the report's findings were discussed, and Corporate Audit's audit plan for the reporting year was adopted. Moreover, the committee examined the Compliance Officer's report and addressed the wider subject of compliance within the Company. Further topics that were discussed regularly included IT matters and the reporting on important legal disputes.

The Board of Management also reported regularly to the Audit Committee on the course of business in the segments, relevant key performance indicators for the Group, the liquidity and funding situation, and – on an ad hoc basis – on matters relating to Corporate Audit, compliance, data security, and data integrity.

Other key areas addressed over the course of the year included the Group's performance and activities in China, the working capital, current and future regulatory requirements in the field of sustainability reporting, and various issues relating to accounting and sustainability, such as the implementation of reporting requirements arising from the EU taxonomy, and the implementation of the German **Supply Chain Due Diligence Act** (LkSG). The Board of Management reported on potential transactions with related parties on at least a quarterly basis. As in previous years, no transactions requiring approval or disclosure were identified in 2023. With regard to the collaboration with the auditor, the committee reviewed the non-audit services performed in the reporting year and received reports on projects planned for the following year. No issues were identified. Finally, the Audit Committee resolved on the planning for 2024.

For the 2023 reporting year and extending into 2024, the Audit Committee has determined a »review of the implementation and delivery of regulatory requirements for sustainability reporting« as a focal point of the audit assignment.

The chairwoman of the Audit Committee routinely provided detailed updates on the committee's work at each subsequent meeting of the full Supervisory Board.

For the final time, the Audit Committee recommended that the Supervisory Board propose to the Annual General Meeting that PricewaterhouseCoopers GmbH Wirtschaftsprüfungs-

gesellschaft, Cologne, be appointed as auditor of the financial statements for the 2023 financial year. The auditor declared to the Audit Committee that there were no circumstances providing grounds to suspect that its opinion was prejudiced. The Audit Committee obtained the necessary declaration of independence from the auditor and verified that it was qualified for the role. In addition, the committee discussed the auditor's fee, appointed the auditor, determined additional areas of focus of the audit, and monitored the quality of the auditing. The chairwoman of the committee and the auditor also shared information on a variety of topics between the meetings.

One of the Audit Committee's key priorities in the reporting year was the mandatory scheduled external rotation of the audit firm at the end of the 2023 financial year and the tender procedure for the 2024 audit in accordance with Regulation (EU) No. 537/2014. Fulfilling its duties, the committee issued a public invitation to tender, evaluated the responses to the tender offer in detail, and finally validated the tender report prepared by the Board of Management. No issues were raised as part of this process. The committee also recommended that the Supervisory Board propose to the 2024 Annual General Meeting that BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, Düsseldorf branch, or as an alternative, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Cologne branch, be appointed as auditor of the annual and consolidated annual financial statements of DEUTZ AG, as auditor for the review of the interim consolidated financial statements and interim group management report for the first six months of 2024, and as auditor of the 2024 financial statements of certain consolidated subsidiaries. The Audit Committee stated that it preferred BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, Düsseldorf branch, and gave reasons for this.

At its meeting on March 7, 2024, which was attended by the auditor and the Board of Management, the Audit Committee held an in-depth discussion about the aforementioned financial statements and the proposal for the appropriation of profit on the basis of the presented annual and consolidated financial statements and the combined management report of DEUTZ AG, in each case for the year ended December 31, 2023, along with the Board of Management report and the corresponding auditor's reports. During the meeting, the auditor gave a detailed report on the process and key findings of the audits of the financial statements at the parent company and at the German and non-German subsidiaries. No issues were raised in the audit findings. The internal control system relating to the accounting system, the early-warning system for risk, the key audit matters, and the focus of the audit were discussed in detail. The auditor provided in-depth answers to all further questions. No material weaknesses in the internal control system were identified. The auditor also established that the Board of Management had set up an appropriate information and monitoring system that is capable, at an early stage, of identifying any risks to the Company's continued existence as a going concern.

The committee's preparatory review also encompassed the separate combined non-financial report of DEUTZ AG and the DEUTZ Group and the remuneration report. The Supervisory Board had engaged PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft to also conduct a review with limited assurance of the non-financial report, to audit the content of the remuneration report, and to produce related assurance reports. The auditor reported on this audit and review at the meeting as well. This was followed by an intensive discussion of the main results. In both cases, an audit opinion without qualification was issued.

At the meeting of the full Supervisory Board on March 14, 2024, the chairwoman of the committee reported in detail on the aforementioned audit and review and their findings. The recommendations prepared for the Supervisory Board for resolutions concerning the financial statements were approved and adopted by the Supervisory Board without change in each case.

The committee kept up to date with the changes to the regulatory environment and discussed the measures that would need to be taken by DEUTZ AG to meet additional requirements arising from the further development of rules on sustainability reporting, such as the European Sustainability Reporting Standards (ESRS), the **Corporate Social Responsibility Directive** (CSRD), and the Corporate Sustainability Due Diligence Directive (CSDDD).

At the time this annual report was published, the members of the Arbitration Committee were Dr. Dietmar Voggenreiter (chairman), Ms. Sabine Beutert, Ms. Melanie Freytag, and Mr. Gottfried Laengert. The Arbitration Committee set up pursuant to section 27 (3) of the German Codetermination Act (MitbestG) is responsible for the activities described in section 31 (3) MitbestG. It did not need to be convened during the year under review.

At the time this annual report was published, the members of the Nominations Committee were Dr. Dietmar Voggenreiter (chairman), Ms. Patricia Geibel-Conrad, and Dr. Ing. Rudolf Maier. The Nominations Committee is tasked with proposing to the Supervisory Board suitable candidates as shareholder representatives on the Supervisory Board. It held two meetings in 2023, both of which were attended in person by all members of the committee.

The main matters addressed at the meetings were the preparations for the Supervisory Board elections that were held in 2023, and the identification and careful selection of suitable candidates, taking account of the Supervisory Board's profile of skills and expertise and its diversity plan.

The Supervisory Board approved the recommendations for board resolutions submitted by the committees.

## ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AUDITED IN DETAIL AND APPROVED

The annual financial statements of DEUTZ AG prepared by the Board of Management in accordance with the German Commercial Code (HGB), the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) – as adopted by the European Union (EU) – and the additional German statutory requirements pursuant to section 315 (1) HGB, and the combined management report for DEUTZ AG and the DEUTZ Group, in each case for the year ended December 31, 2023, were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Cologne (Germany), the auditor appointed by the Annual General Meeting on April 27, 2023. The auditor issued unqualified opinions. The auditor also established that the Board of Management had set up an appropriate information and monitoring system that is capable, at an early stage, of identifying any risks to the Company's continued existence as a going concern. PwC GmbH Wirtschaftsprüfungsgesellschaft, Cologne, has been the auditor for DEUTZ AG and the DEUTZ Group since the 2014 financial year. The designated German public auditors [Wirtschaftsprüfer] are Harald Wimmer (the German public auditor responsible for the audit since the 2021 financial year) and Clivia Döll (since the 2021 financial year).

The annual financial statements of DEUTZ AG, the consolidated financial statements, the combined management report, the Board of Management's proposal for the appropriation of profit, and the auditor's reports were made available to all members of the Supervisory Board and were examined by the Supervisory Board. The auditor explained its audit findings in detail to the Audit Committee meeting held on March 7, 2024 and to the Supervisory Board meeting held on March 14, 2024 and answered any supplementary questions raised. The Supervisory Board approved the findings of the auditor's reports on DEUTZ AG and the DEUTZ Group. The concluding findings of the Supervisory Board's own review have not led to any reservations about either the annual financial statements or the consolidated financial statements, and the Supervisory Board has therefore approved them. The annual financial statements have thus been adopted. Finally, the Supervisory Board reviewed the separate combined non-financial report in accordance with its obligation pursuant to section 171 (1) sentence 4 AktG. It did not identify any issues.

## COMPOSITION OF THE SUPERVISORY BOARD AND ITS COMMITTEES

In the reporting year, the composition of the Supervisory Board changed as follows:

In the elections for the six shareholder representatives on the Supervisory Board at the Annual General Meeting on April 27, 2023, Ms. Melanie Freytag, Mr. Helmut Ernst, and Mr. Bernd Maierhofer were elected as members of the Supervisory Board for the first time. Ms. Patricia Geibel-Conrad, Dr. Dietmar Voggenreiter, and Dr. Ing. Rudolf Maier were re-elected as members of the Supervisory Board. The terms of appointment of Ms. Sophie Albrecht, Dr. Ing. Bernd Bohr, and Mr. Alois Ludwig came to their scheduled end at the close of the Annual General Meeting. The Supervisory Board would like to express its gratitude to Ms. Albrecht, Dr. Ing. Bohr, and Mr. Ludwig for their hard work and unfaltering commitment to the success of the Company.

At the constitutive meeting of the Supervisory Board after the Annual General Meeting, Dr. Dietmar Voggenreiter was re-elected as chairman of the Supervisory Board. In addition, the Supervisory Board re-elected Ms. Sabine Beutert as its deputy chairwoman.

Elections for the employee representatives on the Supervisory Board also took place in 2023. As a result of these elections on June 13, 2023, Mr. Ismail-Hilmi Kocer, Mr. Gottfried Laengert, and Mr. Hans-Jörg Schaller were newly elected as members of the Supervisory Board, while Ms. Sabine Beutert and Dr. Fabian Dietrich were re-elected as employee representatives on the Supervisory Board.

The courts appointed Ms. Katja Olligschläger to the Supervisory Board as an employee representative with effect from July 24, 2023. This judicial appointment had been requested by the Board of Management in accordance with a resolution passed by the General Works Council. It was required because the outcome of the election of employee representatives did not fulfill the statutory gender quota requirements stipulated in section 96 (2) AktG in conjunction with section 18a MitbestG.

Following the reconstitution of the individual committees of the Supervisory Board after the Supervisory Board elections in the reporting year, the composition of these committees changed as set out below.

At the Supervisory Board meeting on July 1, 2023, Dr. Fabian Dietrich was elected as a member of the Audit Committee with effect from July 1, 2023. Dr. Dietrich succeeded Ms. Töpfer-Hartung, who left the Supervisory Board. On the same day, the Supervisory Board also elected Mr. Gottfried Laengert as a member of the Arbitration Committee, where he succeeded Mr. Ali Yener, who had vacated his position.

In the reporting year, the Supervisory Board conducted a self-assessment (article D.12 DCGK, as amended on April 28, 2022) with support from an external consultancy. The evaluation of this self-assessment started in 2023 and the findings will be used to derive pertinent measures in 2024.

DEUTZ AG supports members when they first join the Supervisory Board and subsequently offers them training and continuing professional development (CPD), covering the associated costs. In the reporting year, all Supervisory Board members received training from external experts on the rights and duties of the Supervisory Board, on alternative fuels for use in internal combustion engines, and on sustainability reporting (especially in accordance with the **CSRD**). Suitable training and CPD measures are regularly discussed by the Supervisory Board members among themselves and also with the Board of Management and the chairman of the Supervisory Board. New members are also provided with comprehensive information on the Company's **corporate governance**. As is customary at DEUTZ AG, Supervisory Board members are given the chance to get to know the Company and the individual departments for themselves. This option was once again taken up in 2023.

## CONFLICTS OF INTEREST / INDEPENDENCE OF SUPERVISORY BOARD MEMBERS / THANKS

No conflicts of interest between members of the Supervisory Board and DEUTZ AG arose in the year under review. The current members of the Supervisory Board of DEUTZ AG are all considered independent within the meaning of article C.6 sentence 2 of the **German Corporate Governance Code** in the version dated April 28, 2022.

The Supervisory Board would like to express its thanks and appreciation to all employees of the DEUTZ Group in Germany and abroad, to the elected employee representatives, and to the Board of Management for their valuable efforts and the considerable dedication they showed in 2023. Special thanks are due for the hard work and flexibility shown by all employees again this year as they dedicated themselves to the Company's cause in what remained a challenging environment.

Cologne, March 2024



Dr. Dietmar Voggenreiter  
The Supervisory Board